



**WAL-MART STORES, INC. (NYSE: WMT)
First Quarter Fiscal Year 2012 Earnings Call
May 17, 2011
Management Call as Recorded**

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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 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 committing,” “continue,” “expect,” “expectation,” “goal,” “intend,” “is scheduled to begin,” “may impact,” “may require,” “plan,” “will be,” “will carry,” “will continue,” “will enable,” “will grow,” “will include,” “will influence,” “will not,” “will not be,” “will not repeat,” “will open,” “will return,” “will see,” and “would expect” 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 quarter ending July 31, 2011, and the assumption underlying that forecast that currency exchange rates will remain at current levels, as well as management’s forecast for 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 April 30, 2011 through July 29, 2011. The forward-looking statements also include statements that discuss management's expectations regarding Walmart's effective tax rate for fiscal 2012, quarterly fluctuations in that tax rate and the factors that may impact that tax rate. The forward-looking statements made in this call also discuss, among other matters, management's expectations that the transition in the area of general merchandise in connection with the four-point plan of the company's Walmart U.S. operating segment will not be completed until the second half of fiscal 2012; that it will take time to shift the culture in Walmart's Brazilian operations to the "Every Day Low Price" model and improve the profitability of those operations; that Walmart's Sam's Club operating segment will add even more value to Walmart's overall portfolio; that there will be ongoing activity in the e-commerce area around the world; that Walmart will continue to manage the business for the short-term and long-term; and that Walmart will continue to grow comps and open new stores. These forward-looking statements also include statements that discuss management's forecasts with respect to the Sam's Club operating segment: that the segment will continue with its strategy around fuel; that tobacco products will be a headwind for the rest of fiscal 2012; regarding the range of inventory growth rates during the second quarter of fiscal 2012; that membership income will continue its positive momentum during the second quarter of fiscal 2012; and regarding continued headwinds for the segment's Business memberships throughout fiscal 2012. These forward-looking statements also discuss management's expectations that the Walmart International operating segment will: complete the in-store conversions of Netto stores during fiscal 2012 and, in connection therewith, invest more than £100 million and create more than 1,500 jobs; finalize the remaining regulatory approvals and complete the acquisition of the remaining interest in Trustmart by the end of fiscal 2012; continue to provide assistance, monitor the situation, and look for additional ways to help in Japan following the earthquake and tsunami in that country; experience some pain during the period in which Brazil converts to EDLP; invest approximately \$775 million to upgrade logistics and technology and open 80 new stores in Brazil; enter the Quebec, Canada grocery market and begin, in the second quarter of fiscal 2012, the first phase of converting its existing stores in Quebec, Canada into supercentres, which supercentres will carry a full range of fresh food and general merchandise; open the segment's first five supercentres in the province of Manitoba, Canada in the second quarter of fiscal 2012; and open 40 new supercentres, including conversions and expansions, in Canada during

fiscal 2012. These forward-looking looking statements also include statements that discuss management's expectations with respect to the Walmart U.S. operating segment: that the addition of more SKUs throughout all categories will result in further traction and improve both traffic and ticket; that the new Humana program in the pharmacy area will drive positive results in the coming months; that results across the hardlines business will improve; that adding back deleted items in more categories will continue to take time; that momentum with respect to the indoor categories will pick up during the second quarter of fiscal 2012; that the segment will open 140 to 160 new and converted units and, in certain areas, between 30 and 40 new Neighborhood Market stores in fiscal 2012; regarding the segment's commitment to small format stores; that several Walmart Express pilot stores will initially be opened in rural and urban areas, with a goal to have 15 to 20 stores by the end of fiscal 2012; that the Walmart Express stores will include the site to store program; that there will be differences among the pilot stores as to the assortments and services offered to determine the right model for such format; that the segment will complete its store remodels in less time than in the past two years and that such remodels will be less disruptive to customers and associates; that the segment's "Pick Up Today" program will be in 3,000 of the segment's stores by the end of the second quarter of fiscal 2012 and will have continued growth as more items become available in that program; that the segment will not repeat its deep rollback programs; that changes in gas prices and inflation will influence the actual performance of the segment; concerning the effect of the segment's continued focus on productivity initiatives, that the segment's inventory levels will return to "normal Walmart levels" by the end of the third quarter of fiscal 2012; and regarding Walmart's commitment to be there to help communities affected by natural disasters. These forward-looking statements also include statements that discuss management's expectations: that the Walmart U.S. operating segment will continue to open supercenters and small formats and the Sam's Club operating segment will open between 7 and 10 clubs in fiscal 2012; that Walmart will continue to invest in growth; regarding Walmart's plans for sales and square footage growth (excluding acquisitions) in fiscal 2012; and that Walmart intends to grow through comp sales, new stores and multi-channel initiatives. The forward-looking statements also discuss the anticipation and expectations of Walmart and its management as to other future occurrences, objectives, goals, trends and results. All of these forward-looking statements are subject to risks, uncertainties and other factors, domestically and internationally, including, general economic

conditions, geopolitical events and conditions, the cost of goods, competitive pressures, levels of unemployment, levels of consumer disposable income, changes in laws and regulations, consumer credit availability, inflation, deflation, commodities prices, consumer spending patterns and debt levels, currency exchange rate fluctuations, trade restrictions, changes in tariff and freight rates, changes in costs of gasoline, diesel fuel, other energy, transportation, utilities, labor and health care, accident costs, casualty and other insurance costs, interest rate fluctuations, financial and capital market conditions, availability of acceptable sites for the development of new or relocated stores and clubs, regulatory and other legal restrictions on such developments, the availability of qualified personnel in various markets, developments in litigation to which Walmart is a party, weather conditions, the resolution of uncertain tax positions, damage to Walmart's facilities resulting from natural disasters, regulatory matters, and other risks. We discuss certain of these matters more fully in Walmart's filings with the SEC, including its most recent Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, and the information on this call should be read in conjunction with that Annual Report on Form 10-K and Quarterly Report on Form 10-Q, and together with all its other filings, including Current Reports on Form 8-K, which we have made with the SEC through the date of this call. We urge you to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements we make in this call. 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 we undertake 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 May 17, 2011.

Introduction

Carol Schumacher

Hi, this is Carol Schumacher, vice president of investor relations for Wal-Mart Stores, Inc. Thanks for joining us today for our earnings call to review the first quarter of fiscal year 2012.

