

WAL MART STORES INC
Form 424B2
September 19, 2002
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Filed pursuant to Rule 424(B)(2)
SEC File No. 333-64740

Prospectus Supplement to Prospectus dated July 25, 2001.

\$500,000,000

Wal-Mart Stores, Inc.

4.375% Notes Due 2007

We are offering \$500,000,000 of our 4.375% notes due 2007.

We will pay interest on January 12 and July 12 of each year, beginning on January 12, 2003. Interest will accrue from July 12, 2002. The notes will mature on July 12, 2007.

The notes will be our senior unsecured debt obligations, will not be redeemable prior to maturity except in the case of a specified tax event, and will not be convertible or exchangeable.

The terms of the notes, other than their date of issue and their initial price to the public, will be identical to the terms of the \$1,000,000,000 aggregate principal amount of 4.375% notes due 2007 offered and sold by our prospectus supplement dated July 9, 2002. The notes offered by this prospectus supplement will have the same CUSIP, ISIN and Common Code numbers as those other notes, will trade interchangeably with those notes immediately upon settlement and will increase the aggregate principal amount of the series of our 4.375% notes due 2007 to \$1,500,000,000.

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

	Per Note	Total
Initial public offering price	104.019%	\$ 520,095,000
Underwriting discount	0.350%	\$ 1,750,000
Proceeds, before expenses, to Wal-Mart Stores, Inc.	103.669%	\$ 518,345,000

The initial public offering price set forth above does not include accrued interest (totaling \$4,131,944.44) on the notes from July 12, 2002 to the date they are delivered. The accrued interest must be paid by the purchasers of the notes.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company, Clearstream Banking or Euroclear against payment in New York, New York on September 20, 2002.

Goldman, Sachs & Co.

JPMorgan

Lehman Brothers

Banc of America Securities LLC

**Barclays Capital
Fleet Securities, Inc.
Merrill Lynch & Co.**

TD Securities

Prospectus Supplement dated September 17, 2002.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the attached prospectus. No one has been authorized to provide you with different information. If this prospectus supplement is inconsistent with the attached prospectus, you should rely on this prospectus supplement.

The notes are not being offered in any jurisdiction in which the offering is not permitted.

This prospectus supplement and the attached prospectus may only be used in connection with the offering of the notes.

In connection with the offering, Goldman, Sachs & Co. and its affiliates 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.

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WAL-MART STORES, INC.

We are the world's largest retailer as measured by total net sales for fiscal 2002. Our total net sales exceeded \$217 billion in fiscal 2002, over 83% of which was generated in the United States. 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, Argentina, Brazil, Canada, Germany, South Korea, Mexico, Puerto Rico, and the United Kingdom, and in China under joint venture agreements. In addition, through our subsidiary, McLane Company, Inc., we provide products and distribution services to retail industry and institutional food service customers. As of August 31, 2002, we operated in the United States:

1,603 Wal-Mart stores;

1,179 Supercenters;

36 Neighborhood Markets; and

517 SAM'S Clubs.

As of August 31, 2002, we also operated 199 Canadian Wal-Mart stores, 11 units in Argentina, 22 units in Brazil, 20 units in China, 96 units in Germany, 578 units in Mexico, 18 units in Puerto Rico, 12 units in South Korea, and 256 units in the United Kingdom. The units operated by our International Division represent a variety of retail formats. As of August 31, 2002, we employed more than 1,000,000 associates in the United States and 300,000 associates internationally.

We also own 6.1% of the stock of The Seiyu, Ltd., a Japanese retail chain with 400 stores located throughout Japan. We have the right to acquire from Seiyu additional shares of its stock that would result in our owning approximately 66.7% of Seiyu's stock.

Wal-Mart Stores, Inc. is the parent company of a group of subsidiary companies, including McLane Company, Inc., Wal-Mart.com, Inc., Wal-Mart de Mexico, S.A. de C.V., Asda Group Limited, Sam's West, Inc., Sam's East, Inc., Wal-Mart Stores East, Inc., Sam's Property Co., Wal-Mart Property Co., Wal-Mart Real Estate Business Trust, Sam's Real Estate Business Trust and Wares Delaware Corporation and our finance subsidiaries, Wal-Mart Cayman (Canadian) Finance Co., Wal-Mart Cayman (Euro) Finance Co. and Wal-Mart Cayman (Sterling) Finance Co. The information presented above relates to our operations and our subsidiaries on a consolidated basis.

