FINAL TRANSCRIPT

Wal-Mart Stores, Inc.
Fourth Quarter Earnings Call – FY09
February 17, 2009

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2010; continued gain of market share in grocery at the Walmart U.S. segment; continued focus on improving seasonal offerings at Walmart U.S. stores; Walmart U.S.'s continued focus on leveraging exclusive entertainment properties; the completion of certain remodelings of stores of the Wal-Mart U.S. segment; the newly acquired operations in Chile complementing Wal-Mart's portfolio of South American businesses; ASDA being positioned to offer value to its customers; expanding the International segment's business in Brazil during 2009; Wal-Mart's Sam's Club segment working with suppliers to improve efficiencies to continue to lower prices and drive value for its members; member sign-ups and renewals continue to be a priority for the Sam's Club segment; continuing to find innovative ways to demonstrate the value of Sam's Club membership; and the anticipation and expectations of Wal-Mart and its management as to other future occurrences and trends. These forward-looking statements are subject to risks, uncertainties and other factors, domestically and internationally, including general economic conditions, our cost of goods, competitive pressures, changes in laws and regulations, unemployment rates, inflation, levels of consumer disposable income, consumer credit availability, consumer spending patterns and debt levels, currency exchange fluctuations and volatility, trade restrictions, changes in tariff and freight rates, fluctuations in the costs of gasoline, diesel fuel and other energy, transportation, utilities, labor and health care, accident costs, casualty and other insurance costs, developments in litigation to which Wal-Mart is a party, interest rate fluctuations, financial and capital market conditions, geopolitical conditions and events, weather conditions, storm-related damage to our facilities, the availability of attractive investment opportunities in international markets, regulatory matters, and other risks. We discuss certain of these matters more fully in our filings with the SEC, including our most recent Annual Report on Form 10-K, and the information on this call should be read in conjunction with that Annual Report on Form 10-K, and together with all our other filings, including Current Reports on Form 8-K, we have made with the SEC through the date of this call. We urge you to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements we make in this call. Because of these factors, changes in facts, assumptions not being realized or other circumstances, our actual results may differ materially from anticipated results expressed or implied in these forward-looking statements. The forward-looking statements made in this call are made on and as of the date of this call, and we undertake no obligation to update any of these forward-looking statements to reflect subsequent events or circumstances.

The comp stores sales for our total U.S. 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 diluted earnings per share from continuing operations excluding certain charges, return on investment and our free cash flow as discussed in this call may be considered non-GAAP financial measures. Discussion of the most nearly comparable GAAP financial measures to those measures and 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 - Agenda

Welcome to the Wal-Mart Stores fourth quarter earnings call for fiscal year 2009. This is Carol Schumacher, VP of investor relations. Thanks for joining us today.

The replay of this call and related materials about the quarter are available on our web site.

Here's today's agenda.

- Mike Duke, in his new role as president and CEO of Wal-Mart Stores, Inc., opens the call about our results, the business and the economy.
- Charles Holley will cover the detailed consolidated financial results for the Company.
- Eduardo Castro-Wright will discuss the results for Walmart U.S.
- Doug McMillon, now president and CEO of Wal-Mart International, will discuss the results of our largest volume countries.
- Liz Kirkwood, SVP of finance at Sam's Club, will detail our club results.
- Tom Schoewe, our CFO, has the status of our financial metrics, and some comments on expectations and guidance for FY10.
- I'll close the call with some reminders about our current financial statement presentation for discontinued operations and additional information on some financial statement presentation differences going forward in fiscal year 2010, which is now under way.

And, the Investor Relations team is available for follow up on the fourth quarter today. With that, let's get on with the results.

Mike …

MIKE DUKE – Company Strategic Overview

Thank you, Carol, and welcome everyone. Thanks for joining us today.

As I look at how we finished the quarter and the year, I am proud of Wal-Mart's performance. I believe that our performance relative to competitors has been exceptionally strong in the fourth quarter and throughout the year.

I am encouraged about the year just begun because we have so much opportunity to serve as advocates for our customers and to help them save money. We finished January strong, and February is off to a good start.

As you know, this is my third week as CEO of Wal-Mart. I'm proud to have been part of a very strong management team that designed the strategy that we're following today. It remains the right strategy and we will continue to execute on it through the current challenging macro environment.

We've built strong momentum during the past year in a very tough economy. We will take what has worked for us and work hard at doing it even better. We recognize the times in which we're operating, and these times call for leadership and flexibility to adapt to the market place.

We will push ourselves and play offense where appropriate.

We will manage our costs to ensure price leadership.

We will serve our customers and members better than anyone else.

And we will win in every business that we operate around the world.

Now, like you, I like facts and numbers so let's move to our most important results.

Fourth quarter diluted earnings per share were 96 cents and this includes the seven-cent charge we had for the legal settlement of various legal matters. As we noted in the release today, without the impact of the legal settlement, our diluted earnings per share would have been $1.03. We had a strong close to the quarter and I am pleased the results exceeded both our revised guidance and consensus.

Like other global companies, we had a negative effect from unfavorable currency exchange rates in the quarter. As Tom will discuss later, this may continue to affect our comparisons over the next three quarters, but I expect our underlying performance to be solid.

Diluted EPS from continuing operations for fiscal 2009 was $3.35, which is up 6 percent from last fiscal year.

We ended the fiscal year with sales of more than $401 billion, a 7.2 percent increase over last year. Without the negative impact of currency fluctuations, our full year sales would have been even higher.

Few companies today can quote the kind of accomplishments that Wal-Mart has achieved. Let me touch on just a few.

- We closed the year with approximately $11.6 billion in free cash flow.
- The company returned almost $7.3 billion to shareholders through dividends and share repurchase.
- Our financial position is excellent and we have a very strong balance sheet.
- And, while there are not too many companies creating jobs, Wal-Mart created approximately 63,000 jobs around the world, including more than 33,000 here in the United States.