Key information for this quarter, including updated unit counts, square footage, and financial metrics, is available on our website at walmartstores.com/investors. A full transcript of the call will be available on the website after 7 a.m. Central Time today on May 17, 2011. Historical data can also be found on the site as well.

We have a full agenda for today's first quarter's recap.

- Mike Duke, president and CEO of Wal-Mart Stores, Inc., will start off with the key results and commentary on our business strategies.

As you can see from our press release this morning, we do have some discrete items that are accounted for in our results.

- So, Jeff Davis, SVP of finance and treasurer, will cover the consolidated financial results, including more analysis on the noise. Then we'll go to the operating segments.
- First up will be Brian Cornell, president and CEO of Sam's Club. Doug McMillon, president and CEO of Walmart International, will cover the overall results for International as well as our six largest countries.
- We will close the segment discussion with Bill Simon, president and CEO of Walmart U.S.
- Finally, our CFO, Charles Holley, will present our financial report card and our guidance for the second quarter. Recall that we do not provide a full-year guidance update this quarter.

In our fourth quarter call from February, we said that we would no longer provide details on the membership and other income line, except for Sam's Club, because it is only relevant and material for Sam's. In this quarter, we include a discussion of a gain from the sale of an investment in Chile that is included in other income. Also, as we do from time to time, we will make reclassifications for consistency.

Let me remind you as you listen today that our fiscal calendar for Walmart International is different from the corporate fiscal calendar. All of our international countries, with the exception of Canada, end their fiscal quarter on March 31, while our consolidated financials end on April 30. This is particularly important given the shift in the Easter timing this year. International sales from Easter in all but Canada will be included in the second quarter results.

And, finally, our Annual Meeting of Shareholders is Friday, June 3 at the Bud Walton Arena in Fayetteville, Arkansas. We'll start promptly at 7 a.m. central time. If you can't join us in person, the meeting will be available via webcast on the corporate website; that's walmartstores.com.

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

Mike Duke

Thank you, Carol. Good morning, everyone.

Walmart is reporting EPS of \$0.98 from continuing operations, exceeding our guidance range for the first quarter. This reflects the stability and strength of our global operations.

Let me dive into some of the key numbers for the quarter:

- Net sales were up 4.4 percent to \$103.4 billion, with strong contributions from Walmart International and Sam's Club.
- Walmart U.S. comps were negative 1.1 percent, which was roughly the midpoint of our guidance.

- Sam's Club comp of 4.2 percent was 120 basis points above guidance.
- Consolidated operating income was up 2.8 percent to \$5.9 billion.
- The company leveraged operating expenses. The really great thing is that we have many more opportunities to leverage our scale, technology and innovative processes across the entire business.
- Return on investment was down, due primarily to currency translation and cash accumulations. Jeff will provide additional details.
- For the quarter, the company returned \$3.4 billion to shareholders through dividends and share repurchases.

Now let me move on to the highlights of the individual operating segments.

The Walmart U.S. comp sales decline of 1.1 percent was within our guidance range. We recognize we still have work to do, and comp sales growth remains the greatest priority for me and the entire Walmart U.S. team.

The good news is that the plan Bill Simon and his team are executing is gaining traction. Bill will elaborate more on our progress. We're focused on delivering EDLP and a wide assortment, and customers are responding favorably where we've made the most progress on executing the plan. I'm encouraged with what I hear from customers when I visit our U.S. stores. In grocery, we're further along with the transition, but the work on general merchandise will not be completed until the second half of the year.

Our business model positions us well for customers who appreciate the one-stop shopping that our U.S. supercenters offer. Despite improvements in some areas of the economy, core Walmart U.S. customers are still stretched. They remain concerned about rising prices for gas, energy and food, as well as employment issues. Customers trust us to be their ally in fighting rising gas prices and inflation. We continue to earn that trust when we deliver on our commitment to EDLP.

International remains the key growth driver for our company, and the segment is seeing continued growth through a combination of comps and new stores. We will see the results of Easter sales in the second quarter in our international markets, so I'm pleased to report that almost every market had strong sales growth this quarter. Mexico, China and Chile not only had the best comp growth, but also the highest percentage sales increase for the quarter, compared to last year. It's not a surprise that Japan's March sales were soft, as the country continues to recover from the devastation of the earthquake and tsunami. We're pleased that we're beginning to see Japan stabilize.

Our overall growth comes from comp sales and new stores; but we also grow through acquisitions. In April, we completed the acquisition of the Netto stores in the U.K., and the transition is under way to convert these stores to the ASDA brand. The Netto transaction and its results will show up in our second quarter. We're waiting for the outcome of the competition tribunal hearings in South Africa on our proposed investment in Massmart.

I continue to see tremendous opportunity in the emerging markets like Brazil. Last month, I spent a week traveling to three cities in Brazil where I visited 25 stores. I believe that the transition under way to EDLP is right for our customers, though it will take time to shift the culture and improve the profitability.

Operating income for Walmart International was up 1.2 percent on a reported basis. International did not leverage expenses, so there is further opportunity on SG&A.

Sam's Club delivered really good results this quarter, with a 4.2 percent comp that was well above our guidance. I really like the positive momentum at Sam's Club, which is reflected not only in comp sales, but also in increases in new members. We've been upgrading the quality and the value of our offering at Sam's, and the results are strong across the board. This quarter delivered the highest member experience scores that Sam's has ever had.

I'm proud of the work of the Sam's Club team. They also delivered strong operating income and leveraged expenses. The warehouse club channel is increasing in importance in the retail landscape and Sam's is gaining further momentum. We expect Sam's to add even more value to the company's overall portfolio.

Walmart has a tremendous growth opportunity in e-commerce. Customers today want continuous shopping channels and they want price transparency. We're bringing together our stores, logistics expertise and systems to create an integrated shopping experience that moves seamlessly with the customer from the store to web-enabled devices.

Over the last few weeks, you've also seen us ramp up investments in new talent and technology. We closed on the acquisition of Kosmix and our teams are integrated into @Walmartlabs in Silicon Valley. This acquisition allows us to expand our capabilities in the online social commerce environment.

The growth potential of e-commerce is especially significant in markets like China. We are committed to being at the forefront of this growth. On Friday, we announced that we are acquiring a minority stake in Yihaodian, one of China's leading online retailers. Yihaodian has achieved a significant position in online grocery sales, as well as general merchandise, including electronics and apparel. We expect ongoing activity in the e-commerce area around the world.

