

WAL MART STORES INC
Form 424B2
September 17, 2004
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Filed pursuant to Rule 424(b)(2)

SEC File No. 333-101847

Subject to Completion, Dated September 16, 2004.

Preliminary prospectus supplement to prospectus dated December 27, 2002.

Wal-Mart Stores, Inc.

£ ,000,000

% Notes Due 20

We will pay interest on the notes on March and September of each year, beginning on March , 2005. The notes will mature on , 20 .

We may, at our option, redeem the notes at any time after , 20 at the price specified under Description of the Notes Optional Redemption. In addition, we may, at our option, redeem the notes upon the occurrence of certain events relating to U.S. taxation as described under Description of the Notes Redemption upon Tax Event.

The notes will not be convertible or exchangeable. The notes will be our senior, unsecured and unsubordinated debt obligations and will rank equally with our other senior, unsecured and unsubordinated indebtedness.

Application has been made to list the notes on the Irish Stock Exchange. The listing application is subject to approval by the Irish Stock Exchange.

Neither the U.S. Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

<u>Per Note</u>	<u>Total</u>
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Public offering price	%	£	,000
Underwriting discounts and commissions	%	£	,000
Proceeds, before expenses, to Wal-Mart Stores, Inc.	%	£	,000

The public offering price set forth above does not include accrued interest, if any, from September , 2004.

The underwriters expect to deliver the notes in book-entry form through the facilities of Clearstream, Luxembourg and Euroclear against payment in New York, New York on September , 2004.

Joint-Bookrunning Managers

Deutsche Bank

Barclays Capital

The Royal Bank of Scotland

September , 2004.

This preliminary prospectus is not complete and may be changed. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where that offer or sale is not permitted.

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In this prospectus supplement, the terms Wal-Mart, the Company, we, our and us, unless otherwise stated or unless the context otherwise requires, refer to Wal-Mart Stores, Inc. You should rely only on the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus. No one has been authorized to provide you with different information. If this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

The distribution of this prospectus supplement and the accompanying prospectus and the offering or sale of the notes in some jurisdictions may be restricted by law. Persons into whose possession this prospectus supplement and the accompanying prospectus come are required by us and the underwriters to inform themselves about and to observe any applicable restrictions. This prospectus supplement and the accompanying prospectus may not be used for or in connection with an offer or solicitation by any person in any jurisdiction in which that offer or solicitation is not authorized or to any person to whom it is unlawful to make that offer or solicitation. See **Underwriting** in this prospectus supplement.

We accept responsibility for the information contained in this prospectus supplement and the accompanying prospectus. To the best of our knowledge and belief, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Notes being offered and sold outside the United States are being offered and sold in reliance upon Regulation S under the U.S. Securities Act of 1933, as amended (the **Securities Act**). Notes being offered and sold in the United States (including any notes which are initially offered and sold outside the United States in reliance upon Regulation S, but which may be resold in the United States from time to time in the United States in transactions requiring registration under the Securities Act) are being offered and sold pursuant to the shelf registration statement under the Securities Act on file with the U.S. Securities and Exchange Commission (the **SEC**) of which this prospectus supplement and the accompanying prospectus are a part. See **Capitalization and Indebtedness** and **Underwriting** in this prospectus supplement. This prospectus supplement and the accompanying prospectus relate to both notes being offered and sold in reliance upon Regulation S and notes being offered and sold pursuant to such registration statement under the Securities Act.

In connection with the offering, Deutsche Bank AG London may over-allot or otherwise effect transactions which stabilize or maintain the market price of the notes at levels above those which might otherwise prevail in the open market. Such transactions may be effected in the over-the-counter markets or otherwise. Such stabilizing, if commenced, may be discontinued at any time without notice. These transactions are to be carried out in accordance with applicable laws and regulations.

BASIS OF PREPARATION OF FINANCIAL INFORMATION

Our consolidated financial statements and the other financial information included in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference as described below and in the accompanying prospectus under the caption **Where You Can Find More Information** have been prepared in accordance with generally accepted accounting principles in the United States.

