



**WAL-MART STORES, INC. (NYSE: WMT)
Third Quarter Fiscal Year 2012 Earnings Call
November 15, 2011
Management Call as Recorded**

Welcome to the Walmart earnings call for the third quarter of fiscal year 2012. The date of this call is Nov. 15, 2011. This call is the property of Wal-Mart Stores, Inc. and is intended for the use of Walmart shareholders and the investment community. It should not be reproduced in any way. You may navigate through this call as follows:

- Press 1 to rewind 10 seconds.
- Press 2 to pause and press 8 to resume playing.
- Press 3 to fast forward 10 seconds.

This call will contain statements that Walmart believes are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, and that are intended to enjoy the protection of the safe harbor for forward-looking statements provided by that Act. These forward-looking statements generally are identified by the use of the words or phrases “anticipate,” “are forecasting,” “assume,” “continue to see,” “continuing,” “expect,” “goal,” “guidance,” “is not expected,” “may be impacted,” “plan,” “planned,” “plans,” “will allow,” “will be,” “will continue,” “will ensure,” “will expand,” “will fall,” “will feature,” “will have,” “will help,” “will improve,” “will keep,” “will have leveraged,” “will lead,” “will leave,” “will make,” “will recruit and develop,” “will reduce,” “will remain,” “will see and hear,” and “will take” or a variation of one of those words or phrases in those statements, or by the use of words and phrases of similar import. Similarly, descriptions of Walmart’s objectives, plans, goals, targets or expectations are forward-looking statements. The forward-looking statements made in this call discuss, among other matters, management’s forecasts of: Walmart’s diluted earnings per share from continuing operations attributable to Walmart for the three months and the year ending Jan. 31, 2012 (and the assumption underlying such forecasts

that currency exchange rates will remain at current levels); and the comparable store sales of Walmart's Walmart U.S. operating segment and the comparable club sales, without fuel, of Walmart's Sam's Club operating segment for the 13-week period from Oct. 29, 2011 through Jan. 27, 2012. The forward-looking statements include statements discussing management's expectations regarding: Walmart's effective tax rate for fiscal 2012 and the factors that may impact that tax rate; Walmart's capital expenditures in fiscal 2012; Walmart's capital allocation program ensuring net sales growth within a certain range; Walmart leveraging operating expenses for the full year; Walmart leveraging SG&A expenses for two consecutive years and the goal to further reduce those expenses as a percentage of sales by a certain amount; plans for Walmart to drive strong free cash flow; and growth in Walmart's net interest expense. The forward-looking statements also discuss management's plans and expectations regarding: Walmart's women's empowerment initiative helping Walmart attract and develop great talent; continuation of U.S. comparable store sales momentum; improvement in the profitability of Walmart's international markets; the reduction in Walmart's SG&A expenses and using those savings to lower prices; making progress in building Walmart's e-commerce businesses; recruiting and developing stronger talent; Walmart being an even stronger company a year from now; Walmart's plans leading to greater shareholder value; carrying leverage momentum into the fourth quarter of fiscal 2012; and keeping expenses low and leveraging expenses allowing Walmart to invest in prices going forward and improving returns in Walmart's emerging markets. The forward-looking statements discuss management's plans and expectations as to the following matters regarding the Walmart U.S. operating segment: continuing its price investment strategy during the upcoming holiday season; having ongoing improvement in its merchandise; being well positioned with inventory in the fourth quarter of fiscal 2012; seeing an increase in brand to generic conversions in the pharmacy area in the fourth quarter of fiscal 2012 and in fiscal 2013 (and reasons for that increase); having ongoing improvement in comparable sales for its entertainment category in the fourth quarter as a result of its layaway program; continuing to drive expense leverage; having a lower gross profit rate for the fourth quarter of fiscal 2012 (and the anticipated reasons for that change); having its customers seeing and hearing Walmart advertising in the holiday season; having programs that make holiday shopping easier and attractive and leaving no doubt that Walmart is the clear price leader; its plans for marketing during the Thanksgiving holiday; and the majority of revenue from the segment's

layaway sales being recognized in the fourth quarter of fiscal 2012 and in the comparable sales of the segment for the fourth quarter of fiscal 2012. The forward-looking statements discuss management's plans and expectations as to the following matters regarding the Walmart International operating segment: improvement in its operating profit and returns and creating the segment as a growth engine for Walmart; the segment taking more costs out of its business and improving its return on investment through various initiatives; store growth in its Canadian operations and factors relating thereto; completion of conversion to EDLP in the Brazilian operations; continuing to rebrand Trustmart stores in the fourth quarter of fiscal 2012 and early in fiscal 2013; and the impact of certain temporary stores closures in China. The forward-looking statements discuss management's plans and expectations as to the following matters regarding the Sam's Club operating segment: the segment having more than \$50 billion of net sales in fiscal 2012; tobacco being a headwind for the balance of fiscal 2012; its comparable sales for televisions; the benefit of tablet and smart phone applications to the segment; the introduction of new items in the clubs; and positive momentum in membership. The forward-looking statements also discuss the anticipation and expectations of Walmart and its management as to other future occurrences, trends and results. All of these forward-looking statements are subject to risks, uncertainties and other factors, domestically and internationally, including: general economic conditions; economic conditions affecting specific markets in which we operate; competitive pressures; inflation and deflation; consumer confidence, disposable income, credit availability, spending patterns and debt levels; the seasonality of Walmart's business and seasonal buying patterns in the United States and other markets; geo-political conditions and events; weather conditions and events and their effects; catastrophic events and natural disasters and their effects on Walmart's business; public health emergencies; civil unrest and disturbances and terrorist attacks; commodity prices; the cost of goods Walmart sells; transportation costs; the cost of diesel fuel, gasoline, natural gas and electricity; the selling prices of gasoline; disruption of Walmart's supply chain, including transport of goods from foreign suppliers; information security costs; trade restrictions; changes in tariff and freight rates; labor costs; the availability of qualified labor pools in Walmart's markets; changes in employment laws and regulations; the cost of healthcare and other benefits; casualty and other insurance costs; accident-related costs; the cost of construction materials; the availability of acceptable building sites for new stores, clubs and

facilities; zoning, land use and other regulatory restrictions; adoption of or changes in tax and other laws and regulations that affect Walmart's business, including changes in corporate tax rates; developments in, and the outcome of, legal and regulatory proceedings to which Walmart is a party or is subject; currency exchange rate fluctuations; changes in market interest rates; conditions and events affecting domestic and global financial and capital markets; and other risks. Walmart discusses certain of these matters more fully in its filings with the SEC, including its 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 of Walmart's other filings made with the SEC through the date of this call, including its Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. We urge you to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements made in this call. Because of these factors, changes in facts, assumptions not being realized or other circumstances, Walmart's actual results may differ materially from anticipated results expressed or implied in these forward-looking statements. The forward-looking statements made in this call are made on and as of the date of this call, and Walmart undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