We know our customers also expect us to be a leader on the issues that matter to them. In April, we issued an expanded Global Responsibility Report, in which we provided greater transparency and accountability on our efforts to be a responsible company around the world. We're pleased with the response to this report.

As we build the Next Generation Walmart, staying close to the front lines of the business is at the top of my agenda. And I expect the same of every member of our leadership team.

From Brazil to Silicon Valley, I visited more than 75 stores in this quarter alone. Everywhere I go, I see customers working hard to make ends meet. Inflation and gas prices are adding to the pressures. They look to us to help them save money and live better. I've never been more confident in the relevance of our EDLP promise and our talented teams delivering on that promise.

Walmart will continue to manage the business for the short-term and the long-term. We will grow comps and open new stores. And, we remain committed to leveraging expenses and to improving returns for our shareholders.

Now, I'll turn it over to Jeff for more details on our financial results.
Jeff ...

Jeff Davis
Consolidated Financials

Thank you, Mike.

For the first quarter of fiscal 2012, Walmart's income from continuing operations was \$3.4 billion, an increase of 3.8 percent over last year. Earnings per share from continuing operations attributable to Walmart were \$0.98, an increase of 12.6 percent, compared to \$0.87 for the first quarter last year.

First quarter EPS from continuing operations included a benefit of approximately \$0.01 per share related to currency translation. In the first quarter last year, earnings per share benefited from currency translation by \$0.02.

In addition to the impact of currency translation, we have several other discrete items that impacted the first quarter. All the following numbers are pre-tax.

- We realized approximately \$117 million from mark-to-market gains on foreign currency derivative positions.
- ASDA recorded an approximate \$67 million charge related to the removal of future benefit accruals and the effect of future pay increases from its defined benefit plan.

- Walmart Japan incurred approximately a \$51 million casualty loss related to the March earthquake and tsunami.
- And, finally, Walmart Chile recorded approximately a \$51 million gain from the sale of an investment.

All of these items are included in operating expenses, with the exception of the gain from the sale in Chile, which is recorded in membership and other income. The net summary of these items accounted for approximately \$0.01 of our EPS for the first quarter.

As Mike mentioned, consolidated net sales increased by 4.4 percent, or \$4.3 billion, to \$103.4 billion for the quarter. The increase in sales was driven by Walmart International and Sam's Club and included a currency exchange rate benefit of \$1.3 billion. On a constant currency basis, sales grew 3.0 percent to \$102.1 billion.

The 13-week U.S. comp sales, without fuel, decreased 0.3 percent. You will hear more details on the Walmart U.S. and Sam's comp sales from Bill and Brian.

For the quarter, gross margin on sales was 24.4 percent, down 30 basis points compared to last year, driven by Walmart International and Sam's Club.

Unallocated corporate overhead and other, which includes our investment in Global eCommerce, decreased by 20.8 percent to \$309 million for the quarter. The \$117 million mark-to-market gains on foreign currency derivative positions were the primary drivers of the decrease. Excluding these gains and Global eCommerce initiatives, our core corporate overhead expense increased approximately \$15 million, or 3.9 percent, compared to last year. I'm happy to say we have "EDLC" focus in our corporate areas.

Consolidated operating expenses as a percentage of sales decreased 18 basis points on sales growth of 4.4 percent. On a constant currency basis, consolidated operating expenses increased 1.9 percent. Our focus on ensuring every day low cost remains a priority throughout the company.

First quarter consolidated operating income was \$5.9 billion, a 2.8 percent increase versus last year, which included a \$49 million currency benefit. On a constant currency basis, consolidated operating income increased 1.9 percent for the first quarter versus last year.

Net interest expense for the quarter increased 10.0 percent to \$518 million. This was driven by higher debt levels compared to last year, as we opportunistically issued new debt at historically low rates, offset partially by lower average interest rates on our outstanding debt.

The effective tax rate for the first quarter was 33.5 percent. We expect the effective tax rate for fiscal 2012 to be between 33.5 and 34.5 percent, although we will see some quarterly fluctuations. Changes in our assessment of certain tax contingencies and the mix of earnings among our U.S. and international operations may impact our effective tax rate.

First quarter consolidated inventory grew 9.5 percent, compared to last year. The inventory growth was primarily covered by a comparable increase in payables. Payables as a percentage of inventories remained stable at approximately 90 percent. In addition, consolidated inventory turns remained stable.

In the first quarter, we issued \$5 billion of long-term bonds for general corporate purposes at tighter levels than preliminary pricing guidance suggested, indicating strong investor demand. Our AA credit rating provides continued access to low-cost debt.

The debt to total capitalization ratio was 46.1 percent in the first quarter, compared to 41.6 percent at the end of the first quarter last year. Since last year, we issued more than \$10 billion in debt at historically low interest rates.

We ended the first quarter with negative free cash flow of approximately \$400 million due to our increased investment in inventory, and timing of payments for accrued liabilities. Free cash flow was in line with expectations. The company ended last year's first quarter with negative free cash flow of \$1.6 billion, due to lower than normal inventory levels at the end of fiscal 2010.

Capital expenditures were approximately \$2.4 billion for the first quarter, compared with \$2.6 billion in the first quarter last year. We added approximately 3.7 million of new retail square footage and 59 new operating units during the quarter.

In the first quarter, we distributed \$1.3 billion in dividends. As a reminder, we increased our fiscal 2012 annual dividend per share by approximately 21 percent to \$1.46, from \$1.21 in fiscal 2011.

In addition, we repurchased approximately \$2.1 billion of shares during the first quarter, representing approximately 39.3 million shares. This leaves us with approximately \$2.7 billion remaining on our \$15 billion share repurchase authorization announced last June.

Clearly one of our priorities is returning value to our shareholders through dividends and share repurchases. During the first quarter, Walmart returned \$3.4 billion to our shareholders through dividends and share repurchases.

Return on investment, or ROI, for the trailing 12 months ended April 30, 2011 was 18.5 percent, compared to 19.2 percent for the prior year. The primary drivers of the change in ROI were the impact from currency exchange and cash held for pending acquisitions.

Now, let's move on to a discussion of our operating segments. We'll start with Sam's Club. Brian...

Brian Cornell
Sam's Club

Thank you, Jeff.

I am very excited to share that Sam's Club's momentum has continued into the new fiscal year. We sequentially increased our comp sales in each quarter of last year and that momentum continued into the first quarter.