AVAILABLE INFORMATION

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In accordance with the rules of the SEC, we have incorporated by reference in the accompanying prospectus our reports listed in the accompanying prospectus under the caption "Where You Can Find More Information" and that we have filed with the SEC after December 27, 2002. These reports include, without limitation, our Annual Report on Form 10-K for the fiscal year ended January 31, 2004, including specified information contained in our annual report to our shareholders for our fiscal year ended on January 31, 2004 and our proxy

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statement relating to the annual meeting of our shareholders held on June 4, 2004 incorporated by reference therein, and our Quarterly Reports on Form 10-Q for the fiscal quarters ended April 30, 2004 and July 31, 2004. See [Where You Can Find More Information](#) in the accompanying prospectus for information about obtaining access to or copies of those filings from the SEC. In addition, our shares of common stock are listed for trading on the New York Stock Exchange and the Pacific Stock Exchange, and certain of our debt securities are listed for trading on the London Stock Exchange, the Luxembourg Stock Exchange and the Irish Stock Exchange. You can obtain access to or copies of reports and other information about us that we have filed pursuant to the rules of those exchanges at the facilities of those exchanges or at the offices of the paying agent for the notes, as applicable.

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, will be available free of charge at the office of JPMorgan Bank (Ireland) PLC, JPMorgan House, International Financial Service Centre, Dublin 1, Ireland. See [Listing and General Information](#) in this prospectus supplement and [Where You Can Find More Information](#) in the accompanying prospectus.

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The Offering

This summary does not contain all the information concerning the offering of the notes that is important to you. You should read carefully the entire prospectus supplement and the accompanying prospectus, and the documents incorporated by reference, for more information on this offering and our Company.

Issuer	Wal-Mart Stores, Inc.
Notes	£ ,000,000 initial principal amount of % Notes due 20 .
Issue Price	% for the notes.
Maturity	We will repay the notes at 100% of their principal amount plus accrued interest on 20 ..
Interest Payment Dates	March and September , commencing March , 2005.
Calculation of Interest	Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.
Form and Denomination	We will issue the notes in fully registered form in denominations of £1,000 and integral multiples of £1,000 in excess thereof. The notes will be represented by global securities. We will not issue certificated securities to you for the notes, except in the limited circumstances described in this prospectus supplement. Beneficial interests in a global note will be shown on, and transfers of beneficial interests in the global note will be made only through, records maintained by Clearstream, Luxembourg and Euroclear. Settlement of the notes will occur in same day funds.
Additional Notes of this Series	We may, without the consent of the holders of the notes, create and issue additional notes ranking equally with the notes that we are offering and otherwise similar in all respects to the notes so that those additional notes will be consolidated and form a single series with the notes that we are offering. No additional notes may be issued if an event of default under the indenture has occurred.
Optional Redemption	We may, at our option, redeem the notes at any time after , 20 at the price specified under Description of the Notes Optional Redemption. In addition, we may, at our option, redeem the notes upon the occurrence of certain events relating to U.S. taxation as described under Description of the Notes Redemption upon Tax Event.

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Use of Proceeds	We will use the net proceeds from the sale of the notes for general corporate purposes.
Listing	We have applied to list the notes and to have the notes admitted to trading on the Irish Stock Exchange.
Trustee and Principal Paying Agent	
Agent	J.P. Morgan Trust Company, National Association.
Irish Paying Agent	JPMorgan Bank (Ireland) PLC.
Ranking	The notes will be our senior, unsecured and unsubordinated debt obligations and will rank equally with our other senior, unsecured and unsubordinated indebtedness.
Governing Law	The notes will be governed by the laws of the State of New York.
Date of Delivery	We currently anticipate that delivery of the notes will occur on or about September , 2004.

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WAL-MART STORES, INC.

We are the world's largest retailer as measured by total net sales for fiscal 2004. Our total net sales exceeded \$256 billion in fiscal 2004. We operate mass merchandising stores that serve our customers primarily through the operation of three segments:

Wal-Mart stores, which include our discount stores, Supercenters and Neighborhood Markets in the United States;

SAM'S Clubs, which include our warehouse membership clubs in the United States; and

the international segment of our business.

We currently operate in all 50 states of the United States, as well as in Argentina, Brazil, Canada, Germany, Mexico, Puerto Rico, South Korea, the United Kingdom and in China under joint venture agreements. As of July 31, 2004, we operated in the United States:

1,398 Wal-Mart stores;

1,585 Supercenters;

72 Neighborhood Markets; and

539 SAM'S Clubs.

As of July 31, 2004, we also operated 236 Canadian Wal-Mart stores and SAM'S Clubs, 11 units in Argentina, 144 units in Brazil, 92 units in Germany, 15 units in South Korea, 633 units in Mexico, 54 units in Puerto Rico, 270 units in the United Kingdom and, under joint venture agreements, 39 units in China. The units operated by our International Division represent a variety of retail formats. At July 31, 2004, we owned approximately 37% of The Seiyu, Ltd., a Japanese retail chain, with warrants to purchase up to approximately 69% of that company.