The comp store sales for our total U.S. operations and comp club sales for our Sam's Club's segment and certain other financial measures relating to our Sam's Club segment discussed on this call exclude the impact of fuel sales of, and other amounts for, our Sam's Club segment. Those measures, our return on investment, free cash flow and amounts stated on a constant currency basis as discussed in this call may be considered non-GAAP financial measures. Reconciliations of certain 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 and in the information included in our Current Report on Form 8-K that we furnished to the SEC on Nov. 15, 2011.

Introduction

Carol Schumacher

Hello, this is Carol Schumacher, vice president of investor relations for Wal-Mart Stores, Inc. Thanks for joining us today for our earnings call to review the third quarter of fiscal year 2012. All information for this quarter, including our unit counts, square footage, and financial metrics, is available on our website at walmartstores.com/investors. A full transcript of this call will be available on the website after 7 a.m. Central Time today; that's Nov. 15, 2011.

- Mike Duke, president and CEO of Wal-Mart Stores, Inc., will open the call with his thoughts about the quarter.
- Jeff Davis, SVP of finance and treasurer, will cover the consolidated financial details.

Then we'll go to the operating segments.

- First, Bill Simon, president and CEO of Walmart U.S., will begin our segment discussions.
- Doug McMillon, president and CEO of Walmart International, will follow Bill.
- And then, we'll close with Brian Cornell, president and CEO of Sam's Club.
- Charles Holley, our CFO, will wrap up with his thoughts, as well as EPS guidance for the fourth quarter and the full year.

A few reminders: You're familiar with the fact that Walmart U.S. has made layaway services available to our customers beginning Oct. 17. Please note, for financial reporting purposes, layaway transactions are included in revenue when the sale is completed and the merchandise is picked up. Customers are required to pick up merchandise by Dec. 16. Therefore, the majority of revenue from layaway transactions will fall in the fourth quarter. And our comp sales that are reported today do not include the effect of layaway sales.

All comp sales discussions for the U.S. businesses are on the 4-5-4 retail calendar. Details on comp sales for the countries within Walmart International are on a calendar basis.

Our fiscal calendars for international differ from that of our corporate timeline. With the exception of Canada and Massmart, our International operations end their fiscal year on Dec. 31st and report on a one-month lag. Canada, like the United States, reports results based on a fiscal year end of Jan. 31st. Massmart currently reports on a June 30th fiscal year end, but is consolidated into our results on a calendar year basis with a one-month lag.

Please mark your calendars for next October! We're announcing today that the fiscal year 2013 annual meeting for the investment community, commonly referred to as Walmart's analyst meeting, will be on Wed., Oct. 10, 2012. The meeting will kick off with dinner with management on Tues., Oct. 9, 2012.

Now, Mike, let's get started with our Q3 results. Mike...

Mike Duke

Overview of results

Thanks Carol. Good morning, everyone.

Let me start with three key takeaways for the third quarter.

- First, Walmart reported earnings per share from continuing operations of \$0.97, within our guidance.
- Second, **both** Walmart U.S. and Sam's Club exceeded comp guidance for the third quarter, with Walmart U.S. increasing comp sales 1.3 percent, and Sam's Club posting a comp, without fuel, of 5.7 percent.
- Third, the company leveraged operating expenses, with each of the three operating segments achieving this goal as well. We remain committed to leveraging expenses again this year.

Here are some additional third quarter highlights.

- Net sales increased 8.2 percent to \$109.5 billion.

- International reported net sales of more than \$32 billion, approximately a 20 percent increase over last year's third quarter. This includes our acquisitions and currency impact.
- Consolidated operating income grew 4.8 percent.
- Walmart ended the quarter with free cash flow of \$3.4 billion. The company returned \$2.7 billion to shareholders through dividends and share repurchases for the quarter.

These results continue to reinforce our strong financial position. Every business segment is stronger than it was a year ago, and we delivered solid earnings growth. I'm really pleased with our top line performance and our momentum going into the fourth quarter.

Our overall performance reflects the Walmart strategy of driving the productivity loop, leveraging expenses and investing in price leadership. Now, let's review our individual segments.

Walmart U.S. has said consistently that its goal was positive comps by year end, and the team delivered on this goal in the third quarter. Operating income also grew faster than sales.

The Walmart U.S. team has aggressively executed its plan to broaden assortment, improve merchandising and reaffirm Walmart's price leadership. The plan is working, customers are responding favorably, and it's good to see that reflected in our comp sales improvement.

While we feel good about the progress in our stores, our customers remain concerned about jobs, and only one in 10 Walmart Moms that we surveyed view the state of the U.S. economy as good. They want to save money. They're juggling credit cards, using coupons, and skipping restaurants and vacations. There is a real sense that the economic strain is taking its toll.

To help ease that strain, the entire Walmart U.S. team is very focused on saving our customers money during the holidays by continuing its price investment strategy.

Beyond EDLP, we have a number of additional programs in place for the fourth quarter, including the Christmas price guarantee, holiday layaway and free online shipping options. The integration of our stores and online is a point of differentiation for customers, especially during the busy holiday season. With more than 3,800 stores and 120 distribution centers serving those U.S. stores, Walmart can offer multi-channel access in a way that no other retailer can. From our stores to online and mobile apps, customers can shop on their own terms.

Walmart International delivered strong sales in the third quarter. Operating income was up 14.2 percent.

Like the U.S., our international markets are ready for the upcoming holidays. We continue to see strong consumer demand in emerging markets, and our mission is relevant across all our formats around the world. EDLP is becoming an even stronger competitive advantage for us as we integrate that positioning into more markets.

Profitable growth is the top priority for the team. We have plans in place to improve operating profit and returns in International, and support a vibrant growth engine for our company.