You'll hear more about our results during this call. However, I'll put this year in perspective. We recognize that these are tough times in which we are operating. It is more important than ever that Wal-Mart fulfill the promise we make to our customers – that we will save people money so they can live better.

I appreciate the hard work of our associates who have contributed to our company's strong results for the fourth quarter and the year. We're doing all the right things to continue our momentum and to widen the gap between the competition and us. Our momentum started to build in the past year and that is reflected in the relative performance in all our markets.

Walmart U.S. had an extraordinary year. Our stores have differentiated themselves even more this year from others in the market place with our strong value messaging in every merchandise category. Further, our customer experience scores are at the highest level ever. The U.S. consumer trusts Walmart more than ever because we deliver on what we promise. We save them money.

Relative to competitors in our International markets, Wal-Mart's performance is strong. The currency fluctuations have impacted us since the end of the third quarter and that is expected to continue. However, looking at the full year, International net sales were more than $98 billion, up approximately 9 percent after the currency impact. And, before the impact of currency, on a constant dollar basis, sales were up 11.6 percent.

Each of our countries continues to deliver solid sales results. I am optimistic already by looking at our January results that our relative performance will be good this year.

Doors continue to open internationally for growth and investment. We remain committed to making strategic acquisitions – like D & S in Chile -- in markets that offer us the opportunity to win in that market.

The warehouse club segment continues to grow. This is a great time to be in the club business and we will continue to succeed by showing people the distinct value of a Sam's Club membership. Sam's grew sales for the year by 5.6 percent, and despite the economic slump that's hurting many of our small business members, finished the year with solid comps.

Strategically, we are committed to price leadership and consistent quality in our merchandise and operations. Our price position is more established than ever. As always, we are managing our costs to ensure price leadership.

We will continue to grow our sales and profitability to deliver increased value to our shareholders, which means that we will work to improve ROI. Capital efficiency drives our expansion decisions.

We continue to focus on the "live better" side of the mission. We will accelerate and broaden our commitment to sustainability. It is a permanent part of our culture. We will continue to work with our suppliers, merchants, and customers to remove waste and make a difference in the world. This is part of our EDLC - EDLP philosophy.

Wal-Mart will make a difference as well in responsible sourcing. Because of our presence, we have the opportunity to help in areas that no other retailer can.

We've already made a commitment to work with President Barack Obama's administration, and with the Democrat and Republican leadership in Congress, particularly on health care and energy. We have the opportunity to work with both parties and be a part of the solution to the issues facing our country and the world.

I am honored to lead this company and I appreciate Lee Scott's leadership during the past nine years and the strong team we have in place at our company. We are well positioned to deliver even more for our customers. The business model that Sam Walton created is perfectly positioned for the environment we live in now. We will work even harder this year to save people money so they can live better. I do believe this is Wal-Mart's time.

I will turn things over to Charles now for the start of the details on our results. Charles …

CHARLES HOLLEY – Consolidated financial details

Thanks Mike.

Before I get to the numbers, I want to remind everyone that we closed on the D&S acquisition toward the end of January and the accounting for this transaction is included in the balance sheet and statement of cash flows. The D&S income statement will be consolidated starting the first quarter of fiscal 2010.

Total net sales for the company rose 7.2 percent to $401.2 billion for the fiscal year. Our annual total U.S. comp performance of 3.3 percent without fuel was much stronger than last year's 1.4 percent. We also reported a total U.S. comp of 3.5 percent with fuel.

Operating income for the full year was up 3.9 percent, with income from continuing operations before taxes and minority interest up 3.7 percent.

Diluted earnings per share from continuing operations for the full fiscal year were $3.35, which is a 6 percent increase over the last fiscal year. Without the effect of the settlement of wage and hour class action litigation, our earnings per share would have been $3.42. The impact on the year of the after-tax charge for the legal settlement was $251 million or 6.4 cents per share. When we add it back to our full year reported EPS, it actually rounds up to seven cents per share. Even with this charge, our earnings per share from continuing operations for the year were still within our original guidance that we provided this time last year of $3.30 and $3.43 per share for this fiscal year.

Now, moving on to the fourth quarter results:

- Net sales were up 1.7 percent to approximately $108 billion.
- U.S. comp store sales were a positive 2.8 percent without fuel.
- Operating income was down 7.3 percent, and income from continuing operations before taxes and minority interest decreased 7.1 percent. Of course, this was mainly due to

the litigation charge and the effects of currency exchange rates.

- Diluted earnings per share from continuing operations were 96 cents per share. Again, there was a seven-cent per share impact to EPS for the charge related to the settlement of the wage and hour class action lawsuits. Given the tough economic environment, we feel very good about these results. Last year's earnings per share from continuing operations of $1.03 included a net after-tax charge of two cents per share consisting of three cents for dropped U.S. real estate projects and restructuring in our Japanese operations. The charge was offset by a one-cent benefit from the sale of certain real estate properties.

Consolidated gross profit was up four basis points for the fourth quarter, and up 20 basis points for the year.

Consolidated inventories were down 1.8 percent when compared to the same period last year. That's right; it was down over last year and that's against a sales increase of 7.2 percent for the year. An exceptional performance that's a credit to our operating teams.

Membership and other income include Sam's Club membership revenue, tenant lease income, financial services and recycling income. Membership and other income this quarter was down 1.3 percent, but up 4.7 percent for the fiscal year. Please remember that last year, other income for the fourth quarter and for the full year included pre-tax gains of $57 million and $188 million respectively, for the sale of certain real estate properties. Without those items, membership and other income would have been up for both the quarter and the year.