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

USE OF PROCEEDS OF THE NOTES

We estimate that the net proceeds from the sale of the notes will be approximately \$518.3 million after underwriting discounts and payment of transaction expenses, exclusive of accrued interest.

We will use these net proceeds to reduce our outstanding commercial paper debt.

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The following table presents the consolidated capitalization of Wal-Mart and its subsidiaries at July 31, 2002, and as adjusted to give effect to the offering of the notes and the application of the estimated net proceeds from the sale of the notes (which are deemed to include the accrued interest paid by the purchasers of the notes) to reduce our commercial paper debt.

	July 31, 2002	
	Actual	As Adjusted
(in millions)		
Short-term debt		
Commercial paper	\$ 1,453	\$ 931
Long-term debt due within one year	3,031	3,031
Obligations under capital leases due within one year	155	155
	<u>4,639</u>	<u>4,117</u>
Total short-term debt and capital lease obligations	4,639	4,117
Long-term debt		
4.375% Notes Due 2007	1,000	1,500
Other long-term debt	15,201	15,201
Long-term capital lease obligations	2,878	2,878
	<u>19,079</u>	<u>19,579</u>
Total long-term debt and capital lease obligations	19,079	19,579
Shareholders' equity		
Common stock (\$0.10 par value; 11,000,000,000 shares authorized; 4,425,640,891 shares issued and outstanding)	443	443
Capital in excess of par value	1,426	1,426
Retained earnings	35,874	35,874
Other accumulated comprehensive income	(777)	(777)
	<u>36,966</u>	<u>36,966</u>
Total shareholders' equity	36,966	36,966
Total debt and capital lease obligations and shareholders' equity	\$ 60,684	\$ 60,662

We are permitted to issue an additional \$500,000,000 of debt securities under a registration statement of which the attached prospectus and this prospectus supplement are a part. No limit exists on our ability to register additional debt securities for sale in the future.

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The following table presents selected financial data of Wal-Mart and its subsidiaries for the periods specified.

	Fiscal Years Ended January 31,					Six Months Ended July 31,	
	1998	1999	2000	2001	2002	2001	2002
(in millions)							
Income Statement Data:							
Net sales	\$ 117,958	\$ 137,634	\$ 165,013	\$ 191,329	\$ 217,799	\$ 100,851	\$ 114,654
Non-interest expense	112,796	131,088	156,704	181,805	207,735	96,298	109,298
Interest expense	784	797	1,022	1,374	1,326	704	543
Total expense	113,580	131,885	157,726	183,179	209,061	97,002	109,841
Income before income taxes, minority interest, equity in unconsolidated subsidiaries and cumulative effect of accounting change	5,719	7,323	9,083	10,116	10,751	4,832	5,832
Net Income	3,526	4,430	5,377	6,295	6,671	3,001	3,690
(in millions)							
Balance Sheet Data:							
As of January 31,							
As of July 31,							
	1998	1999	2000	2001	2002	2001	2002
(in millions)							
Cash and cash equivalents	\$ 1,447	\$ 1,879	\$ 1,856	\$ 2,054	\$ 2,161	\$ 1,834	\$ 2,288
Inventories	16,497	17,076	19,793	21,442	22,614	23,034	24,270
Total current assets	19,352	21,132	24,356	26,555	28,246	27,996	29,796
Net property, plant and equipment	21,469	23,674	32,839	37,617	42,556	39,857	45,411
Net property under capital leases, net goodwill and other acquired intangible assets, and other assets and deferred charges	4,563	5,190	13,154	13,958	12,649	13,723	13,378
Total assets	45,384	49,996	70,349	78,130	83,451	81,576	88,585
Accounts payable	9,126	10,257	13,105	15,092	15,617	15,422	16,983
Commercial paper			3,323	2,286	743	1,088	1,453
Long-term debt due within one year	1,039	900	1,964	4,234	2,257	3,973	3,031
Obligations under capital leases due within one year	102	106	121	141	148	142	155
Total current liabilities	14,460	16,762	25,803	28,949	27,282	27,423	30,034
Long-term debt	7,191	6,908	13,672	12,501	15,687	15,706	16,201
Long-term obligations under capital leases	2,483	2,699	3,002	3,154	3,045	3,030	2,878
Total liabilities	26,881	28,884	44,515	46,787	48,349	48,498	51,619
Total shareholders equity	18,503	21,112	25,834	31,343	35,102	33,078	36,966
Total liabilities and shareholders equity	45,384	49,996	70,349	78,130	83,451	81,576	88,585