Wal-Mart Stores, Inc. is the parent company of a group of subsidiary companies, including Wal-Mart.com, Inc. (which sells goods over the Internet), Wal-Mart de Mexico, S.A. de C.V. (which operates discount stores, Supercenters and restaurants in Mexico), Asda Group Limited (which operates Supercenters, groceries and apparel stores in the United Kingdom), Sam's West, Inc., Sam's East, Inc., Wal-Mart Stores East, LP, Sam's Property Co., Wal-Mart Property Co., Wal-Mart Real Estate Business Trust, Sam's Real Estate Business Trust and Wares Delaware Corporation (each of which owns or leases properties on which the Company's units in the United States are located). The information presented above relates to our operations and our subsidiaries on a consolidated basis.

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Wal-Mart Stores, Inc. was incorporated in the State of Delaware on October 31, 1969.

Our principal executive offices are located at 702 S.W. Eighth Street, Bentonville, Arkansas 72716, United States of America. Our telephone number is 1-479-273-4000, and our Internet address is www.walmartstores.com. Information contained in our website is not a part of this prospectus supplement or the accompanying prospectus.

USE OF PROCEEDS OF THE NOTES

We estimate that the net proceeds from the sale of the notes will be approximately £ or \$ after underwriting discounts and payment of transaction expenses. We have translated the pounds sterling amount in the preceding sentence to U.S. dollars using the September , 2004 noon buying rate for cable transfers as announced by the U.S. Federal Reserve Bank of New York for pounds sterling as of , 2004, which exchange rate was £1.00 = \$1. . See Exchange Rate Information.

We will use the net proceeds from the sale of the notes for general corporate purposes.

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The following table presents consolidated capitalization, including the indebtedness considered part of our capitalization, of Wal-Mart Stores, Inc. and its subsidiaries at July 31, 2004, and as adjusted to give effect to the offering of the notes, an offering of \$1 billion of our floating rate notes due 2006, completed on September 16, 2004, an offering of \$5 million of our 2.792% notes due 2006, completed on September 16, 2004 and the application of the net proceeds of the offering of our floating rate notes due 2006 to the reduction of our short-term commercial paper debt.

	July 31, 2004	
	Actual	As Adjusted
(in millions)		
Short-term debt		
Commercial paper	\$ 6,827	\$ 5,827
Long-term debt due within one year	4,415	4,415
Obligations under capital leases due within one year	202	202
Total short-term debt and capital lease obligations	11,444	10,444
Long-term debt		
% notes due 20		
Floating rate notes due 2006		1,000
2.792% notes due 2006		6
Other long-term debt	17,044	17,044
Long-term capital lease obligations	3,100	3,100
Total long-term debt and capital lease obligations	20,144	
Shareholders' equity		
Common stock (\$0.10 par value; 11,000,000,000 shares authorized; 4,250,644,739 shares issued and outstanding)	425	425
Capital in excess of par value	2,218	2,218
Retained earnings	39,427	39,427
Other accumulated comprehensive income	1,074	1,074
Total shareholders' equity	43,144	43,144
Total debt and capital lease obligations and shareholders' equity	\$ 74,732	\$

We are offering a substantial portion of the notes outside the United States. We may offer and sell up to the equivalent of \$100 million of the notes in the United States pursuant to a shelf registration statement that we have on file with the SEC of which the accompanying prospectus and this prospectus supplement are a part. See "Underwriting." After the sale of the notes, we will be permitted to issue an additional \$2,900,000,000 of debt securities under this registration statement. No limit exists on our ability to register additional debt securities for sale in the future.

The amount of the notes was translated from pounds sterling to U.S. Dollars using the noon buying rate in New York City for cable transfers as announced by the U.S. Federal Reserve Bank of New York for pounds sterling as of September 16, 2004, which exchange rate was £1.00 = \$ 1.48.

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On September 16, 2004, we sold €5 million of our 2.792% notes due 2006 in an offer limited to investors in Ireland. The offer in Ireland was made in reliance on the exemption contained in Regulation S promulgated under the Securities Act. The amount of those notes set forth in the "As Adjusted" column in the table above was translated from euro to U.S. Dollars using the noon buying rate in New York City for cable transfers as announced by the U.S. Federal Reserve Bank of New York for euro as of July 30, 2004, which exchange rate was €1.00 = \$1.2032.