Consolidated operating expenses as a percentage of sales for the quarter were up 58 basis points over last year and up 35 basis points for the full year. These increases were driven primarily by higher group health insurance costs, as well as the legal charge for the class action settlement.

For the quarter, unallocated corporate costs were down 5.9 percent, excluding the legal settlement charge, primarily due to the timing of certain expenses. Overall, for the year, unallocated corporate costs were up 11.9 percent, again excluding the legal charge. The increase was due to increased spending on transformation projects. Non-transformation expenses were up 4.3 percent.

Let me take a few moments to address our transformation initiatives, which are designed to give us additional capacity for future growth.

Our overall commitment through transformation is to build global capabilities, to leverage our scale and to optimize the investments for the company. While there are some capabilities unique to Walmart U.S. and Sam's Club, a large percentage of the investment will benefit all three operating segments. We are cognizant of keeping a balance between our need to invest for the future and being as efficient with our cost structure as possible for these projects.

- The merchandising transformation was initially developed for the Walmart U.S. business. However, now we are leveraging those capabilities across all segments around the Wal-Mart world. Eduardo will cover the progress made specifically on Walmart U.S., but know that this progress is also starting to have applications in many of our other markets.

- For the finance area, we are now one year into the three-year implementation to ensure that our systems are strategically integrated and flexible to support our global growth. We are using third party consultants to supplement our internal resources.

- The HR improvements include upgrades and enhancements to the People Division infrastructure, management development and scheduling customization.

Now, back to the financials …

Payables as a percentage of inventories for the company were 83.6 percent at the end of the fourth quarter, which is down 2.7 percent from last year. Non-merchandise payables, primarily construction payables, were lower this year versus last year. In addition, the company reclasses negative cash balances to accounts payable from cash at the end of each reporting period. Due to the current cash management practices as a result of the ongoing turmoil in the financial markets, the company had no negative cash balances at the end of the current year and therefore, no reclass to accounts payable. If you take these items into account in terms of comparability, payables as a percentage of inventories would have actually increased slightly this year when compared to last year.

Net interest expense as a percentage of sales was down slightly for the fourth quarter versus the comparable quarter last year. For the year, net interest was relatively flat compared to the prior year due to lower rates and lower debt volumes.

As noted during the October analyst meeting and again during our third quarter earnings call, we temporarily suspended the share repurchase program in the fourth quarter due to the market environment. We consider several factors in determining our share repurchase program, including, among other things, current cash position, expected borrowing cost, the current share price, along with the stability of the financial markets.

We did not purchase any shares during the fourth quarter, but purchased almost 61.5 million shares for the full year. Under the current $15 billion share repurchase plan authorized by the board back in May of 2007, we have spent almost $10 billion to repurchase approximately 203.6 million shares.

Although the turmoil in the financial markets is not yet over, we believe it is appropriate to restart our share repurchase program this year. We intend to be in the market during the first quarter, but we will continuously monitor market conditions. We will reevaluate our share repurchase as events warrant and will continue to provide updates on our status in our quarterly earnings calls.

Our effective tax rate for the fourth quarter was 33.29 percent, bringing in our rate for the full fiscal year at 34.19 percent, near the low end of our original forecast of 34 to 35 percent. We expect our tax rate for fiscal year 2010 to be within the same range of 34 to 35 percent, although we may see some quarterly fluctuations. Factors which may affect our rate include changes of our assessment of certain tax contingencies and the mix of international to domestic income.

Debt to total capitalization was 39.3 percent at the end of year, compared to 40.9 percent last year, reflecting our strong cash flow during the year.

One last item of note related to our balance sheet. The "Accumulated other comprehensive income account" registered a change from a positive $3.9 billion at the end of fiscal 2008 to a negative $2.7 billion at the end of fiscal 2009. This is primarily a result of the translation of our international balance sheets from a low U.S. dollar exchange rate at the end of fiscal 2008 to a much higher U.S. dollar exchange rate at the end of fiscal 2009. The net asset positions in the U.K. and Mexico were the main drivers of this change.

As Mike referenced, we remain committed to sound fiscal management. We continue to have good access to the commercial paper market and we recently took advantage of an opportunity in the bond markets to issue debt at some of the lowest rates in our company's history. I'll close by reiterating that Wal-Mart is a strong company and we expect that to continue.

Now, let's move to the discussion of our operating segments. We'll start with Walmart U.S. Eduardo …

EDUARDO CASTRO-WRIGHT – Walmart U.S.

Thank you Charles.

I appreciate Mike's comment about Walmart's year. And I want to pass on my appreciation to the Walmart U.S. associates for their hard work. Our performance for the fourth quarter and the year is a credit to our associates and our leadership. The beginning of the new fiscal year has continued to build on our momentum.

We have differentiated ourselves from retailers across the country. In these uncertain times, our "save money, live better" value proposition, supported by our integrated communications strategy, has led to an unsurpassed level of trust among Walmart customers. It has helped bring millions of new customers to our stores, and we intend to keep them. Further, our "save money live better" strategic framework has galvanized the entire organization around a common purpose and the resulting alignment has already produced outstanding performance.

In a difficult environment where many retailers are struggling, we outperformed the market. For the fourth quarter, Walmart U.S. delivered a 2.8 percent comp store sales increase. Our comp for the full fiscal year was 3.2 percent and it was more than three times higher than last year.

Traffic is up for both the fourth quarter and the year. We believe that our comps remain significantly ahead of the market. As we have been reporting, we also believe that our six merchandise units continue to outperform the leading competitors in each area on a comp basis. Our underlying comp sales growth has been stable and we expect that to continue this current fiscal year.