- Comp club sales, excluding fuel, increased 4.2 percent for the 13-week period ending April 29, 2011, exceeding our guidance of one to three percent. This is our fifth quarter of sequential quarterly comp improvement.
- We combined solid unit sales growth and increased traffic with excellent margin management. We leveraged operating expenses this quarter.
- Our Membership acquisition performance was strong. In fact, it was our best quarterly performance since I joined Sam's Club in March of 2009. The strength was driven by key membership events and excellent execution in the clubs.
- These strong results across all key areas of our business flowed through to operating income which, excluding fuel, increased faster than the rate of sales.

Before I get to the detailed financial results, let me address the current dynamic around fuel, an important part of our value proposition. Our fuel stations establish the initial price perception and drive traffic to the clubs. We also know that great prices on gasoline drive member loyalty in terms of renewal rates and ticket.

We are pumping more gallons of fuel and generating more sales dollars per gallon this year versus last year. Fuel prices in the first quarter this year are approximately 35 percent higher than a year ago, and gallons sold are up 22 percent.

Including fuel, first quarter sales were \$12.8 billion, a 9.4 percent increase over last year, and operating income increased 7.0 percent to \$459 million. While top line fuel sales have increased, fuel profit on a dollar basis was basically flat to last year for the quarter. We see a large impact on gross margin percentages. Volatility in fuel prices can have a notable impact on our financial results, both positive and negative. We will continue with our strategy around fuel to be the price leader in the market. Our discussion today therefore **excludes fuel** for comparative purposes, unless otherwise noted.

Now, let's turn to the detailed financial results.

For the first quarter, net sales for Sam's Club increased to \$11.3 billion, a 4.9 percent increase over last year.

Comp club sales for the 13-week period increased 4.2 percent. Despite the impact of heavy snow in February and flooding and tornados in April, comp club sales increases were strong across all three geographic operating divisions, and we are particularly pleased with the combined sales strength of our South and West divisions. Comp performance was driven more by our item growth than inflation.

Comp ticket and traffic increased for the 13-week period by 190 and 230 basis points, respectively. Comp ticket increased for both Business and Advantage members. Comp traffic increased for our Advantage members and was relatively flat for our Business members.

Our ticket and traffic performance was driven in part due to our strategy to be the price leader in key “everyday needs” categories, such as grocery, cleaning and laundry. We also hosted several events, such as our second eValues savings celebration, in which we offered eValues to all members, and the Taste of Sam’s event.

The frequency of member visits improved for both Business and Advantage members, particularly during the weekends. We have taken an approach to the weekends, in which our clubs are focused on executing specific plans to elevate the in-club experience and member service. The plans are focused on key areas that are high touch points like fresh food, grocery and the front end. These are paying off in sales and improved member experience scores.

From a merchandise perspective, comp increases were strong across fresh foods, grocery, home and apparel categories. We continue to see inflation in key categories such as produce, meat and dairy. However, we managed through inflation, with little impact on our margin and have seen continued growth in units sold year over year.

The quality of our sales in our core categories was very strong, and we grew comp sales, despite tobacco being a headwind during the first quarter. The challenge in tobacco is driven by the cycling of last year’s tobacco pre-buys in anticipation of significant price increases, as well as a change in our credit card rewards program that disproportionately impacts our members who shop this category heavily. We anticipate tobacco being a headwind for the rest of the year.

Recall that the average income for a Sam's Club member is above \$75,000 annually. Discretionary spend is increasing, as seen in our improved sales performance in home, apparel and certain technology and entertainment categories, including consumer electronics.

Our gross margin rate was flat as a percentage of sales for the quarter.

For the first quarter, inventory, including fuel, was up 10.6 percent. As we have mentioned in previous calls, we anticipated higher inventory growth rates through the quarter. These increases were driven by larger seasonal buys, earlier transition in seasonal and electronics, and inflation. Additionally, we were up against historically low inventory levels last year.

We expect inventory growth rates to return to a single digit in the second quarter, as we manage inventory flow and members' needs.

As mentioned earlier, I am very pleased with our progress on expense leverage and club efficiency. We reduced expenses as a percentage of sales by 17 basis points, driven by controlling wage costs.

For the quarter, sales per labor hour increased 3.1 percent and units per labor hour increased 2.5 percent.

Membership and other income for the first quarter increased 40 basis points versus last year. As you know, membership income is recorded on a deferred revenue recognition basis, so it's important to understand what's going on with membership income on a cash basis. Growth in membership income on a cash basis was very strong, with increases in the mid single digits. This strength came across all membership segments, and we are very pleased with the overall membership results. Membership income in the first quarter increased 40 basis points versus last year. For the second quarter, we anticipate membership income to continue the positive momentum, with key events planned to engage our members in the clubs.

We have also placed an emphasis on in-club renewals and on our Plus membership offering. We saw broad-based strength in renewal rates across membership categories in the quarter. Business add-on membership trends have begun to stabilize and are showing positive momentum. However, our small business members remain concerned with the economy and reduced access to credit. Therefore, we anticipate continued headwinds for our Business memberships throughout the fiscal year.

First quarter operating income increased to \$457 million, a 6.3 percent increase.

Our sales momentum remains strong, as we enter the first few weeks of the second quarter. We expect comp club sales, without fuel, for the current 13-week period from April 30 through July 29 to increase three to five percent. Last year, Sam's comp club sales, excluding fuel, increased 1.0 percent for the comparable 13-week period.

Now I will turn the program over to Doug, to share with you the results for Walmart International. Doug ...

Doug McMillon
Walmart International

Thanks Brian.

On March 30 and 31, we shared with you why we are so excited about the growth prospects for China and Asia at our annual International Conference for the Investment Community in Shenzhen, China. We came with a full team, including Scott Price, Cathy Smith, Ed Chan, Ed Kolodzieski, and others, and we provided additional insight into our business strategy, our Asian operations, and answered many questions from the analyst community.

One of the key takeaways from that meeting is that we have a strategic plan in place to move Walmart International from a good business into a great business, and this will be underpinned by doing what we do best ... providing our customers great value through every day low prices.