Sam's Club posted impressive results, with another quarter of strong comp sales growth and greater momentum in membership. I continue to be really pleased with the merchandising and operations improvements. Sam's is also very well positioned for the holiday season – both for Advantage and Business members. We fully expect Sam's to surpass the \$50 billion mark in net sales by year-end, and this would be a milestone for our clubs.

In the third quarter, we were also pleased with the response to our new global women's empowerment initiative. The program will expand economic opportunity for more women and help us attract and develop great talent. Walmart will keep doing what's right ...and what's good for business.

As I said at the investor meeting in October, there is no doubt that Walmart is the best-positioned global retailer. We have the right plans in place to deliver for the fourth quarter and the long-term.

- We will continue our U.S. comp sales momentum.
- And, we will improve the profitability of our international markets.
- We will reduce SG&A expenses further and use those savings to drive prices down for our customers.
- We will make visible progress in building our e-commerce business.
- And, we will recruit and develop even stronger talent throughout the organization.

Looking ahead, we will be an even stronger company a year from now. These plans also will lead to greater shareholder value.

Now, before I hand the microphone over to Jeff, on behalf of everyone at Walmart, our best wishes to you for a happy and healthy holiday season and a prosperous New Year.

Now, Jeff will cover the details on our consolidated results. Jeff...

Jeff Davis

Consolidated financials

Thank you Mike.

For the third quarter of fiscal 2012, Walmart reported diluted earnings per share from continuing operations of \$0.97, which was within our guidance of \$0.95 to \$1.00. This compares to \$0.95 for the third quarter of last year, which included a \$191-million tax benefit, related to a favorable adjustment to transfer pricing policies after negotiations with a foreign tax jurisdiction. This benefit represented approximately \$0.05 per share.

Consolidated net sales increased 8.2 percent, or \$8.3 billion, to \$109.5 billion for the quarter. The increase included \$2.1 billion in sales from the acquisitions of the Netto stores in the U.K. and the Massmart operations in sub-Saharan Africa, and a currency exchange benefit of \$1.3 billion. Excluding the effects of acquisitions and currency, consolidated net sales increased 4.8 percent over last year's third quarter sales of \$101.2 billion.

Total U.S. comp sales, without fuel, for the 13-week period ended Oct. 28, were 1.9 percent. This was driven by both Walmart U.S. and Sam's Club exceeding guidance for the reporting period. Bill and Brian will provide more details on Walmart U.S. and Sam's Club later in the call.

For the third quarter, gross profit margin on net sales was 24.6 percent, a 52 basis point reduction compared to the same time last year. All three operating segments realized a decline in gross profit margin from the impact of price investment and cost inflation. You will hear more from our segment CEOs later in the call.

Now, let's move our attention to leverage. We remain focused on growing operating expenses at a rate less than net sales growth, and growing operating income at a rate greater than net sales growth.

The company leveraged operating expenses as a percentage of sales by 40 basis points for the quarter. All three operating segments contributed to the leverage. Operating expenses were 19.9 percent of sales, compared to 20.3 percent last year.

Unallocated corporate overhead and other, which includes our Global eCommerce area, increased approximately 40.7 percent to \$536 million for the third quarter. Our Global eCommerce initiatives contributed the majority of the increase, as we continue to invest in our e-commerce platforms, including @walmartlabs. Depreciation expense increased year over year, based on our financial system investments, with the remainder of the increase driven by multiple items, none of which is individually significant.

As Mike stated, we continue to drive productivity and reduce costs. We expect to carry the leverage momentum into the fourth quarter.

Consolidated operating income was \$5.9 billion, a 4.8 percent increase versus last year. Operating income included a \$48 million currency translation benefit.

Net interest expense for the quarter increased 3.7 percent to \$535 million, which included a reduction in tax-related interest accruals. For the fourth quarter, we are forecasting high single-digit growth in net interest.

Debt to capitalization ratio at the end of the third quarter was 46.9 percent, compared to 46.4 percent last year.

The effective tax rate for the quarter was 34.5 percent, versus 29.5 percent last year. Recall that last year's rate included a \$191-million benefit from certain tax adjustments mentioned earlier. This year's effective tax rate was in line with our previous guidance, and we expect the effective tax rate for fiscal 2012 to be at the lower end of our range of 33.5 to 34.5 percent. However, our tax rate may be impacted by a number of factors, including changes in our assessment of certain tax contingencies, the impact of discrete items and the mix of earnings among our U.S. and international operations.

This leads us to income from continuing operations attributable to Walmart, which was \$3.3 billion.

Now, moving to returns. During the third quarter, the company repurchased approximately 27 million shares representing \$1.4 billion. This brings the year to date repurchase to \$5 billion, or 92.4 million shares. As of Oct. 31, Walmart had \$12.7 billion remaining under the current \$15 billion share repurchase authorization.

In addition to share repurchases, the company returned \$1.3 billion and \$3.8 billion to shareholders through dividends for the quarter and year to date, respectively. Combining share repurchases and dividends, Walmart returned \$2.7 billion to shareholders in the quarter and \$8.8 billion so far this year.

Consolidated inventory grew 7.5 percent, driven primarily by Walmart International's growth through acquisitions, new stores and currency impact.

Payables as a percentage of inventories were 85 percent, in line with the prior year.

Capital expenditures were approximately \$3.9 billion for the third quarter, compared to \$3.8 billion last year. In October, we updated our fiscal 2012 capital expenditure guidance to be between \$13 billion and \$14 billion, which includes approximately \$500 million for acquisition-related capital expenditures for ASDA and Massmart.

We continue to identify great opportunities to open new stores globally. We added 159 net new retail units in the third quarter, with 130 delivered by Walmart International. Walmart U.S. added nearly 5 million square feet. A large portion of the increase was the result of our increased emphasis on supercenters, as we converted more discount stores and opened more new supercenters than in the past several years. Total company square footage expanded approximately 8.7 million square feet during the quarter.

Free cash flow was \$3.4 billion at the end of the quarter, ahead of \$2.9 billion last year. Year to date, our strong operating cash flows more than offset the additional \$225 million spent on capital expenditures versus last year.

Return on investment, or ROI, for the trailing 12 months ended Oct. 31, 2011 was 18.2 percent, compared to 18.6 percent for the previous year. As we had anticipated, the majority of the decline was attributable to the impact from acquisitions.

Now, let's turn it over to our operating segments. We'll start with Walmart U.S. Bill...

Bill Simon
Walmart U.S.

Thank you Jeff.