Total net sales increased 6.0 percent to $71.5 billion for the fourth quarter and 6.8 percent to $255.7 billion for fiscal 2009. In fact, retail sales figures for the year from the U.S. Census Bureau's retail estimates, excluding food service, excluding auto and gas sales, show that Walmart would have accounted for approximately 50 percent of total retail growth in 2008.

Gross profit margin was essentially flat for the quarter. For fiscal 2009, gross margin was up 36 basis points, resulting from lower markdowns and shrink, driven by supply chain initiatives. Our supply chain efforts should continue to provide us with opportunities to increase competitive price gaps in the market, while keeping healthy gross profit margins.

Operating income for the quarter was $5.4 billion and increased 2.2 percent over the fourth quarter last year. Operating income did not grow faster than sales for the quarter, as it was negatively impacted by higher expenses, which I will detail shortly. Operating income did grow faster than sales for the year, coming in up 7.1 percent to $18.8 billion. This result clearly shows the ability of the business to leverage sales at lower growth rates.

Operating expenses increased 7.4 percent for the quarter due primarily to unplanned higher group health insurance expenses, higher utilities, higher advertising to support our holiday efforts, and a restructuring charge to better align the organization in the apparel and real estate areas. Group health expenses were higher than planned in the fourth quarter as we revised our estimate of ultimate claim costs for the full year. Improvements to our health benefit plans for calendar year 2008 resulted in different health care purchasing habits by our associates. Additional data and analysis in the fourth quarter indicated higher group health insurance expense for the full year, impacting group health insurance expenses in the quarter more than planned. Moving forward, we expect health insurance to grow very close to the rate of sales on an annual basis.

For the full year, expenses were up 8.7 percent due to the reasons I just mentioned above, as well as damage and recovery costs for hurricanes reported in the third quarter, and higher payouts during the year for performance bonuses for our field and Home Office associates. The higher bonus payouts reflect our strong financial performance for the year.

Associate productivity remains a very good story. Wages grew at 4.5 percent on a 6.0 percent quarterly sales increase and 5.7 percent on the 6.8 percent sales increase for the year.

We have rolled out store staffing initiatives, supported by new scheduling systems. By the end of the first quarter in fiscal year 2010, the entire store will have schedules flexible enough to ensure alignment to customer needs. These improved staffing models and productivity initiatives more than offset any wage rate increases during the year. We anticipate we will see continued benefits from this implementation. In fact, sales per labor hour for Walmart U.S. were up almost four percent for both the quarter and for the year.

Our customer experience scores during the fourth quarter showed the highest ever quarter-over-quarter increase since we started recording them two years ago. This is significant because we had higher traffic during the fourth quarter. This underscores the strength of our improvements. The new staffing models are not only saving us and our customers money, but they also continue to positively affect how customers feel about the service in our stores. Customers are saying they like what they see … and it is reflected in our sales. They see faster checkouts, friendlier associates and cleaner stores.

Our inventory story is outstanding – down 1.2 percent at the end of the fiscal year. Overall, I'm pleased that the integration of our inventory improvements are contributing both to a better customer experience and improved financial performance. Inventory improvements are attributable to our merchandising transformation initiatives.

Our "win, play, show" merchandising strategy has resulted in greater clarity of our offerings across the entire store and therefore cleaner assortments. We will continue to accrue benefits from our "win, play, show" strategy this year.

We are starting to see results from the merchandising transformation systems implementation that Charles mentioned earlier. These merchandising systems are designed to improve space allocation, enhance our price leadership through pricing tools in all our markets, and increase supply chain efficiencies.

We have recently announced a realignment of merchandising resources between our Home Office and our New York City apparel operation. This realignment will help accelerate our time to market. In addition to the apparel realignment, we also had a restructuring within the Walmart U.S. marketing and real estate departments. These were difficult but necessary decisions, and associates were treated with dignity and respect.

I also want to point out that we ended the year with lower capital spending for Walmart U.S. We came in at the low end of the $5.8 billion projection we shared at the October analyst meeting.

Other income for the fourth quarter was up 7.1 percent over the prior year period and up 6.8 percent for the full year. While we were up against gains for the sale of certain real estate properties in the fourth quarter last year and for the full year, other income in both periods was driven by strong results in financial services. Our recycling income, also part of other income, continues to benefit from our sustainability efforts and our zero waste programs. However, much like other commodities, we're seeing a dramatic reduction in prices for recycled plastic and paper.

Let me now cover some additional information about the individual businesses.

Nowhere has price leadership been more important to our customers than in grocery. As reported independently and verified by our own studies, we continue to increase the price gaps between our competitors and Walmart in food and consumables, and have done so while protecting gross profit margins. This has been achieved by supply chain initiatives. Going forward, we continue to see the same strategy playing out where we grow our price leadership position without impacting margins.

Walmart's prices for the past year grew at a slower pace than the Consumer Price Index rate, reflecting our price leadership and our supply chain efficiencies. Overall food inflation remains in the mid single digit range, which is consistent with what we said last quarter. Inflation in general merchandise is essentially flat.

National brands and private brands both play a role in our growth strategy, as we look to continue to gain market share in grocery. At the October analyst meeting, we announced that we would relaunch Great Value during the first quarter of this fiscal year. Great Value is Wal-Mart's largest brand and we have been working hard to improve both quality and value in all of the SKUs. Rebranded Great Value items start arriving on our shelves in late March of this year.

There is one major behavior change we've seen during the past year that has had a significant impact on our home business. Families are definitely eating more often at home. While we expect this to have a positive impact on grocery, we also have seen increased comps in home categories for cooking, dining and entertaining at home.

Walmart's expansion of the $4 generic program to the $10 90-day program earlier this year led the entire industry as other retailers and supermarkets followed in matching our prices. Our company alone has saved customers more than $1.8 billion.