The ratio of our earnings to fixed charges was 5.56x for the year ended January 31, 2002 and was 6.38x and 5.18x for the six months ended July 31, 2002 and 2001, respectively. See [Ratio of Earnings to Fixed Charges](#) in the attached prospectus.

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DESCRIPTION OF THE NOTES

The following description of the terms and conditions of the notes supplements the more general terms and conditions of Wal-Mart's debt securities contained in the attached prospectus.

The notes will be issued under the indenture and will be issued in registered form without interest coupons in denominations of \$1,000 and integral multiples of \$1,000. The notes will constitute our senior unsecured debt obligations and will rank equally among themselves and with all of our existing and future senior unsecured debt.

The notes will mature on July 12, 2007 at 100% of their principal amount.

The notes form a part of the series of our 4.375% notes due 2007 and will have the same terms as the other notes of this series other than their date of issue and the price at which the notes are offered to the public by this prospectus supplement. The notes will have the same CUSIP, ISIN and Common Code numbers as the other notes of this series and will trade interchangeably with the other notes of this series immediately upon settlement. The issuance of the notes being offered by this prospectus supplement will increase the aggregate principal amount of the outstanding notes of this series to \$1,500,000,000. We may, without the consent of the holders of the notes, create and issue additional notes of this series ranking equally with the other notes of this series and otherwise similar in all respects to the other notes of this series (except for the issue date and price) so that those additional notes will be consolidated and form a single series with the other notes of this series. No additional notes may be issued if an event of default under the indenture has occurred.

The notes will not be subject to a sinking fund and will not be prepayable or redeemable prior to maturity, except in the case of a tax event as explained below. The notes will be subject to defeasance as described in the attached prospectus. The notes will not be convertible or exchangeable. We will pay principal of and interest on the notes in U.S. dollars.

The notes will bear interest from July 12, 2002 at the annual interest rate specified on the cover page of this prospectus supplement. Interest will be payable semi-annually in arrears on January 12 and July 12 of each year, beginning on January 12, 2003, to the person in whose name the note is registered at the close of business on the preceding January 1 or July 1, as the case may be. Interest on the notes will be computed on the basis of a 360-day year of twelve 30-day months.

Notices to holders of the notes will be mailed to such holders and will also be published in a leading daily newspaper in The City of New York and in London. We expect that publication will be made in The City of New York in *The Wall Street Journal* and in London in the *Financial Times*. Any notice shall be deemed to have been given on the date of mailing and publication or, if published more than once, on the date of first publication.

The terms and conditions of the notes, including, among other provisions, the covenants and events of default, differ from the terms and conditions of some other debt securities that we previously have offered and sold and that remain outstanding. For example, the notes do not have the covenant restricting the grant of liens and cross-default event of default provisions that are contained in some of our outstanding debt securities.

The notes will not be listed for trading on any exchange. Currently, no public market exists for the notes.

Bank One Trust Company, NA is the trustee under the indenture governing the notes and will also be the registrar and paying agent.

The indenture and the notes will be governed by New York law.

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Same-Day Settlement and Payment

We will make all payments of principal and interest on the notes to The Depository Trust Company (DTC) in immediately available funds.

The notes will trade in same-day funds settlement system until maturity. Purchases of notes in secondary market trading must be in immediately available funds.