Let's get right to the good news. As Mike mentioned earlier, Walmart U.S. achieved a 1.3 percent comp in the third quarter, a full quarter ahead of our goal. We've continued to diligently execute on our core initiatives, and we see clear signs that our strategy is working. We're encouraged by the continued response we're receiving from our customers.

Following a positive comp in July, we continued to gain momentum, achieving positive comps for each successive month, with the strongest results in October. Comp sales for the 13-week period ending Oct. 28 were above our guidance, and this comp increase represents more than \$750 million in additional same store sales for the third quarter over last year.

Net sales rose 2.7 percent to \$63.8 billion in the third quarter, versus the prior year's comparable period, clearly upward momentum.

The comp was driven by growth in average ticket. While overall comp traffic was negative for the third quarter, our supercenters and discount stores had more than 125 basis point consecutive improvement in comp traffic from Q2. Neighborhood Markets continued to post strong positive comp traffic for the quarter. In fact, our overall Walmart comp traffic improved 160 basis points sequentially over the second quarter, with October traffic relatively flat. Traffic also benefited from the extension of our gas rollback program, as well as our holiday layaway service, which launched on Oct 17.

Three key elements drove the third quarter improvement.

- First, merchandise initiatives focused on expanded assortments, product innovation and local relevance that are recapturing trips to the store. Customers are responding to our SKU add-back program, which is now almost complete. As you know, we're always working on our assortment, so you'll continue to see ongoing improvement in our merchandise.

- Second, our integration of technology with associate productivity programs has improved in-stock. On-shelf availability continues to improve and is above the 93 percent we shared at the October analyst meeting. We're very well positioned with inventory, in both store and online, for the fourth quarter.
- Third, Walmart's mission is everyday low prices, and we're communicating price throughout the store and with every kind of media, from print to digital. Our price investment strategy makes a difference for our customers.

Economic conditions in the third quarter remained largely unchanged. Our core customer was still impacted by high unemployment and continued uncertainty over the economy, leading to declining consumer confidence. Although they remained higher than a year ago, gas prices, which positively affect customer trips, moderated during the quarter.

Among our business units, grocery, health & wellness, and hardlines all delivered positive comps in the third quarter.

Our food business had positive traffic trends throughout the quarter and posted a mid single-digit comp. Rising food costs continue to be a major concern for customers. We hear from some shoppers that they believe it will be more difficult than ever to afford holiday meals for their families. We understand their concern, and we see it every month in our customers' purchasing behavior. Some customers make difficult decisions to trade down to lower price points, or trade out of certain categories completely.

As others in the industry reported, customers continue to see food prices rise in key categories, such as produce, dairy and meat. Walmart continues to invest in absorbing some of these increases to ensure price leadership in our markets. During the quarter, grocery inflation was approximately 4 percent, in line with what's been seen throughout the industry. But given our price investment, the impact to our customers was substantially less. With deflation in other categories, trade down and other initiatives we have in place, inflation for the total box was approximately 70 basis points.

Sales of consumables continue to improve, increasing approximately 100 basis points sequentially from the second quarter. The improvements in on-shelf availability contributed to higher conversion in traffic. Consumables are also another area where our assortment initiatives in such categories as cosmetics and pets are making a large impact. Within pets, the dog food category improved approximately 300 basis points, benefitting from continued add-backs and strength in our value brands.

Grocery, which includes food and consumables, continued its positive trend, and overall delivered a low single-digit positive comp for the quarter.

Health & wellness continued to perform well, delivering a low single-digit positive comp. Like many other areas, our over-the-counter business also benefited from improved on-shelf availability during the quarter. The partnership with Humana for the Medicare Part D program continues to drive traffic in our pharmacies. Looking ahead, we expect to see an increase in conversion from branded prescriptions to generics, as strong brands such as Lipitor, become available in a generic form.

General merchandise has always been important to our sales growth, and our renewed focus on improving assortment, presentation and price across GM categories is delivering sales improvement. It has been a matter of our merchants having the right assortment, delivering merchandising density and simplicity. We brought back brands and items that our customers want, especially in our heritage categories like sporting goods and crafts. We improved our utilization of space, brands and presentation to ensure customers can find what they are looking for. And, simply, we made Walmart easier to shop.

Our comp for hardlines improved 300 basis points sequentially from the second quarter to a low single-digit positive comp for the third quarter. This improvement was primarily driven by our heritage categories, including sporting goods and stationery and crafts. We've continued to add back space and assortment across these important areas. Hunting continued to significantly outperform our sporting goods business, with strong double-digit comps in the quarter for categories such as hunting apparel and related merchandising accessories. Tire sales, helped by special events, also remained strong. As we've expanded assortment and updated modulars, sales increased in stationery and crafts.

Customer feedback on the return of layaway has been overwhelmingly positive and layaway transaction volume continues to exceed plan. Our customers tell us that they appreciate that we've brought back this service, and it's a great way to help families on a tight budget shop for Christmas. As a reminder, we've added service fees to reduce layaway cancellations in the fourth quarter.

During the third quarter, we had a major modular reset for our toy business, and this helped drive sales at the end of the period, just as layaway began. It's not surprising that our top toy on layaway is the LeapPad learning system, along with bikes and ride-on vehicles. In electronics, top layaway products are tablets, TVs and laptops.

As you know, electronics and toys make up our entertainment business, and are critically important sales drivers for the fourth quarter.

Entertainment was 160 basis points better than last quarter, and with layaway, we expect ongoing improvement for Q4. Our comp for Q3 was a mid single-digit negative, reflecting the ongoing impact from electronics deflation.

A strong release schedule during the quarter, with titles such as Captain America, Transformers, and The Lion King, drove favorable sales performance. Shoppers are clearly aware of the pricing environment, and more of them are turning to Walmart for unbeatable prices, leading to an overall increase in our units for the quarter. Straight Talk continues to sell well, and the release of the Straight Talk Android phone in September drove sales even further. Customers are drawn to our value priced offerings in catalog movie and music bins.

Apparel sales improved approximately 170 basis points over the previous quarter, leading to a low single-digit negative comp. Men's and ladies' apparel had the strongest sales, where our focus on core basics and assortment initiatives is paying off. We expanded both space and assortment in our shoe department, which was timely for back to school, as that area achieved the first positive quarterly comp in more than two years. Colder than average temperatures in October drove cold weather apparel sales.