Also last week, the Health and Wellness team integrated the three businesses of pharmacy, optical and clinics into a total health and wellness group. This move also aligns the organization to match the field operations teams. New products and initiatives to expand Walmart's online presence through our alliance with 1-800-contacts contributed to excellent performance in our optical business during the quarter.

Walmart's position as a destination for electronics is very solid, with continued double-digit growth in flat panel TVs and gaming systems. We continue to add new brands and new technologies, including the iPhone. Entertainment remains a growth category and we will continue to focus on leveraging exclusive entertainment properties to take advantage of the breadth of our assortments across multiple categories.

The consumer pullback on discretionary spending hurt apparel sales during the fourth quarter. However, basics and seasonal apparel continue to work well for us. On a comp basis, our apparel business outperformed the market by a significant margin in the last three reported sales periods.

We solidified our position as the destination for seasonal events. Walmart won in comp performance on every seasonal event during the year, including Easter, back to school, Halloween, Thanksgiving, Black Friday and Christmas. As a matter of fact, we recorded high double-digit comps on Black Friday.

We are pleased with the customer response to the Project Impact store remodeling. Our initial readings, although early, are positive. We have started the remodeling process that is projected to complete close to 700 new and existing stores this fiscal year.

Our advertising is working to deliver our save money, live better message. Ad awareness is up more than 80 percent this quarter over last year. Our unbeatable price guarantee and save money live better models have never been more important and relevant to customers in an economy like we have today. Traffic continues to improve across the chain. As a result, we did step up our advertising expenses during the quarter to reinforce our value proposition and brand promise.

At the end of the day, you measure us by comps and return on investment. I will end by saying that we're proud of the progress made on both fronts. The Walmart U.S. business has reversed the trend of declining return on investment. The combination of the operational and merchandising improvements, lower inventory, operating income growth and capital efficiency resulted in a return on investment increase for this fiscal year.

Thanks and let me turn it over to Doug for Wal-Mart International.

DOUG McMILLON – Wal-Mart International

Thanks, Eduardo. I am excited about the opportunity to lead the Wal-Mart business outside the United States. While our economies are challenging around the world, the leadership in our markets is committed to increasing productivity and delivering value so we too can save people money so they can live better.

We are all well aware of the impacts of the current economic crisis including recent currency fluctuations. You heard Charles discuss the impact of recent significant changes in currency exchange rates. As we've said previously, we plan and hold country management accountable for their results on a local currency basis without the impact of potential swings in exchange rates. With the exception of our total segment results, this discussion of Wal-Mart International excludes the impact of currency.

Let's start with our fourth-quarter results. The quarter was a challenge for Wal-Mart International. The global economic slowdown is affecting all our markets. However, this is our time to reinforce our value with our core customers, attract new consumers and step up our ability to serve the underserved. I'm pleased with the way our country leadership teams are responding to meet the customer's need for low prices and quality products, and with the cost control shown in our businesses.

International net sales for the fourth quarter were approximately $24.7 billion. This includes the negative $4.7 billion impact of currency valuation, which led to an 8.4 percent decline in fourth quarter U.S. dollar sales. On a constant currency basis, before the impact of exchange rate fluctuations, sales were *up 9.0 percent* over the fourth quarter of fiscal 2008.

For the year, net sales were $98.6 billion, up 9.1 percent after the negative $2.3 billion impact of currency valuation. On a constant currency basis, sales were up 11.6 percent.

Our strongest underlying fourth quarter sales performances came from China and Brazil. Continuing their third quarter performance, the United Kingdom, Canada and Mexico also delivered healthy fourth quarter sales increases despite tough economic conditions.

Segment operating income for the fourth quarter was approximately $1.5 billion, down 14.3 percent. On a constant currency basis, before the $338 million negative impact of currency valuation, operating income was up 5.1 percent from the fourth quarter of fiscal 2008. Operating income growing slower than sales was largely driven by a decline in gross margin, partially offset by expense improvements.

Gross margin for the segment was down slightly versus the fourth quarter last year largely for two reasons. First, our stores in Japan are shifting more to everyday low pricing as a strategy. Second, the impact of clearance activity for seasonal inventory at ASDA led to higher markdowns.

Operating expenses as a percent of segment sales were relatively flat from the fourth quarter of fiscal 2008. While there were some improvements in the UK and Japan, they were partially offset by expense pressures in Mexico for Banco Wal-Mart and higher than expected utilities.

For the year, operating income for International was $4.9 billion, or up 4.6 percent, after the negative $266 million impact from currency. On a constant currency basis, operating income increased 10.2 percent.

Before we move on to our country results for the fourth quarter, I would like to briefly comment on our expansion into Chile. With our recent acquisition of a controlling interest in Distribucion y Servicio, we are moving into this large market in South America. With 197 stores, 10 shopping centers and 85 PRESTO financial services branches, D&S is Chile’s largest food retailer. We are excited about our entrance into Chile and believe this D&S acquisition will nicely complement our portfolio of South American businesses. Operating results for D&S will be consolidated into Wal-Mart beginning in fiscal 2010.

Now let's move to our results of the higher volume businesses.

In the United Kingdom, ASDA's performance continued to be strong. Comparable sales growth excluding fuel improved through fiscal 2009 from quarter to quarter, rising to 7.2 percent in the fourth quarter and 6.5 percent for the full year. This is a solid performance in a tough economy, and it's a credit to our roughly 160,000 ASDA colleagues.

As the UK economy slows, customers are increasingly focused on price, and ASDA is offering the opportunity to save money every day, without compromise to quality.

ASDA grew sales faster than the UK market in every month of fiscal 2009. According to TNS, ASDA gained 60 basis points of market share in the 12 weeks ending January 25th. Growth has been driven by both increased customer traffic and higher average ticket.