Our management team is focused on delivering that plan through what I referred to as the four dimensions of growth: comp store sales, new stores, e-commerce and multi-channel, and finally acquisitions. Here is what our first fiscal quarter looked like in terms of these four dimensions:

For the first quarter of fiscal 2012, all of our markets had encouraging comp store sales results with Mexico, China, and Chile having the highest comps. By the way, as it relates to Chile, we've seen double-digit comp store sales for several quarters since we made this investment and I'm really proud of the Walmart Chile team and our integration team. They've done a great job! The Easter calendar change and Brazil's EDLP implementation negatively impacted our comp store sales, and I'll discuss the details shortly.

As it relates to new store growth, we increased our total store count 11.8 percent or 487 stores for the past 12 months. This translates into 7.9 percent more square feet than at the end of the first quarter of last year, with most of the increase in Mexico and China.

During the first quarter, Walmart International added 2.6 million square feet of retail space through 54 units.

We have had some good results internationally in the area of e-commerce and multi-channel. During the first quarter of this year, ASDA's online grocery and general merchandise sales grew 20.8 percent from last year, and Brazil's online general merchandise sales grew 41.1 percent. We're learning more about the online business in China through the November 2010 launch of the Sam's Club e-commerce site.

As it relates to acquisitions . . . Our team in the UK completed its purchase of the 147 Netto stores from Dansk Supermarked in April 2011, which falls in our second fiscal quarter. We expect to complete the in-store conversions this year, investing more than £100 million and creating more than 1,500 jobs. Two of our leaders in the U.K., Judith McKenna and Karen Hubbard, have done a great job getting us to this point and we look forward to seeing the results of our conversions and integration. In fact, we have already opened our first three converted stores.

We currently own a 35 percent equity interest in Trustmart stores and hold voting rights with respect to an additional 30 percent interest. We have agreed to acquire the remainder of Trustmart once regulatory approvals have been obtained. In April, we obtained antitrust clearance and now expect to finalize the other regulatory approvals and complete the transaction by the end of this fiscal year.

And finally, in South Africa, competition tribunal hearings began on May 9. This is what we expect to be the final step in the approval process for our potential investment in Massmart and in Sub-Saharan Africa. We remain excited about the opportunity to serve customers in this part of the world.

Turning to other events happening with our business.

We're very proud of the passion and speed with which our associates responded to the earthquake and tsunami in Japan. Within the first three days following these events, Walmart associates working across Japan, quickly took action to help by setting up distribution points for relief items in our store parking lots when the stores themselves were too damaged to open. Associates brought in 95 tons of blankets, flashlights, batteries, water, emergency food, and warm clothing. We will continue to actively provide assistance on the ground and monitor the situation to look for additional ways we can help. Our thoughts are with our associates, our customers and the communities we serve in the affected areas.

From a global perspective, food inflation has made recent headlines. Families in many countries spend a significant amount of their income just on food, and some of these countries rely heavily on imported commodities as the primary source of food. So, increases in food prices can have a fast and dramatic effect in some parts of the world.

We're experiencing some inflation in our sales numbers in just about every market. Argentina, Brazil and Central America are currently experiencing inflation across our basket of goods. We're seeing our highest inflation levels in Argentina and we're doing our best to keep prices down for our customers in each market.

Now let's get to the numbers...

Carol reminded you earlier about the one-month lag on the International calendar. Consequently, we will see the majority of this year's Easter sales in our second quarter results.

Walmart International's first quarter reported sales were \$27.9 billion, a growth of 11.5 percent over the first quarter of last year. All of our markets had strong sales growth except in Japan, as our sales results include the effects of the March 2011 earthquake and tsunami. Changes in currency rates increased our net sales by \$1.3 billion. Our first quarter constant currency sales grew 6.2 percent over last year. This growth came despite the effects of the Japan disasters and the Easter flip. Mexico, China, and Chile provided the strongest net sales growth in the first quarter.

Jeff detailed the results of several discrete items that affected first quarter comparative results for Walmart International. Please remember these as you review our segment details.

Our first quarter operating income increased 1.2 percent over last year to \$1.1 billion. However, on a constant currency basis, operating income was \$1.0 billion, a decline of 3.3 percent. The decline in constant currency operating income resulted from a decline in our overall gross profit margins and the effect of the discrete items Jeff mentioned earlier. Without these discrete items, constant currency operating income increased over last year, but did not grow faster than sales.

Walmart International's first quarter constant currency gross profit margin declined from last year due primarily to the change in sales mix associated with the Easter calendar shift and investments in price.

First quarter membership and other income increased from last year due to the \$51 million gain on the sale of an investment in Chile. Without this gain, membership and other income would have increased \$23 million.

Constant currency operating expenses for Walmart International grew faster than sales, because of pressure from the discrete items Jeff covered. Without these items, we leveraged constant currency expenses versus last year, because of strong expense management in Chile, Canada and Japan.

Our progress on inventory was disappointing for the first quarter of this year, with days on hand increasing over last year in most of our markets. Much of the 11.4 percent increase in inventory has to do with new store growth, but clearly, our management teams across all countries, especially China and Brazil, have this as a priority.

Now let's get into the results for several of our larger markets. Country management teams account for their results on a local 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.

In Mexico, our sales continue to grow at a fast rate, and operating income grew faster than sales.

This will be the last quarter we only discuss Walmex's results in Mexico. Our second fiscal quarter will be the first time we discuss consolidated results of Walmex and Central America. While the following 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's net sales for the first quarter were up 6.9 percent, and comparable store sales were up 1.7 percent. Sales growth came from the strong new store growth program in Mexico, where we have 288 more stores than at the end of the first quarter of last year. Customer traffic declined 2.2 percent and average ticket increased 3.9 percent at comparable stores.

For the first quarter, Walmex comp store sales for the self-service formats grew by 1.5 percent, while ANTAD's comp store sales report for the rest of the industry, excluding Walmex, showed only 0.9 percent growth.

Walmex's first quarter operating income grew faster than sales at 9.2 percent, due to higher gross profit margin. First quarter gross profit margin as a percentage of sales increased 54 basis points from last year. However, expenses grew 10.4 percent, primarily on costs of new stores and remodels.

Moving on to Brazil... Net sales grew in the first quarter, and Brazil continues to implement EDLP and increase the number of items. However, operating income declined from last year.

Prices on more than 10,000 items, primarily in food, have been reduced, and this number increases each month. As I've said before and as we saw in Japan, this is a long-term initiative so we expect to experience some pain during the conversion period. We're very confident about our opportunities in Brazil and expect to invest approximately \$775 million this year upgrading logistics and technology and opening 80 new stores. On another note, our wholesale operations, Sam's Club and Maxxi, have delivered on plan for the first quarter in Brazil.