As we announced in October, we're relocating the apparel functions that have been based in New York back to Bentonville. Our customers expect high-quality basics and fashion basics at great prices. Roughly 40 percent of our apparel associates have remained in Bentonville, and we will unite our apparel efforts in one location. We expect a smooth transition and plan to complete the move by February 2012.

Home comp for the quarter was a low single-digit negative. Outdoor living, including patio furniture, was the strongest performer, but economic pressure and slow housing sales continue to affect discretionary categories. We're seeing solid improvement in functional kitchen categories, such as single-serve coffee systems, microwaves and other food prep appliances. We're encouraged by the early results and are seeing increased momentum from expansion in home basics and opening price point items, as well as modular updates.

The sales trends I've outlined here are also reflected in our dotcom sales, with stronger performance in electronics, home and toy categories.

As I mentioned earlier, our customers are still feeling pressured to reduce expenses wherever they can. Banking fees are a topic that's received a lot of attention recently, and our core customers continue to see alternatives to paying account fees. Walmart MoneyCenter provides those customers a low-cost alternative to access and control their money. Our customers see a clear benefit in this access to "everyday life" financial services, and we're excited about the opportunity to continue to innovate in this area. Currently, we have MoneyCenters and service desks in all of our stores, and we have additional self-service kiosks in many other locations throughout the store.

Now, let's move on to more of the specifics on financial results.

As discussed at our October investment community conference, we began our price investment during the third quarter. Additionally, cost increases in numerous categories were not passed on to our customers in the form of increased prices. Gross profit dollars were up 1.9 percent over last year's third quarter to \$17.9 billion, growing slower than the rate of sales. Gross margin rate is down approximately 22 basis points from last year's third quarter.

We leveraged expenses for the quarter. As a percentage of sales, operating expenses decreased 41 basis points. On a dollar basis, SG&A was up approximately 70 basis points compared to last year, on a 2.7 percent increase in sales.

Operating income grew faster than sales for the quarter. Operating income rose to \$4.6 billion, versus \$4.4 billion last year. As a percentage of sales, operating income increased 5.1 percent, driven by expense leverage and the increase in gross profit dollars.

Inventory was up 5.1 percent compared to this time last year, principally due to our continued focus on product add-backs, inflation and the implementation of our new layaway program. We're well positioned with inventory as we head into the holiday period.

We're focused on growing through new stores, and our priority remains supercenter growth. During the third quarter, we added 63 supercenters, including new stores, expansions, and conversions.

We expect gross profit rate for the fourth quarter to be down, as we continue to execute our price investment strategy and see the mix change in the fourth quarter. Our focus on the productivity loop is paramount, and we will continue to drive operating expense leverage.

We've worked diligently throughout the year on our assortment and availability initiatives. In addition, we've worked hard on our communication to customers. We've also stepped up our marketing campaign across multiple media platforms this holiday. Customers will see and hear Walmart everywhere this holiday season. We've bought a strong share of voice nationally and in individual key markets. But, we're also proud of our creative. We have some commercials that are funny, and some that will just make you feel good.

Programs like layaway and our special zero-percent financing offer on the Walmart credit card will make holiday shopping easier and more attractive. Our ad match and holiday price guarantee will leave no doubt that Walmart is the clear price leader this holiday season.

And, we're aggressively going after the business this season, starting even before Black Friday. We've been open on Thanksgiving Day for several years now. This year, at 10 p.m., we kick off the event with outstanding prices in toys, home and apparel. Our electronics items follow at midnight. And, we'll have rollback prices throughout the store all day on Black Friday.

We're reaching out to customers on social media. Store-specific maps on Facebook will help our customers plan their shopping trip. There will be no doubt that Walmart is ready for the holiday season.

We have the assortment our customers are looking for, both in store and online. We have the inventory they need. And, we have the prices that can't be beaten.

We're forecasting comp sales for the 13-week period from Oct. 29, 2011 through Jan. 27, 2012 to range from flat to positive two percent. Last year's fourth quarter 13-week comp was negative 1.8 percent.

I hope to see you in our stores. Now, I'll turn it over to Doug for the International update.

Doug McMillon
Walmart International

Thanks Bill.

We have good third quarter results to report, but before I get to the numbers, let me begin with our plans for growing the business. Over the long-term, we will drive aggressive, disciplined growth, while reducing costs in the business to improve profitability.

To help our markets achieve these goals, we have a four-pronged approach:

- First is growing comp sales. Our strategies across markets are delivering EDLP and developing strong merchants. We're rolling out merchant academies throughout International to further develop their skills.

- The second pillar is new store growth, and we have a strong new store development program. We have added 12.7 million square feet of organic growth since the beginning of this year, and we're on track to meet our forecast of 24 million to 27 million square feet.
- The third pillar is e-commerce and multi-channel, and we're developing our skills in this area. We will leverage our brand and customer loyalty further in developed markets like Canada and the UK, as well as our emerging markets. In Brazil, e-commerce is growing at twice the pace of the market, and we have an award-winning website for customer friendliness.
- The fourth pillar is strategic acquisitions. We're encouraged by the successful integration work in Chile and now in South Africa, and I'm very excited about the management teams in each of these markets. We continue to evaluate expansion opportunities around the world and within existing markets.

Now let's get to the numbers...Walmart International reported third quarter net sales of \$32.4 billion, an increase of 20.3 percent over last year. Changes in currency translation increased our reported net sales by \$1.3 billion.

On a constant currency basis, net sales were \$31 billion, an increase of 15.3 percent over last year's third quarter, and 7.5 percent excluding acquisitions. All of our markets had constant currency sales growth, with China, Mexico, and Argentina providing the strongest net sales growth in the third quarter.

As a percentage of sales, Walmart International's third quarter gross profit declined 57 basis points on a reported basis, and on a constant currency basis. After excluding acquisitions, constant currency gross profit margin was flat to last year.

Third quarter reported operating expenses were \$6.4 billion, which includes an increase of \$273 million due to changes in currency exchange rates. Walmart International leveraged constant currency operating expenses, growing them slower than sales, at 12.4 percent. When you exclude our recent acquisitions, constant currency operating expenses grew only 5.5 percent on expense leverage from the U.K., Japan, Chile, and Brazil.

Our third quarter reported operating income grew 14.2 percent from last year to \$1.4 billion, and includes a benefit of \$48 million from changes in currency exchange rates. On a constant currency basis, operating income grew 10.3 percent. Excluding acquisitions, constant currency operating income grew faster than sales at 8.5 percent.