On September 16, 2004, we sold \$1,000,000,000 of our floating rate notes due 2006 through Citigroup Global Markets Inc. in a public offering registered with the SEC under our shelf registration statement described above.

Our commercial paper, the portion of our long-term debt due within one year and our other long-term debt shown in the foregoing table was unsecured as of July 31, 2004, except for \$71 million, which was collateralized by property with an aggregate carrying value of approximately \$174 million as of July 31, 2004.

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We are also a party to sale/leaseback transactions pursuant to which we had, as of July 31, 2004, future minimum lease payments of \$221 million. Those transactions have been accounted for as financings and form a part of our long-term debt, and are shown as Obligations under capital leases due within one year and Long-term capital lease obligations in the foregoing table. These financings may be deemed to be secured by the properties that were the subject of the sale/leaseback transactions, which had an aggregate carrying value of approximately \$162 million as of July 31, 2004.

None of our short-term debt was guaranteed at July 31, 2004. Of our long-term consolidated debt, as of July 31, 2004, Wal-Mart Stores, Inc. had guaranteed \$325 million of long-term debt securities issued by one of our consolidated subsidiaries, and the remainder is not guaranteed.

As of July 31, 2004, we and our subsidiaries had contingent liabilities under guarantees given in respect of the indebtedness of third parties in the aggregate amount of \$254 million.

Since July 31, 2004, except as noted above, there has been no material change in the total amount of indebtedness, the total amount of any contingent liabilities or guarantees or in the total unaudited consolidated capitalization of us and our subsidiaries.

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The following table presents selected financial data of Wal-Mart and its subsidiaries for the periods specified. The information as of January 31, 2000, 2001, 2002, 2003 and 2004 and for the fiscal years then ending has been derived from the audited consolidated financial statements of the Company subject to certain reclassifications as described below. The information as of July 31, 2003 and 2004 and for the six-month periods then ended has been derived from the unaudited consolidated financial statements of the Company for those dates and periods.

	Fiscal Years Ended January 31,					Six Months Ended July 31,	
	2000	2001	2002	2003	2004	2003	2004
						(unaudited)	
	(in millions)						
INCOME STATEMENT DATA:							
Net sales	\$ 156,249	\$ 180,787	\$ 204,011	\$ 229,616	\$ 256,329	\$ 119,354	\$ 134,485
Non-interest expense	147,850	171,542	194,244	218,282	243,656	113,576	127,901
Net interest expense	840	1,196	1,183	927	832	425	447
Total expense	148,690	172,738	195,427	219,209	244,488	114,001	128,348
Income from continuing operations before income taxes, minority interest, equity in unconsolidated subsidiaries and cumulative effect of accounting change	9,110	9,783	10,396	12,368	14,193	6,454	7,561
Income from discontinued operations, net of tax	(70)	148	144	137	193	193	
Net income	5,324	6,235	6,592	7,955	9,054	4,305	4,817

	As of January 31,					As of July 31,	
	2000	2001	2002	2003	2004	2003	2004
						(unaudited)	
	(in millions)						
BALANCE SHEET DATA:							
Cash and cash equivalents	\$ 1,792	\$ 1,977	\$ 2,138	\$ 2,736	\$ 5,199	\$ 4,472	\$ 4,709
Inventories	19,296	20,987	22,053	24,401	26,612	25,779	27,963
Total current assets of discontinued operations	878	1,211	1,263	1,179			
Total current assets	24,356	26,555	27,878	30,722	34,421	32,403	35,616
Net property, plant and equipment	32,403	37,145	42,053	48,170	55,917	51,943	59,397
Net property under capital leases, net goodwill and other acquired intangible assets, and other assets and deferred charges	13,102	13,742	12,881	15,187	14,574	14,573	15,046
Other assets of discontinued operations	488	688	715	729			
Total assets	70,349	78,130	83,527	94,808	104,912	98,919	110,059
Accounts payable	13,090	14,846	15,362	16,829	18,932	16,780	18,998
Commercial paper	3,323	2,286	743	1,079	3,267	1,600	6,827
Dividends payable							1,088
Long-term debt due within one year	1,964	4,234	2,257	4,536	2,904	3,623	4,415
Obligations under capital leases due within one year	121	141	148	176	196	177	202