In real terms, or removing the impact of inflation, Brazil's first quarter net sales and comparable sales both declined from last year. Customer traffic at comparable stores decreased 8.0 percent and average ticket increased 1.9 percent, in real terms.

As expected, first quarter gross profit margin as a percentage of sales declined 140 basis points from last year, due to the migration toward a consistent EDLP offering. Expenses as a percentage of sales increased 92 basis points, primarily because of the lower sales growth and 42 new stores opened since the first quarter of last year. The gross margin pressure caused a significant decline in Brazil's operating results from last year.

Earlier, I mentioned the online business in Brazil grew 41.1 percent this quarter; this was on top of last year's sales growth of 80 percent. We launched the e-commerce site at the end of 2008, with 10,000 products in 11 categories. Today, we offer more than 70,000 products across 21 categories.

In the past 12 months, we have opened 42 new stores in Brazil, bringing our total store count to 480. This includes 1 new store in the first quarter of this year.

Moving to Asia . . . During our investor meeting in March, Scott Price provided insight into our execution path for Japan's EDLP and EDLC implementation, and importantly, the value of successfully communicating our EDLP approach to Japanese customers.

As you know, the March 2011 earthquake affected a large part of Japan and began the start of a very challenging period. According to statistics released by the Japanese Ministry of the Economy, Trade and Industry, or METI, overall supermarket comparable store sales declined by 3.3 percent in March of 2011. This is especially tough, since this decline is on top of last year's 5.6 percent comp sales decline. According to METI, our performance continues to stay ahead of other large-scale retailers in Japan, and we've maintained our market share in what has been a deflationary environment.

Walmart Japan's first quarter sales were better than overall supermarket sales. However, the effects of the earthquake and tsunami resulted in an operating loss in the first quarter of this year.

First quarter net sales and comparable store sales were flat to last year in real terms. Walmart Japan's traffic declined 2.8 percent over last year, and the average ticket in real terms increased 2.2 percent. Our remodeled stores had increases in average ticket of 5.7 percent, and our other stores had ticket increases of 1.7 percent, both in real terms.

Sales in over-the-counter pharmacy, paper goods, and baby had the strongest performance, while sales of electronics, apparel and cosmetics were down. Gross profit margin as a percentage of sales increased by 79 basis points from last year, and expenses as a percentage of sales increased 2.0 percent from last year, or declined 67 basis points, without the earthquake and tsunami charge.

Walmart China sales grew in the first quarter as well, but operating income declined slightly from last year. Net sales for the first quarter grew 12.4 percent over last year and comparable store growth was 4.5 percent.

Average ticket grew 11.0 percent in China, but traffic declined 5.8 percent. The primary traffic decline was in Trustmart stores.

First quarter gross margin increased 54 basis points over last year, primarily due to purchasing efficiencies. Expenses as a percentage of sales grew 102 basis points, primarily due to increases in associate compensation and tax costs. First quarter operating income declined 4.2 percent.

In the past 12 months, we opened 49 new stores, including 45 supercenters, and that brings our China store count to 333 stores.

Turning now to the United Kingdom... Andy Clarke and the ASDA team had a solid start to the year, growing sales in the first quarter of this year. However, operating income declined from last year primarily as a result of the charge for the ASDA defined benefit plan, and to a lesser extent, acquisition costs for Netto.

In the first quarter of this year, comparable sales, excluding fuel, increased 10 basis points. We will see ASDA's strong sales from Easter and the royal wedding in our second quarter. Average ticket in the first quarter increased 30 basis points and traffic decreased by 20 basis points. Sales of chilled foods, children's wear and home were particularly strong in the first quarter. In support of ASDA's EDLP offering, ASDA increased its price guarantee to 10 percent at the start of the year, and almost 3 million customer baskets have been checked online.

First quarter operating income declined from last year, due to the discrete charge covered earlier, as well as other acquisition costs associated with the Netto purchase. Excluding these charges, ASDA's expenses grew slower than sales under the We Operate for Less program. Operating income was essentially flat to last year.

ASDA private brands continue to perform well, with its premium brand "Extra Special" and the mid-tier brand "Chosen By You". Chosen By You has been ranked by Kantar Worldpanel as the fastest growing private brand across the top four U.K. grocery retailers.

In the last 12 months, ASDA has opened 12 new stores, for a total store count of 386.

ASDA's commitment to EDLP comes at an important time for its customers who are dealing with the burden of inflation, taxes, and record petrol prices.

And finally Canada ... Walmart Canada's sales grew in the first quarter of this year, and operating income grew faster than sales. Net sales grew 4.4 percent in the first quarter compared to last year, primarily due to the supercentre expansion program and strong sales in most categories. However, first quarter comparable sales declined 60 basis points from last year. Average ticket increased 3.6 percent for the first quarter, and traffic declined 4.2 percent.

As a percentage of sales, gross margin declined 38 basis points from last year and expenses also declined 42 basis points, despite the increase in costs from the new Walmart Canada Bank.

The 5.8 percent increase in operating income from last year was the result of operating expense savings.

Walmart Canada recently announced its plans to enter the Quebec grocery market with the transformation of its existing stores into supercentres. The first phase of this conversion is scheduled to begin in the second quarter of this year, and these supercentres will carry a full range of fresh food, as well as general merchandise. In addition, we will open our first five supercentres in the province of Manitoba in the second quarter.

In the past 12 months, we opened 8 new stores in Canada, bringing our store count to 325 stores. This year, we expect to open 40 supercentres, including conversions and expansions.

There are also strong results in our other markets. We have a good track record of leveraging our processes and resources to add value for a new market's customers and associates. Our January 2009 acquisition of D&S in Chile is a recent example. Walmart Chile grew constant currency sales 11.5 percent in the first quarter and retail square footage increased by 6.5 percent, or 31 stores.

Our focus on growing sales continues long after the acquisition. Constant currency sales grew 10.9 percent in the first quarter of this year at our Central American operations. We acquired Central America in 2005, and first quarter sales are now just under \$1 billion, at \$950 million.

In closing, Walmart International is well positioned to continue delivering on growth opportunities in comp store sales, e-commerce, and acquisitions. We also will continue to deliver on new store growth.

Now, I'll turn it over to Bill for the update on Walmart U.S.

Bill Simon
Walmart U.S.

Thank you, Doug.