On a reported basis, Walmart International's inventory grew 18.7 percent. On a constant currency basis, and excluding acquisitions, inventory grew at 11.9 percent, which is faster than our target. In many cases, our days payable exceeds our days on hand. In addition, it's a challenge to properly time our purchase commitments with new store growth and merchandise imports in international markets. We recognize that we have ample opportunity to reduce inventory. Our goal remains to grow inventory at or less than half the rate of sales growth.

Now, let's get into the results for several of our larger markets. Country management teams are held accountable for their results on a constant currency basis. The following discussion of country results excludes the impact of currency and, unless otherwise stated, sales and comp sales are presented on a nominal basis. Comp sales are reported on a calendar basis.

In the U.K., ASDA had a solid third quarter, growing sales and growing operating income faster than sales, excluding fuel.

In the third quarter of this year, comparable sales, excluding fuel, increased 1.3 percent. Traffic declined by 1.3 percent and average ticket increased 2.6 percent, as customers continue to consolidate their trips in the face of high prices.

The U.K. grocery market is entering into what is traditionally a heavy promotional period in time for Christmas. ASDA however, continues with a very simple promise to customers -- our prices are 10 percent cheaper than the competition on comparable baskets, or we'll give you the difference. And ASDA's customers like it. Since this year, the prices of more than 13 million baskets have been checked online.

Expenses grew slower than sales in the third quarter. To deliver cost savings, sustainable productivity programs are embedded in our operations, which help fund lower prices for customers. For example, the Fewer, Cheaper Miles program is delivering cost savings within the distribution network by reducing fuel consumption and carbon emissions.

The conversion of the Netto stores to ASDA supermarkets continues to progress on schedule, and sales and profits are exceeding our expectations. More than 70 percent were trading as ASDA Supermarkets by the end September, and today we have only a few left to complete.

ASDA's online grocery sales continued to grow strongly in the third quarter, and now customers can order groceries using a Smartphone. The on-time delivery rate has improved, with 19 of 20 customers receiving their purchase within the allotted time slot.

ASDA opened a record number of stores this quarter, for a total of 83, which includes 77 Netto conversions. This brings ASDA to a total of 542 stores, including 139 supermarkets.

ASDA's customers are asking for great quality at great prices, so ASDA is extending its private brand ranges, and the premium "Extra Special" range is now backed by leading cookery school Leiths. Just recently, ASDA received recognition for both its quality products and being the lowest priced supermarket.

Now for Canada...Walmart Canada continued to have solid sales growth; however, operating income grew slower than sales.

Net sales grew 4.9 percent in the third quarter compared to last year, driven by food, consumables, and health and wellness. For comparable stores, third quarter comparable sales increased 0.9 percent from last year. Average ticket increased 2.2 percent for the third quarter, and traffic declined 1.3 percent. Both gross profit and expenses as a percentage of sales were flat to last year on continued successful expense management, even with the increase in costs from Walmart Canada Bank, as it moves into its second year of operations.

Walmart Canada continues to have a robust supercentre expansion program opening four supercentres during the third quarter, including store conversions, and celebrated the opening of its 150th supercentre during the quarter. Over the past 12 months, we opened 41 supercentres, including store conversions, bringing our store count to 329 stores.

Fiscal 2013 is a big growth year for Walmart Canada, with a goal to complete a record 73 store growth projects. This includes the renovation of the 39 Zellers stores leases we recently acquired.

Let's move to the Americas. Unless stated otherwise, the following discussion includes the consolidated results of Mexico and Central America. While these results are on a U.S. GAAP basis, Walmex separately reports its earnings under Mexican GAAP, so some numbers are different from the Walmex reported results.

Walmex had strong consolidated sales and operating income growth from last year's third quarter. On a consolidated basis, Walmex's net sales for the third quarter were up 9.6 percent.

Comparable sales for Mexico were up 3.0 percent; and average ticket in Mexico increased 3.4 percent, as customers welcomed the nationwide strengthening of EDLP. During the third quarter, customer traffic in Mexico declined 0.4 percent, and this includes the 1.0 percent increase we saw in September. In its October comp sales release, Walmex also cited traffic improvements for the first month of the fourth quarter.

Mexico's third quarter consolidated comp store sales for the self-service formats grew by 2.6 percent, while ANTAD's comp store sales report for the rest of the industry, excluding Walmex, grew faster -- at 3.3 percent.

In Central America, overall sales increased 5.2 percent, and comp sales were down 10 basis points on a constant currency basis. Walmex continues to work through the implementation of new strategies in formats, EDLP, and growth in our five Central American countries.

Third quarter consolidated gross profit margin and operating income as a percentage of sales were flat to last year.

Walmex finished with 411 more stores than at the end of the third quarter last year.

Moving on to Brazil... Net sales, comparable sales, and average ticket all grew in the third quarter in nominal terms, and I am proud to say that expenses grew slower than sales.

We have converted a meaningful number of items to EDLP, and have more than 80 percent of our grocery and consumables SKUs at everyday low prices. In real terms, Brazil's third quarter net sales declined 1.0 percent, and comparable sales declined 5.7 percent. Average ticket declined 0.8 percent in real terms, and customer traffic was also down. We need to improve our reputation for price leadership in Brazil to increase our transactions.

Third quarter gross profit margin as a percentage of sales was flat to last year, and Brazil successfully leveraged operating expenses through continued progress on expense management and energizing the productivity loop. But, we still have a long way to go regarding Brazil's operating income.

Our Brazil team continues to find ways to combine being a better merchant with sustainability, including doubling the volume of local sourcing from our Producers Club. This program develops local farmers and reduces in-store food waste by 20 percent. In addition, Brazil offers customers a discount in exchange for not using plastic bags, which has reduced plastic bag waste by more than 40 percent since the program began. These efforts increase sales and drive customer loyalty, because social and environmental issues are important to our customers.

In the last 12 months, we've opened 44 net new stores in Brazil, bringing our total store count to 496. This includes 9 new stores in the third quarter of this year.

Moving to Asia...Japan's net sales, comparable sales, and average ticket all grew in the third quarter in nominal terms, but Japan's operating income ended with a loss when compared to last year's profit.

Walmart Japan continues to outperform the market, growing sales and comp sales approximately 1.9 percent in real terms. Third quarter traffic grew 0.4 percent and ticket grew 1.5 percent in real terms.