Payment of Additional Amounts

We will pay to the holder of any note who is a United States Alien, as defined below, additional amounts as may be necessary so that every net payment of principal of and interest on that note, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon that holder by the United States or any taxing authority thereof or therein, will not be less than the amount provided in that note to be then due and payable. We will not be required, however, to make any payment of additional amounts for or on account of:

- (a) any tax, assessment or other governmental charge that would not have been imposed but for (1) the existence of any present or former connection between that holder, or between a fiduciary, settlor, beneficiary of, member or shareholder of, or possessor of a power over, that holder, if that holder is an estate, trust, partnership or corporation, and the United States including, without limitation, that holder, or that fiduciary, settlor, beneficiary, member, shareholder or possessor, being or having been a citizen or resident or treated as a resident of the United States or being or having been engaged in trade or business or present in the United States or (2) the presentation of a note for payment on a date more than 30 days after the later of the date on which that payment becomes due and payable and the date on which payment is duly provided for;
- (b) any estate, inheritance, gift, sales, transfer, excise, personal property or similar tax, assessment or other governmental charge;
- (c) any tax, assessment or other governmental charge imposed by reason of that holder's past or present status as a passive foreign investment company, a controlled foreign corporation, a personal holding company or foreign personal holding company with respect to the United States, or as a corporation which accumulates earnings to avoid United States federal income tax;
- (d) any tax, assessment or other governmental charge which is payable otherwise than by withholding from payment of principal of or interest on that note;
- (e) any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any note if that payment can be made without withholding by any other paying agent;
- (f) any tax, assessment or other governmental charge which would not have been imposed but for the failure to comply with certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connections with the United States of the holder or beneficial owner of that note, if such compliance is required by statute or by regulation of the U.S. Treasury Department as a precondition to relief or exemption from such tax, assessment or other governmental charge;
- (g) any tax, assessment or other governmental charge imposed on interest received by (1) a 10% shareholder (as defined in Section 871(h)(3)(B) of the U.S. Internal Revenue Code of 1986, as amended, and the regulations that may be promulgated thereunder) of our company or (2) a controlled foreign corporation with respect to our company within the meaning of the Internal Revenue Code; or

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(h) any combination of items (a), (b), (c), (d), (e), (f) and (g);

nor will we pay any additional amounts to any holder who is a fiduciary or partnership other than the sole beneficial owner of that note to the extent that a beneficiary or settlor with respect to that fiduciary, or a member of that partnership or a beneficial owner thereof would not have been entitled to the payment of those additional amounts had that beneficiary, settlor, member or beneficial owner been the holder of that note.

United States Alien means any corporation, partnership, individual or fiduciary that is, as to the United States, a foreign corporation, a non-resident alien individual who has not made a valid election to be treated as a United States resident, a non-resident fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, as to the United States, a foreign corporation, a non-resident alien individual or a non-resident fiduciary of a foreign estate or trust.

Redemption upon a Tax Event

The notes may be redeemed at our option in whole, but not in part, on not more than 60 days and not less than 30 days notice, at a redemption price equal to 100% of their principal amount, if we determine that as a result of any change or amendment to the laws, treaties, regulations or rulings of the United States or any political subdivision or taxing authority thereof, or any proposed change in such laws, treaties, regulations or rulings, or any change in the official application, enforcement or interpretation of those laws, treaties, regulations or rulings, including a holding by a court of competent jurisdiction in the United States, or any other action, other than an action predicated on law generally known on or before July 9, 2002 except for proposals before the Congress before that date, taken by any taxing authority or a court of competent jurisdiction in the United States, or the official proposal of any action, whether or not such action or proposal was taken or made with respect to us, (A) we have or will become obligated to pay additional amounts as described under Payment of Additional Amounts on any note of that series or (B) there is a substantial possibility that we will be required to pay those additional amounts. Prior to the publication of any notice of redemption, we will deliver to the trustee (1) an officers certificate stating that we are entitled to effect a redemption and setting forth a statement of facts showing that the conditions precedent to the right of our company to so redeem have occurred and (2) an opinion of counsel to that effect based on that statement of facts.

BOOK-ENTRY ISSUANCE

The notes will be represented by one or more global securities that will be deposited with and registered in the name of DTC or its nominee. Thus, we will not issue certificated securities to you for the notes, except in the limited circumstances described below. Each global security will be issued to DTC, which will keep a computerized record of its participants whose clients have purchased the notes. Each participant will then keep a record of its clients. Unless it is exchanged in whole or in part for a certificated security, a global security may not be transferred. DTC, its nominees and their successors may, however, transfer a global security as a whole to one another, and these transfers are required to be recorded on our records or a register to be maintained by the trustee.