Food sales were strongest in core basket areas such as grocery, meat and chilled food. Sales of ASDA's Smartprice opening price point branded products increased by more than 25 percent. The TNS World Panel recognized that George apparel gained 40 basis points of market share, with particular strength in children's wear and essentials. General merchandise sales outperformed a particularly difficult market, with the strongest performance in entertainment and games hardware.

For the quarter, operating income grew at a slower rate than sales, but above ASDA's plan. This result was due to the impact of clearance activity for seasonal inventory and ensured ASDA entered the new year in a clean inventory position.

For the full year, excluding fuel, ASDA grew profits faster than sales, without the one-time cost of closing the 12 George stand-alone stores in March 2008. This position was achieved through strong comparable store sales growth and EDLC cost reductions. Expenses grew at a slower rate than sales, despite a significant increase in the cost of utilities.

The focus on EDLC leaves ASDA well positioned to offer even greater value to customers in an increasingly tough economy. We are encouraged that comparable store sales have strengthened further in the first few weeks of the new year.

On the development front, ASDA opened 21 new stores, including eight ASDA Living stores during the year. Of the 21, 11 stores opened in the fourth quarter. Additionally, ASDA has extended its internet-based food home shopping service to more than 90 percent of the UK population. With the launch of ASDA Direct and George.com, customers now have internet and catalogue shopping availability for general merchandise.

In Mexico, Walmex fourth quarter total sales increased 8.4 percent on a comparable store sales increase of 1.8 percent. This performance is despite flat fourth quarter GDP growth in Mexico. Customer count in comparable stores increased 2.8 percent, as average ticket declined by 1 percent – a reflection of the overall Mexican economy, but also of Walmex's price aggressiveness.

Walmex reports separately its earnings under Mexican GAAP. We report our worldwide results using U.S. GAAP. Under U.S. GAAP, Walmex's gross margin declined over the fourth quarter of fiscal 2008 due to price investment activities and mix shifts away from higher margin formats and merchandise.

However, a bright spot in Walmex's margin performance was solid inventory control. In fact, for the year, inventories were up only 9 percent on an installed capacity increase of 12 percent.

Expenses increased as a percentage of sales because of continued investment in store remodels and Banco Wal-Mart, utility cost pressures and preopening expenses related to the 102 stores opened by Walmex in the fourth quarter.

Fourth quarter operating income at Walmex grew slower than sales.

Moving north to Canada . . .

Wal-Mart Canada's total sales growth was 6.8 percent in the fourth quarter, driven by comparable sales of 1.6 percent and the supercentre expansion program. Electronics and food remained key contributors to comparable store sales growth, partly offsetting weaker-than-expected performance in apparel. Customer count was down, while average ticket increased during the quarter.

Operating income grew slower than the rate of sales in the fourth quarter due to gross margin pressures, partially offset by on-going cost efficiencies in logistics and the stores. Gross margin was down as a percentage of sales due to the mix shift toward lower margin food and consumables as customers focused on the necessities in the tough economy.

During the fourth quarter, Wal-Mart Canada opened seven new supercentres and converted ten discount stores to supercentres. This brings the total supercentre count to 56. Highlighting the openings during this quarter were the first Vancouver, British Columbia, supercentre and Wal-Mart Canada's first environmental demonstration store in Burlington, Ontario. One new discount store was opened in the fourth quarter.

And now, back south to Brazil . . .

In Brazil, fourth quarter sales growth was 7.3 percent, and comparable store sales were 4.9 percent, both in real terms – without the impact of inflation. Sales growth was driven by customer count and strength in supercenters, soft discount stores and Maxxi, our cash and carry format. Full year comparable store sales were 4.3 percent. Fourth quarter operating income in Brazil grew faster than sales on an improved gross margin and expenses that were flat to last year.

We have also announced our plans to continue to expand our business in Brazil by opening approximately 80 stores during 2009.

And now to Asia . . .

At Seiyu in Japan, customer traffic was up in the fourth quarter. Although comparable store sales for the quarter were down 0.5 percent, comps were positive in November and December. This positive performance was highlighted by strong sales in food and consumables where our every day low pricing has further penetrated more departments. Seiyu has effectively communicated its price position and results can be seen in the sales figures as well as customer surveys. General merchandise and apparel sales were both down as a result of the general slowdown in the Japanese economy.

Gross margin was down due to Seiyu's shift toward every day low price. EDLC initiatives to support this shift have been accelerated, which drove expenses below the fourth quarter of last year. Particular improvement was noted in labor productivity, logistics efficiency and home office costs.

Seiyu's fourth quarter income was significantly ahead of the same quarter last year.

As a reminder, the store closures that we announced during the third quarter are reflected as discontinued operations and their operating results and related charges do not affect International's operating income.

In China, fourth quarter comparable store sales were 6.2 percent in our Wal-Mart China business and 4.1 percent at Trust-Mart. Overall, operating income in China grew faster than sales on a solid margin performance with strong cost control.

Before I close, I would like to recognize the Sam's Club in Shenzhen, which recently set not only a Wal-Mart International record, but a company record in annual sales. This Sam's Club closed the year doing $210 million in sales.

Let me now turn the mike over to Liz Kirkwood, senior vice president of finance for Sam's Club. Liz …

LIZ KIRKWOOD – Sam's Club

Thank you, Doug.

The fourth quarter presented some challenges for Sam's Club, primarily due to softer holiday sales and resulting pressure on expenses as a percent to sales. However, there were also highlights in the quarter, including improving membership performance and strong inventory management. Additionally, we were encouraged by our January performance which is a credit to strong execution by our club associates.

While we fully expect a challenging economy this year and know that many of our Business and Advantage members are under pressure, we know that our members need Sam's value and quality more than ever. Our entire team is working hard to deliver on this commitment.