According to statistics released by the Japanese Ministry of the Economy, Trade and Industry, or METI, overall supermarket comparable sales for the third quarter declined by 1.7 percent from last year.

Gross profit margin as a percentage of sales declined slightly on EDLP strengthening, and Walmart Japan continued the trend of leveraging expenses with highly effective workforce management programs.

Walmart China had strong sales growth in the third quarter, and positive operating income.

Net sales for the third quarter grew 16.1 percent over last year, and comparable store growth was 6.0 percent. Average ticket grew 14.1 percent in China, but traffic declined 7.1 percent.

Gross margin as a percentage of sales was approximately flat to last year. China's expenses as a percentage of sales were flat to last year's third quarter, as the expense leverage achieved during the quarter was offset by the costs from new levies.

In the third quarter, we completed rebranding 56 Trustmart stores, which provided customers the same merchandise and shopping experience as the Walmart brand. We will continue to rebrand other Trustmart stores in the fourth quarter and early next year.

In October, we had 13 stores closed for two weeks in Chongqing, as directed by the local regulator, the Administration for Industry and Commerce. During that two-week period, management invested in associate training, the physical remodels of the stores, and in compliance matters. The financial impact of these closures is not expected to be significant to our fourth quarter results, as all of these stores reopened on October 25. Following the reopening, traffic and sales were strong, as customers reacted in a positive way to the changes made during the brief closure. As mentioned in various media reports, the Chongqing mayor approved of Walmart's actions and said the government supports additional development by the company in China.

We are now in the process of obtaining the local registrations for the Trustmart stores, and this is the last principal condition to completing the second closing of our Trustmart purchase.

In the past 12 months, we opened 54 new stores, including 49 supercenters, and that brings our China store count to 352 stores.

I'll close by covering some initiatives under way to improve the profitability in our emerging markets, including workforce management, logistics and shared services.

Workforce management, for example, is our in-store productivity program in areas such as backroom receiving and on the sales floor. This is critical to the rollout of EDLP, because we change how a store operates and reduce the volatility of operating costs. In fact, Japan's EDLC workforce management programs have reduced operating costs every year for the past three years. The Walmart Japan program is now the model for our other markets.

Our portfolio combines local relevance and global leverage. With our "powered by Walmart" tools, the productivity loop, EDLP, and EDLC, there is an even brighter future for Walmart International.

And now, I'll turn it over to Brian for the news on Sam's Club.
Brian ...

Brian Cornell
Sam's Club

Thanks, Doug.

Consistent with the overall club channel, our top line performance this quarter was exceptional. Comp sales, excluding fuel, increased by 5.7 percent. This is our seventh quarter of sequentially increasing comps. Membership renewals and members joining at the Plus level continue to grow. And, we leveraged expenses again this quarter.

We opened a new club, expanded a club and relocated three clubs during the period. This added over 190,000 square feet to our footprint.

Similar to the first half of the year, our third quarter fuel business was strong. Fuel provides Sam's Club a great first price impression and is clearly a traffic driver for existing and potential members. We continue to pump more gallons of fuel and generate more sales dollars per gallon this year, when compared to last year. Fuel prices in this year's third quarter were approximately 34 percent higher than a year ago, and gallons sold were up 11 percent.

Including fuel, third quarter net sales were \$13.3 billion, a 9.5 percent increase over last year. Gross profit increased by 5.0 percent, SG&A expense as a percentage of sales decreased by 62 basis points, and operating income increased 6.3 percent to \$390 million for the quarter.

Volatility in fuel prices can have a notable impact on our financial results. The remainder of our discussion today, therefore, is focused on our core business and **excludes fuel** for comparative purposes, unless otherwise noted. Now let's look at the financial results and our performance for the quarter.

Net sales for the third quarter were \$11.8 billion, up 6.2 percent from last year.

Comp club sales for the 13-week period increased 5.7 percent and were strong across all three geographic operating divisions, led by the west division.

Comp traffic and ticket increased for the 13-week period by 2.3 and 3.4 percent, respectively. Comp traffic and ticket increased for both Advantage and Business members. We continue to see members visiting our clubs more frequently. During our Labor Day eValues Savings Celebration event, we had strong sales and solid membership performance.

The quality of our comp sales growth in our core categories remains very strong. Overall, we believe that inflation impacted our comp club sales by 325 to 375 basis points. We continue to see mid-single-digit inflation in food categories. Despite the inflation, units sold increased year over year.

We continue to face challenges in tobacco sales, an important category to our convenience store business member. Our tobacco business has been impacted by declining industry consumption, and the change in our credit rewards program that went into effect at the beginning of this year. The decline in tobacco comp sales had an impact of approximately 100 basis points on our total comp sales results. We anticipate tobacco being a headwind for the rest of the year.

Our focus on providing the best quality at a great value continues to drive strong performance in fresh food categories. For the third quarter, we delivered double-digit comps in categories like bakery and bread and high single-digit comps in categories like produce. More and more of our members are skipping the restaurant trip and eating at home. This trend is driving significant sales increases in categories such as home meal solutions and prepared meats.

Our members expect the best prices on our products they buy every day, and rewarded us in the third quarter with increased trips to the club. This led to double-digit comps in freezer/cooler, and oil/rice/canned vegetable and fruit categories. Dry grocery and beverage categories delivered high single-digit comps, led by breakfast foods, coffee and baking, while categories like snacks delivered mid single-digit comps.

Our pet supply business was strong, turning in high single-digit comps. Impacted by deflation, laundry and home care comp sales were down. And, in a tough competitive market, baby care was down.

We remain focused on providing our members with the best quality, brands and value on home apparel and seasonal products. Home and apparel delivered a mid single-digit comp sales increase for the period. Driven by backyard recreation and family fun, our seasonal area recorded a high single-digit comp for the quarter. We recorded a mid single-digit comp in our apparel area, led by strong sales in basics and men's, which offset weakness in ladies apparel.

Comps for our health and wellness area were in the low single digits, led by growth in our pharmacy and optical areas. Pharmacy growth was led by our focused effort on driving script increases, and building awareness of the great value and superior service provided by our pharmacists. Our investment in hearing centers continues to pay dividends, as members have responded to this unique service in our clubs.