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Current liabilities of discontinued operations	276	581	484	294			
Total current liabilities	25,803	28,949	27,282	32,519	37,417	32,697	43,007
Long-term debt	13,652	12,488	15,674	16,597	17,102	17,227	17,044
Long-term obligations under capital leases	2,999	3,152	3,044	3,000	2,997	2,980	3,100
Total long-term liabilities of discontinued operations	23	15	14	10			
Total liabilities and minority interest	44,471	46,723	48,335	55,347	61,289	56,325	66,915
Total shareholders equity	25,878	31,407	35,192	39,461	43,623	42,594	43,144
Total liabilities and shareholders equity	70,349	78,130	83,527	94,808	104,912	98,919	110,059

The above selected financial data as of January 31, 2000, 2001, 2002 and 2003 and for the years then ended reflect a reclassification giving effect to the sale of McLane Company, Inc. on May 23, 2003. This reclassification makes the financial presentation for those periods and as of those dates consistent with the presentation of the selected financial data as of January 31, 2004 and as of July 31, 2003 and 2004 and for the six months then ended and shows the income, net of tax, current assets, total assets, current liabilities and total long-term liabilities of McLane and the effect of the sale of McLane on our results of operations and financial condition for the periods and as of the dates for which the selected financial data is provided.

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On February 1, 2003, we adopted the expense recognition provisions of the Financial Accounting Standards Board Statement No. 123, *Accounting and Disclosure of Stock-Based Compensation* (FAS 123), under which we recognize non-cash compensation expense based on the fair value of the stock options granted by us. We have chosen to restate retroactively our results of operations for that accounting charge. The above income statement data has been restated from prior presentations to reflect that expense recognition. Following the provisions of FAS 123, we have recognized pre-tax stock option expense of \$84 million for fiscal year 2000, \$94 million for fiscal year 2001, \$124 million for fiscal year 2002, \$130 million for fiscal year 2003, \$160 million for fiscal year 2004, \$80 million for the six months ended July 31, 2003 and \$90 million for the six months ended July 31, 2004. This expense is included in the amounts under Non-interest expense in the above income statement data.

In October 2002, we commenced reporting interest expense net of all interest income and have reported interest expenses in this manner for the year ended January 31, 2003 and for each fiscal period thereafter. Previously, our interest income had generally been reported as a part of other income. The interest expense for the three years ended January 31, 2002 has been reclassified to report interest expense net of all interest income and to make the presentation of that item for those years in the above selected financial data consistent with the presentation of interest expense for the year ended January 31, 2003 and the six months ended July 31, 2003 and 2004. The reclassification of interest expense for that four-year period did not affect our net income for any of those years.

Certain of the balance sheet data as of January 31, 2004 have been reclassified to be consistent with the presentation of the corresponding balance sheet data as of July 31, 2004.

RATIO OF EARNINGS TO FIXED CHARGES

We have recalculated our ratios of earnings to fixed charges for the five years ended January 31, 2004 and for the six months ended July 31, 2003 to reflect more accurately the portion of our rental expense for real and personal property that we believe represents the interest factor in those rentals. The effect of McLane as a discontinued operation also has been taken into account in the recalculation of our ratios of earnings to fixed charges.

The following table presents the ratios of our earnings to fixed charges for the periods indicated as recalculated and supercedes the table showing the ratios of earnings to fixed charges set forth under Ratio of Earnings to Fixed Charges in the accompanying prospectus. The information contained under Ratio of Earnings to Fixed Charges in the accompanying prospectus that describes the manner by which we calculate the ratio of earnings to fixed charges remains accurate.

Year Ended January 31,					Six Months Ended July 31,	
2000	2001	2002	2003	2004	2003	2004
7.73x	6.52x	6.66x	8.99x	10.46x	9.99x	10.81x

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The table below sets forth, for the periods and dates indicated, information concerning the noon buying rate in New York City for cable transfers as announced by the U.S. Federal Reserve Bank of New York for pounds sterling (expressed in U.S. dollars per pound sterling). The rates in this table are provided for your reference only.

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Period</u> <u>Average(1)</u>	<u>Period</u> <u>End</u>
1999	\$ 1.6765	\$ 1.5515	\$ 1.6146	\$ 1.6150
2000	1.6482	1.3997	1.5125	1.4955
2001	1.5045	1.3730	1.4382	1.4543
2002	1.6095	1.4074		