Sam's Club grew total sales for the year by 5.6 percent to $46.9 billion. For the quarter, our sales of $11.8 billion were relatively flat when compared with the same period in the prior year. As a reminder, our total sales numbers include fuel sales, which had a material impact on fourth quarter sales versus the prior year quarter.

For the fiscal year, comparable club sales, excluding fuel sales, increased by 3.6 percent. Including fuel, the comparable club sales number was 4.8 percent. Fourth quarter comps increased 2.5 percent without fuel and decreased 0.9 percent with fuel included.

Operating income for the full year decreased 0.5 percent to $1.6 billion. For the fourth quarter, operating income was down 3.8 percent to $427 million.

Traffic was positive every month in the quarter, with Advantage members increasing their visits at an even higher rate than Business members. We find it encouraging that traffic increased the most significantly in January. For the quarter, average ticket declined slightly. As a reminder, these ticket and traffic measurements do exclude fuel.

Before going into more detail on our sales and operating income results, let me address fuel impact. Fuel prices have fluctuated during the last year from historic highs to multi-year lows. During the first three quarters of the year, on average, fuel prices were about 25 to 30 percent higher than in the previous year, with a significant pricing drop starting in the October - November timeframe. In the fourth quarter, prices were approximately 40 percent below the prior year. Given the significance of fuel in our sales mix, this price fluctuation had a material impact on total sales, increasing them in the first three quarters and dampening them in the fourth quarter. Despite the price volatility, we grew gallons sold every quarter this year.

We've spoken previously about how Sam's Club tends to make more fuel profit when there is market volatility and especially when prices are falling. Fuel profit was up significantly for the full year, driven by the market dynamics we saw in the third quarter. In the fourth quarter, however, fuel profit did not significantly affect our year-over-year profit comparison.

Now I'll cover sales in more detail. Our full year comparable club sales -- excluding fuel -- were up 3.6 percent and up 2.5 percent for the fourth quarter. Our strongest months were November and January. We were pleased with our sales in the run-up to the Thanksgiving holiday, but then saw softening in December. Weaker December sales were primarily responsible for our fourth quarter profit pressures.

Food and consumable categories drove Sam's comp sales growth for the quarter, with strong performance in fresh foods. We are seeing increased traffic in our cafes, which offer a superb value to our members looking for a convenient meal and, as a reminder, our cafes include our Take 'n Bake Pizza. We continue to see our members spending more on everyday necessities and less on discretionary purchases. As a result, categories such as furniture, exercise, and fine jewelry, which are dominated by larger ticket items, remain challenging.

Small business members, especially restaurant and food service companies, continue to be pressured. The decline we saw in our restaurant supplies category in the fourth quarter is indicative of that trend. Overall, we are seeing declining credit usage in both our Business and Advantage members, as they are more reluctant to use credit. And, of course, some people have less access to sources of credit than they did previously.

Inflation is moderating year over year and we are even seeing deflation in some commodities and food categories, most notably dairy. We continue to work with our suppliers to improve efficiencies, so that we may continue to lower prices and drive value for our members.

We were very pleased with our inventory performance for the fourth quarter. We ended the year with inventory levels down 1.2 percent versus the prior year, including new clubs. In comparable clubs, our inventory was down 5.3 percent. Our replenishment team continues to work very effectively with merchandising and operations to improve supply chain efficiencies, and the inventory results really reflect that.

Gross margin as a percentage of total sales including fuel for FY09 increased versus the prior year, and versus the prior fourth quarter. Without fuel, gross margin as a percentage of total sales was up also for both the full year and the fourth quarter. During December and post holiday, we adhered to a disciplined pricing approach on holiday merchandise that we believe helped us optimize the combination of sales and profit on that merchandise. Our reporting shows that we continued to be the price leader throughout the quarter.

Sam’s expenses on a percentage to sales basis for both the year and the quarter were up. In the fourth quarter, we saw some pressure from wages and utilities and we experienced group health expense increases similar to the Walmart U.S. segment and incurred expenses related to an accounting impairment of certain club assets. These items caused profit for the fourth quarter and the year to be down.

We were encouraged by our membership performance in the fourth quarter. Membership income increased for both the full year and the fourth quarter. Recall that we recognize membership income ratably over the 12 months of the membership.

Sam's Club continues to improve execution of our membership programs. Our membership and marketing teams are collaborating closely on local and national events that drive both new member acquisitions and traffic from existing members. We had four such events in the fourth quarter, including the Day after Thanksgiving, December Food and Gift, January Stock-up and The Big Game Super Bowl events. We saw notable improvement in new sign up performance in the quarter. We have not seen significant changes in our overall renewal rates, although it does appear that some members are waiting longer to renew. As a reminder, over the past year, we have been challenged by the number of members available to renew – this challenge will continue into the first quarter of FY10.

I'll also update on the results of our October Savings Challenge in which we offered a trial ten-week membership for $10 dollars. We were pleased that the vast majority of these sign ups were incremental and our subsequent renewal rates for that program have approached our expectations. The program was a positive, but not that material in our overall results since we only ran the program for two weekends.

Both new sign-ups and renewals will continue to be priority focus areas for our team. We will continue to find innovative ways to demonstrate the value of membership to new and existing members.

During the quarter, we opened, expanded or relocated seven clubs. Despite the challenging economy, we opened a club in Florida in January that had the highest grand opening sales day in Sam's history. That performance demonstrates that members appreciate our value and quality and points to the progress of our improved membership acquisition execution.

Now, I'll turn it over to Tom.

TOM SCHOEWE – Financial Metrics & Guidance

Thanks Liz.

I'll start with our quarterly report card on the five financial metrics. As you've heard, we have a fair amount of "noise" in the numbers this quarter and fiscal year. Charles chatted about currency … and the legal settlement also impacted our performance. But let's move on.