Deflation continues to negatively impact technology and entertainment categories, which had a low single-digit comp. Earlier this year, we made a decision to transition our leased wireless centers to an owned model. This change has enabled us to provide a more comprehensive service solution for our members and has driven solid sales performance for this category. Also, our exclusive club channel relationship with Apple has expanded our presence in tablets and smart phones and delivered strong sales in these categories. We also had great performance in our batteries category, and we focused on branded item placement and updated pack sizes and display fixtures. In televisions, we continue to see a challenging deflationary environment driving high single-digit negative comps for the quarter.

Technology is an important service for our members. Sam's Club just released a significant update to our smart phone app. You can now purchase items available online or shop your club through click 'n pull directly from your smart phone. Our mobile app and upgraded website allow members the ability to review and shop our online and in-club inventory, build customized shopping lists and renew their membership straight from a smart phone. Also, our iPad application is scheduled to be launched just in time for the key holiday season. We believe that these apps will be a tremendous benefit to our members and are very excited about making these channel-leading technology solutions available.

We continue to deliver on our commitment to quality and value, especially with our proprietary brands. These initiatives are important in giving our members choices. Here are a few highlights.

Since the beginning of this year, we have introduced three new brands, Artisan Fresh in the deli and bakery areas; Simply Right in baby and health and beauty aids; and Daily Chef in frozen foods and refrigerated products. These new brands represent over 200 items to date, with plans to add 150 more by the end of Q1 next year. Early sales and member feedback are overwhelmingly positive, with results at or above expectations. Our upcoming holiday Taste of Sam's event will feature Artisan Fresh and Daily Chef items.

Membership and other income were down 13 basis points as a percentage of sales when compared to the third quarter last year. This reduction is driven by a decline in rental income. As I mentioned earlier, in prior years, we rented space to a third party for a portion of our wireless business and received rental income. Now we are running these businesses with Sam's Club associates, and the sales and expenses of the wireless business are included directly in our operating results.

Membership income for the third quarter increased 1.7 percent versus last year. Remember, for reporting purposes, membership income is recognized over the membership period, rather than when it's collected. Renewals continue to increase at a rate that has exceeded our expectations and outpaced last year's performance, and our penetration of Plus members continues to grow at a healthy pace.

Business sign-up growth was strong during the third quarter, both sequentially and versus last year. Sales attributed to our proprietary credit program have continued at a steady upward path. As we reported in our Q2 earnings communication, members who possess a Sam's Club-branded credit card tend to have higher levels of engagement and loyalty. For the fourth quarter, we anticipate continued positive momentum in membership.

Our gross margin rate decreased by 28 basis points, compared to the third quarter last year, while gross profit dollars increased 4.0 percent. The highly competitive retail environment, as well as cost inflation in several categories, impacted our gross margin performance.

I continue to be pleased with how our clubs are managing expenses this year. Driven by strong wage cost control, we reduced third quarter expenses as a percentage of sales by 31 basis points. You may remember that in last year's call, we discussed the impact of higher interchange fees related to the Sam's rewards credit program. I'm happy to say that even when this expense is excluded from last year's comparison, we leveraged expenses by 13 basis points. These expense control results demonstrate how we're driving operational efficiencies.

For the quarter, sales per labor hour increased 2.1 percent. However, units per labor hour decreased 1.5 percent, impacted by additional associates running our now-owned wireless business.

Looking at the bottom line, our third quarter operating income increased to \$378 million, a 3.3 percent increase over the third quarter last year.

At the end of the third quarter, inventory, including fuel inventory, was up 1 percent compared to last year. Overall, we are pleased with the inventory levels in our clubs and distribution centers.

Looking ahead – we're ready for the upcoming holiday season. Our club associates are energized. We have many new and exciting items across the club – from fresh to gifts. Going into the fourth quarter, our sales momentum remains strong, and we expect comp club sales, without fuel, for the 13-week period from Oct. 29, 2011 through Jan. 27, 2012 to increase 4 to 6 percent. Last year, Sam's comp club sales, excluding fuel, increased 2.7 percent for the comparable 13-week period.

Now, I will turn the program over to Charles for our wrap-up and guidance. Charles...

Charles Holley

Wrap-up and guidance

Thanks Brian.

As Mike said, our business is stronger today than it was a year ago. We continue to be encouraged by the ongoing sales momentum at Sam's and by the Walmart U.S. improvement in comps during the last four months. We still have a lot of work to do to increase traffic in many of our international markets, but we are confident in the plans that the country management teams have in place. We recognize that the global economy is still weak, and consumers continue to behave conservatively.

Looking back over the last five years, comp store sales were a relatively small contributor to our overall growth. It's important that comp sales growth is a priority for our company going forward. Investing in new stores is also important. Remember, these are future comp sales and profit generators, which in turn, add to future returns for shareholders.

One of the most important keys to growing our sales is to have the lowest possible price. Keeping our expenses low will allow us to invest in prices going forward. I'm proud of the progress that we're making in expense leverage. At the end of this fiscal year, we will have levered SG&A expenses for two consecutive years. Throughout the company, we continue to be focused on improving processes and productivity, eliminating waste and reducing SG&A expenses.

Not only will leveraging expenses allow us to invest in prices, but it will help improve returns in our emerging markets like Brazil and China. Emerging markets provide great opportunities for Walmart to serve customers with assortment and prices they have never had access to before. These markets will also provide some great returns down the road for our company.

At our meeting for the investment community last month, I outlined our goal to reduce SG&A expenses as a percentage of sales by more than 100 basis points over the next five years. That goal may be effective with the start of our new fiscal year on Feb. 1, but we are well on our way to having the right strategies and plans in place to reach it.

Our earnings performance continues to translate into strong free cash flow, and I would expect that to continue in the future. Cash flow is the foundation of a company's balance sheet, and Walmart's balance sheet remains strong. That is a real advantage in today's economic environment. We continue to maintain access to extensive short- and long-term funding sources at historically low rates.

Now, let's move on to guidance. Based on our view of the business and the global economy, we expect fourth quarter fiscal 2012 diluted earnings per share from continuing operations to be between \$1.42 and \$1.48. Last year, we reported fourth quarter earnings per share of \$1.41, which included \$0.07 per share of tax benefit primarily due to the repatriation of certain non-U.S. earnings that increased U.S. foreign tax credits.

Our full year earnings per share guidance is now between \$4.45 and \$4.51. All guidance estimates assume that currency exchange rates remain at current levels. This compares to last year's results of \$4.18, or an underlying \$4.07, due to the \$0.11 of tax benefits.

Thank you for listening in today. We really appreciate your continued interest in Walmart. We hope you all have a great holiday!

###