Beneficial interests in a global security will be shown on, and transfers of beneficial interests in the global security will be made only through, records maintained by DTC and its participants. DTC has provided us with the following information: DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its direct participants

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deposit with DTC. DTC also records the settlements among direct participants of securities transactions, such as transfers and pledges, in deposited securities through computerized records for direct participants' accounts. This eliminates the need to exchange certificated securities. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

DTC's book-entry system is also used by other organizations such as securities brokers and dealers, banks and trust companies that work through a direct participant. The rules that apply to DTC and its participants are on file with the SEC.

DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc.

When you purchase notes through the DTC system, the purchases must be made by or through a direct participant, which will receive credit for the notes on DTC's records. When you actually purchase the notes, you will become their beneficial owner. Your ownership interest will be recorded only on the direct or indirect participants' records. DTC will have no knowledge of your individual ownership of the notes. DTC's records will show only the identity of the direct participants and the amount of the notes held by or through them. You will not receive a written confirmation of your purchase or sale or any periodic account statement directly from DTC. You should instead receive these from your direct or indirect participant. As a result, the direct or indirect participants are responsible for keeping accurate account of the holdings of their customers. The trustee will wire payments on the notes to DTC's nominee. The trustee and we will treat DTC's nominee as the owner of each global security for all purposes. Accordingly, the trustee, any paying agent and we will have no direct responsibility or liability to pay amounts due on a global security to you or any other beneficial owners in that global security. Any redemption notices will be sent by us directly to DTC, which will, in turn, inform the direct participants (or the indirect participants), which will then contact you as a beneficial holder.

It is DTC's current practice, upon receipt of any payment of distributions or liquidation amounts, to proportionately credit direct participants' accounts on the payment date based on their holdings. In addition, it is DTC's current practice to pass through any consenting or voting rights to such participants by using an omnibus proxy. Those participants will, in turn, make payments to and solicit votes from you, the ultimate owner of notes, based on their customary practices. Payments to you will be the responsibility of the participants and not of DTC, the trustee or our company.

Notes represented by one or more global securities will be exchangeable for certificated securities with the same terms in authorized denominations only if:

DTC is unwilling or unable to continue as depository or ceases to be a clearing agency registered under applicable law, and a successor is not appointed by us within 90 days; or

we decide to discontinue the book-entry system; or

an event of default has occurred and is continuing with respect to the notes.

If the global security is exchanged for certificated securities, the trustee will keep the registration books for the notes at its corporate office and follow customary practices and procedures regarding those certificated securities.

Clearstream Banking and Euroclear

Links have been established among DTC, Clearstream Banking and Euroclear, which are two European book-entry depositories similar to DTC, to facilitate the initial issuance of the notes sold

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outside of the United States and cross-market transfers of the notes associated with secondary market trading.

Although DTC, Clearstream Banking and Euroclear have agreed to the procedures provided below in order to facilitate transfers, they are under no obligation to perform these procedures, and these procedures may be modified or discontinued at any time.

Clearstream Banking and Euroclear will record the ownership interests of their participants in much the same way as DTC, and DTC will record the total ownership of each of the U.S. agents of Clearstream Banking and Euroclear, as participants in DTC.

When notes are to be transferred from the account of a DTC participant to the account of a Clearstream Banking participant or a Euroclear participant, the purchaser must send instructions to Clearstream Banking or Euroclear through a participant at least one day prior to settlement. Clearstream Banking or Euroclear, as the case may be, will instruct its U.S. agent to receive notes against payment. After settlement, Clearstream Banking or Euroclear will credit its participant's account. Credit for the notes will appear on the next day (European time).

Because settlement is taking place during New York business hours, DTC participants will be able to employ their usual procedures for sending notes to the relevant U.S. agent acting for the benefit of Clearstream Banking or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. As a result, to the DTC participant, a cross-market transaction will settle no differently than a trade between two DTC participants.

When a Clearstream Banking or Euroclear participant wishes to transfer notes to a DTC participant, the seller will be required to send instructions to Clearstream Banking or Euroclear through a participant at least one business day prior to settlement. In these cases, Clearstream Banking or Euroclear will instruct its U.S. agent to transfer these notes against payment for them. The payment will then be reflected in the account of the Clearstream Banking or Euroclear participant the following day, with the proceeds back-valued to the value date, which would be the preceding day, when settlement occurs in New York. If settlement is not completed on the