- Our success in inventory management continues, as we clearly exceeded our objective of increasing inventory at half the rate of our sales growth. Walmart U.S. and Sam's reported exceptional performance this year. In fact, when you look at the balance sheet, you will see that inventory actually declined when compared to the prior year on a full year sales increase of just over 7.0 percent.

- Now, let's move on to corporate expenses. If you exclude the legal settlement, corporate expenses grew at a slower rate than sales.

- On a reported basis, we did not increase payables faster than inventories. However, when you take into consideration the reclassifications Charles Holley mentioned earlier in this call, we would have reported a year-over-year improvement in this metric.

Although operating income did not grow faster than PP&E, we did make progress on our return on investment. ROI from continuing operations for the 12 months ended January 31, 2009 is 19.3 percent, down from the 19.6 percent we reported at this time last year. Remember that our reported results included the legal settlement and the acquisition of D&S in Chile. If you back these two items out and consider the underlying operating performance, we actually increased ROI modestly when compared to the prior year.

As Mike mentioned upfront, we do have great news on the free cash flow front. We are ending the fiscal year with free cash flow of approximately $11.6 billion. This compares to free cash flow of $5.7

billion at the same time last year. There are three major drivers for the record increase in free cash flow:

- First, improved operating results
- Second, reduced capital spending and finally,
- All of the good hard work that's gone into managing our working capital, especially inventory.

At our analyst meeting last October, we provided you with guidance for all of our financial metrics. The only one we want to update today is capital expenditures.

In October, we shared with you a total company capex range for fiscal 2010 of $13.0 billion to $14.5 billion and square footage growth of four to five percent. Obviously, this range excluded acquisitions. We now estimate fiscal 10 capex of roughly $12.5 to $13.5 billion. This estimate reflects the impact of foreign currency, coupled with the continued emphasis on capital efficiency and the inclusion of D&S in Chile. We continue to expect our square footage growth to be consistent with previous guidance.

It's especially important in today's environment that we remain focused on capital efficiency. Three years ago, we spoke about the need to balance returns and growth and then more recently, the need to flatten ROI. We did make improvements this year and we will continue to focus on improving returns over the next fiscal year and beyond.

We will continue to provide earnings per share guidance according to our existing policy. We expect diluted earnings per share from continuing operations for the first quarter of fiscal 2010 to be between $0.72 and $0.77 cents per share.

As we have discussed previously, assuming rates stay where they are today, foreign exchange is expected to continue to be a "headwind" on our year-over-year comparisons for the first three quarters of fiscal 2010. In fact, we expect that the FX impact would be approximately 13 cents per share over the first three quarters of fiscal 2010.

Further, we expect our full year diluted earnings per share from continuing operations for fiscal 2010 to fall within a range of $3.45 and $3.60 per share. Our forecast reflects the strength of our underlying business and our value proposition worldwide.

Thankfully, we are nearing the end of our call here today, but before I leave, just a couple of important “take-aways”:

First, our EDLC or every day low cost – and every day low price model works around the world and is more relevant now than ever.

Our management team, led by Mike Duke, is aligned under our mission and will continue to work toward improving our sales, capital efficiency and return on investment.

Finally, did we have a legal settlement and did currency represent a little bit of a headwind? Well sure. But when you look beyond those items, this is a company that did the following:

- In fiscal 09, we topped $400 billion in sales
- We delivered EPS for the full year that was within our original guidance for fiscal 2009
- Thirdly, we generated $11.6 billion of free cash flow
- And finally, we saved our customers billions of dollars and allowed them to live better.

We believe that our business model and strategic plan will allow our progress to continue.

Now, I’d like to turn things back over to Carol for some details on certain administrative matters.

CAROL SCHUMACHER - Reclassifications

Before I get into the details for our financial statement presentations, we have made one other addition to our Web site. Effective with this quarter, we'll post the full transcript of this earnings review call one hour after the call goes live.

We have posted several new documents on our Web site today. But I want to point out that the financial statements released today include restatements of prior year periods to reflect as discontinued operations the disposal of Gazeley Ltd., ASDA's former property development subsidiary, and the restructuring activities that took place at Seiyu in Japan during the fiscal year.

In addition, as a result of work that's part of our company's implementation of new financial systems, we are now reviewing and adjusting the classification of certain revenue and expense items within our income statement. These changes will be effective for the February U.S. comp sales reporting period and first quarter Form 10Q for financial reporting purposes.

Changes resulting from this review will not impact operating profits or net income, but may minimally change the composition of net sales and, consequently, how our company measures comparable store sales. These changes are not material to the company's financial statements. Net sales and comparable store sales provided for last year's monthly reporting periods will be reclassified for comparability.

The reclassification of last year's net sales and comparable store sales for the February period on the NRF 4-5-4 retail calendar, will be available on our Web site today. In addition, the reclassified comps for last year's first 13-week period will be available today as well. However, the restatements of the remaining periods for last fiscal year will be available by April 9, when we will release results for the March sales period.

I would like to remind you that our quarterly earnings calls and presentations are also available in audio files through our Web site at www.walmartstores.com/investors. We also provide the ability to subscribe to audio and video Podcasts of many of our presentations.

We encourage you to take advantage of this method for participating in our investor events, like the one we're having on February 18 and 19 in Mexico, and we would appreciate your feedback for improvement.

One last reminder … As we noted in our January sales release, we have moved from providing monthly guidance 12 times a year to now more "quarterly" guidance. We are now giving 13-week guidance four times a year, based on the NRF calendar. We feel this is more consistent with the long-term view we take on our business.

On February 5, we provided that guidance for the 13-week period from January 31 through May 31. Therefore, we no longer will provide quarterly comp guidance during our earnings calls.

Thanks for listening and we look forward to speaking with you.

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