Earlier in the call, Mike mentioned that we're gaining traction in our Walmart U.S. business as we implement the four-point plan that I laid out in the fourth quarter. Recall that this plan focuses on driving every day low price, delivering the broadest assortment possible, improving our remodeling efforts and integrating a multi-channel experience for our customers.

Now, our best comp performance remains in the grocery and health and wellness business, both of which had positive comp sales in the first quarter. As I mentioned in February, these businesses delivered positive comps in the fourth quarter as well.

Our negative 1.1 comp sales were at the midpoint of our guidance of negative two percent to flat for the quarter. The comp sales decline for the 13-week period was driven by lower traffic, which was partially offset by an increase in ticket. Inflation provided a small tailwind.

The importance of delivering every day low price has never been greater, as our customers are consolidating trips due to higher gas prices. Our greatest priority remains to grow comp sales. We're also focused on our EDLP strategy and moving away from "deep discounts" that were in the headlines this time last year. We've launched our new "ad match" marketing campaign in early April, and the customer response has been terrific.

Net sales rose 0.6 percent to \$62.7 billion for the first quarter.

Grocery again delivered low single-digit positive comps for the quarter. Our food business is delivering positive sales growth that's on par with the top competitors and we're seeing recovery in our consumables business. Customers are responding positively as we expand our merchandise assortment, adding back items across all categories. We began our SKU add-back program in the third quarter with dry grocery. We're pleased with the comp sales improvement to date in this area, which is up 150 basis points from the fourth quarter. I believe that sales improvement supports our belief that we're on the right track. As we add more SKUs throughout all categories, we expect to gain further traction, improving both traffic and ticket.

In consumables, we executed modular changes in the ones I mentioned last quarter and saw positive sales momentum from categories like air care and fragrance. These modular changes focused on bringing back assortment, ensuring opening price points were available in all categories and increased the holding power on the shelf. As an example, our air care modular was updated in February and we've experienced an 880 basis point comp improvement from the fourth quarter through the first quarter.

The paycheck cycle remains pronounced. During the quarter, we saw continued pressure from ongoing macro economic conditions, as customers continued to trade down to opening price points and some private label products. Our grocery inflation was approximately one percent during the quarter, with the greatest impact on perishables. We continue to act as the agent for our customers by building trust through EDLP.

Our health & wellness business had a low single-digit positive comp, driven by our prescription business. Five years ago, Walmart launched the \$4 prescription drug program, a move that changed the industry and shifted more customers from branded to generic products. While this change helped drive traffic and unit sales, the increase in generic utilization does pressure the top line. However, the new Humana program, which is generating incremental pharmacy sales, and other industry dynamics more than offset this pressure. We expect this program to drive positive results in the coming months.

Entertainment had mid single-digit negative comps. That area is still impacted by price deflation in key electronics items. We did have strong TV unit sales, as customers used tax refund loans during the quarter. We continue to see strong prepaid wireless sales, especially in services, though these services are not fully reflected in our top line sales.

Hardlines comps were low single-digit negative. Easter crafts performed well, offset by a weakness in stationery and hardware. Automotive generated positive comp sales. Temperatures have begun to rebound this month, and we expect improved results across the hardlines business.

Apparel had a mid single-digit negative comp, with the greatest weakness in kids, ladies and shoes. Where we've brought back assortment, like ladies plus, sales and trends are improving. In fact, we posted a positive comp for the quarter in ladies plus. We're simply not converting enough of our grocery customers to shop apparel, and we've been working hard on strategies to improve this important area of the store. We're very focused on driving improvement in basics, including socks, underwear and t-shirts. We're adding back deleted items in even more categories, though this will continue to take time. And, we're investing in price as we recognize that customers have seen higher prices across the industry for cotton-related apparel. Apparel's a work in progress, but one that has a tremendous amount of attention throughout the organization.

Home posted a mid single-digit negative comp as well, impacted by delays in the start of the spring selling season. Outdoor living in particular, a large part of our sales plan for the quarter, had double-digit negative comps because of weather impacts. We're seeing that turn around now, with more favorable weather across most of the country, and I'm pleased with how our customers are responding to our outdoor living assortment this month. During the first quarter, most of our indoor home categories, including home décor, cooking, dining and bath, had improving sales trends, the result of offering broader assortment. We expect to see momentum pick up in indoor categories during the second quarter.

Our Walmart.com online business remains strong, with an increase in traffic and order size. Electronics remained a strong category, including televisions, wireless and home office. In hardlines, tires and automotive categories are strong. And, in home, we're seeing ongoing strength of sales in furniture. We're also pleased with the ongoing momentum of our site to store business.

And, Now, I'll cover the remaining financial results.

Gross profit dollars were up 0.6 percent over last year, in line with the first quarter sales growth, causing the gross margin rate as a percentage of sales to remain flat as expected. Our logistics team continues to implement multiple efficiency initiatives that have minimized the impact of diesel price increases on the cost of sales.

We were able to leverage expenses again this quarter, with total SG&A up only approximately 40 basis points compared to last year. Sales per labor hour improved again for the first quarter, building on last year's progress in productivity. Marketing expenses were at more normalized levels compared to the same quarter last year. Additionally, we delivered reductions in our accident costs due to significant attention from store operations.

Operating income grew faster than sales at 0.8 percent for the quarter over last year.

As expected, inventory was up 6.3 percent compared to this time last year. However, the year-over-year growth rate of inventory has slowed 190 basis points compared to the fourth quarter. The increase is due in part to our continued focus on bringing back assortment in grocery. 100 basis points were due to inflation, primarily in grocery categories. Approximately 100 basis points of the increase were due to higher in-transit inventory as we expand our global sourcing initiatives. We also recognized increases in inventory for home, toys and seasonal, where weather slowed seasonal sales. Overall, the quality of our inventory remains in good shape.

We can ensure that Walmart stores are always in stock, especially for high-turn items in grocery. We must make sure that all stores are customer ready, every day. Our displays must come to life in terms of delivering value and excitement for our customers.

We remain optimistic about our growth opportunities in the U.S. and plan to open between 140 and 160 new and converted units this year. Back in October, we shared with you that we planned to open between 185 and 205 units. Consistent with the \$1 billion reduction in capital expenditures that we disclosed last quarter, we are delaying the delivery of additional in box conversions of discount stores to supercenters, as we take the time to review and adjust this initiative.

Most of our capital commitment goes to supercenters. However, we're also committing to small formats, including those between 30,000 and 60,000 square feet, as well as stores that will range from 15,000 to 30,000 square feet.

The strength of our food business is reflected in the continued performance of our Neighborhood Market grocery stores, which average about 40,000 square feet today. We're pleased with both the comp and the returns of these grocery stores. In fact, this quarter, our Neighborhood Market's comp increase was approximately 4.0 percent, driven by a traffic increase of almost 2.0 percent.

Because of this momentum, we're starting to accelerate the opening of even more Neighborhood Markets. We're on schedule this year to open between 15 and 20 Neighborhood Market stores to capture growth in untapped markets.

We will also open several of the Walmart Express stores as a pilot in both rural and urban areas, with the goal of having 15 to 20 stores by year end. This is our new format, averaging 15,000 square feet and offering customers fresh food, along with key general merchandise categories. Walmart Express will also include our site to store program so that customers can take advantage of Walmart's broad online merchandise assortment. The Express pilots will be different, so we can determine which merchandise assortment is right for the community. Some will have pharmacy; some won't. The goal is to get the model right, so that when we have the format, we'll roll it out and it will be successful.

I've already talked about the first two points of the four-point plan -- price leadership and the broadest assortment.

Our third point -- we're driving efficiencies in our remodel program. Our remodels are under way this quarter and will be completed in less time than in the past two years. They will be less disruptive to our customers and associates. Through re-engineering efforts, we're able to increase the efficiency of our remodeling plan by reducing, on average, 15 percent in the costs for each supercenter.

And finally, our multi-channel integration is an important focus for our long-term growth strategy. We're testing several programs to help us better integrate the stores with our website. Our expanded "Pick Up Today" program is currently rolled out to 2,800 stores and doing well.

While it's early for data, we're pleased with the customer response. The program will be in 3,000 stores by the end of the second quarter. We expect to see continued growth in this service, as we make more items available on Walmart.com for immediate pick-up.

Rising gas prices, high unemployment and increasing inflation continue to be the most important issues facing our customers today. One in five Walmart moms list gasoline as a top expense behind housing and car payments. We continue to be prepared to help her with low prices and broad assortment during this time of uncertainty.

Last year during the second quarter, Walmart had the deep rollbacks that drove our unit sales of some items, but did not deliver the intended traffic and basket lift we were looking for. We will not repeat these programs this year.

We're monitoring the economic environment carefully, as significant changes in gas prices and inflation during the quarter will influence our actual performance. We expect Walmart U.S. comp sales for the second quarter period running from April 30 through July 29 to range from negative one percent to positive one percent. And, our 13-week comp for last year in the second quarter declined 1.8 percent.

Our continued focus on productivity initiatives will enable us to leverage expenses through the second quarter. Inventory will return to "normal Walmart" levels -- meaning half the rate of sales growth -- by the end of the third quarter, after we anniversary our efforts to bring back assortment.

Before I close, I'd like to recognize the hard work of our associates who've been impacted by the flooding across the central plains and the south. Countless associates and customers are dealing with the effects of the rising Mississippi River. When our stores are also affected, our priorities are to get them open and operating. They are often the first place that people in the community turn to for basics and clean-up products. And, Walmart will be there to help our customers get back on their feet, no matter what the disaster. It is part of our mission and part of who we are.

Now, I'll turn it over to Charles.

Charles Holley
Metrics and Guidance

Thanks Bill. Let's get right to our financial scorecard.

First, growth. Jeff pointed out earlier that sales increased 4.4 percent in the first quarter, with solid sales results from Walmart International and Sam's Club.

We continue to remain focused on growing comp sales and new stores throughout our markets. And let me add that comp sales improvement is our clear priority for Walmart U.S.

We will continue to invest in growth and our capital plan of \$12.5 billion to \$13.5 billion remains in place for this year. We're still on track for sales growth of 4 to 6 percent and square footage growth of 3 to 4 percent. I remind you that these goals exclude acquisitions, such as Netto. We added 59 net units and approximately 3.7 million square feet of retail space since the end of fiscal 2011. International contributed almost 2.6 million square feet in the first quarter. Worldwide, we now have 9,029 units and approximately 989 million square feet of retail space.

We have great opportunities for long-term growth in emerging markets, such as Brazil and China. Walmart U.S. will continue to open supercenters and smaller formats. In addition, Sam's Club will open between 7 and 10 clubs this year.

Turning to leverage.... As Mike said earlier, the productivity loop remains a crucial priority for us. We continue to drive efficiencies throughout our business, which helps sustain our commitment to every day low price. For six consecutive quarters now, our company has leveraged operating expenses.

And our third priority -- returns. On a rolling 12-month basis ending April 30, 2011, return on investment ended at 18.5 percent. It is important to know that our underlying operations continue to maintain stable returns.

In March, we were pleased to report that our board declared an annual dividend of \$1.46 per share for the fiscal year, a 21 percent increase over the previous year's dividend. We returned \$3.4 billion to our shareholders during the first quarter through dividends and share repurchase. We remain committed to returning value to shareholders.

Last quarter, I mentioned that the majority of our business now operates on our new SAP financial system, including the U.S., U.K. and Canada. We have completed our conversions in Mexico and we have just recently started in Central America and Argentina. These improved systems provide more efficient financial processes around the world, allowing Walmart to leverage knowledge and resources, and increase consistency throughout our organization.

Next, let's move on to guidance. Based on our views of the macro-economic and sales environment in the U.S. and around the world, we expect second quarter fiscal 2012 diluted earnings per share from continuing operations to be between \$1.05 and \$1.10, which compares to last year's earnings per share of \$0.97. These estimates assume the currency exchange rates remain at current levels.

In closing, I'd like to summarize a few points from our call today:

- We delivered strong earnings per share, above our guidance, for the first quarter of the fiscal year, despite continued economic headwinds affecting our customers.
- We increased net sales by 4.4 percent and added approximately 3.7 million square feet of retail selling space around the world.
- Leveraging expenses remains a priority, as it serves as a precursor to EDLP. Since the fourth quarter of fiscal 2010, we have leveraged operating expenses. Our business model – every day low cost driving every day low prices – is central to how we operate.
- We are on track for company sales growth of 4 to 6 percent this year.
- We intend to grow through comp sales and new stores, as well as through multi-channel initiatives, including e-commerce.
- And, finally, we remain committed to shareholder returns through share repurchase and dividends.

Thank you for listening today. We appreciate your interest in Walmart.