WAL MART STORES INC
Form 424B2
August 26, 2005
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SEC File No. 333-126512

PROSPECTUS SUPPLEMENT

(To Prospectus dated July 19, 2005)

$2,500,000,000

Wal-Mart Stores, Inc.

5.25% Notes Due 2035

We are offering $2,500,000,000 of our 5.25% notes due 2035.

We will pay interest on the notes on March 1 and September 1 of each year, beginning on March 1, 2006. Interest will accrue from August 31, 2005. The notes will mature on September 1, 2035.

The notes will be our senior unsecured debt obligations, will rank equally with our other senior unsecured indebtedness and will not be convertible or exchangeable. The notes will not be redeemable except 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 listed on any securities exchange. Currently, there is no public market for the notes.

	Per Note	Total
Public Offering Price	99.580%	$ 2,489,500,000
Underwriting Discount	0.875%	$ 21,875,000
Proceeds, before expenses, to Wal-Mart Stores, Inc.	98.705%	$ 2,467,625,000

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the notes in book-entry form through the facilities of The Depository Trust Company on or about August 31, 2005.

Joint Book-Running Lead Managers

LEHMAN BROTHERS **CREDIT SUISSE FIRST BOSTON** **JPMORGAN**

Senior Co-Managers

GOLDMAN, SACHS & CO. **CITIGROUP** **DEUTSCHE BANK SECURITIES**

Co-Managers

BANC OF AMERICA SECURITIES LLC
DAIWA SECURITIES SMBC EUROPE
HSBC
MIZUHO INTERNATIONAL PLC
RBS GREENWICH CAPITAL
STANDARD CHARTERED BANK
UBS INVESTMENT BANK

BARCLAYS CAPITAL
DRESDNER KLEINWORT WASSERSTEIN
MITSUBISHI SECURITIES
MORGAN STANLEY
SANTANDER INVESTMENT
TD SECURITIES
WACHOVIA SECURITIES

August 24, 2005

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You should rely on the information contained or incorporated by reference in 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 notes are not being offered in any jurisdiction in which the offering is not permitted.

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

In connection with the offering, Lehman Brothers Inc. and its affiliates may, on behalf of the underwriters, 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 2005. Our total net sales exceeded $285 billion in fiscal 2005. 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, 2005, we operated in the United States:

- 1,276 Wal-Mart stores;
- 1,838 Supercenters;
- 92 Neighborhood Markets; and
- 556 SAM S Clubs.

As of July 31, 2005, we also operated 261 Canadian Wal-Mart stores and SAM s Clubs, 11 units in Argentina, 150 units in Brazil, 88 units in Germany, 16 units in South Korea, 697 units in Mexico, 54 units in Puerto Rico, 292 units in the United Kingdom and, under joint venture agreements, 48 units in China. The units operated by our International Division represent a variety of retail formats. At July 31, 2005, we owned approximately 42% of The Seiyu, Ltd., a Japanese retail chain, with warrants to purchase up to approximately 70% of that company.

Wal-Mart Stores, Inc. is the parent company of a group of subsidiary companies, including 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, LP, Sam s Property Co., Wal-Mart Property Co., Wal-Mart Real Estate Business Trust and Sam s Real Estate Business Trust. The information presented above relates to our operations and our subsidiaries on a consolidated basis.

RECENT DEVELOPMENTS

On August 16, 2005, we announced our results of operations for our fiscal quarter ended July 31, 2005 and for the first six months of our fiscal year 2006.

For the quarter ended July 31, 2005, we had net sales of $76.8 billion, an increase of 10.2% over our net sales for the comparable quarter of fiscal 2005. Net income for the quarter was $2.8 billion, an increase of 5.8% from $2.7 billion in the second quarter of fiscal 2005. Earnings per share for the quarter were $0.67, up from $0.62 per share in the same prior year quarter.

Net sales for the six months ended July 31, 2005 were $147.7 billion, an increase of 9.8% over the first six months of fiscal 2005. Net income for the six months ended July 31, 2005 increased 9.3% to $5.3 billion, up from $4.8 billion in the same prior year period. Diluted earnings per share for the six months ended July 31, 2005 were $1.25, up from $1.12 in the same prior year period. Net income for the six months ended July 31, 2005 was favorably impacted by two items totaling $145 million after tax or $0.03 per share, an increase resulting from favorable tax resolutions of $77 million and positive legal developments of $68 million after tax.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of the notes will be approximately $2,467,500,000, after underwriting discounts and payment of transaction expenses.

We will use the net proceeds from the sale of the notes to reduce our outstanding short-term commercial paper indebtedness and for other general corporate purposes.

CAPITALIZATION

The following table presents the consolidated capitalization of Wal-Mart Stores, Inc. and its subsidiaries at April 30, 2005 and as adjusted to give effect to the offering of the notes being offered hereby and the application of the net proceeds of the notes being offered hereby to the reduction of our outstanding short-term commercial paper indebtedness. The amount in the as adjusted column for other long-term debt includes $1,250,000,000 of our 4.125% notes due 2010 and $750,000,000 of our 4.500% notes due 2015 that were issued and sold on June 9, 2005 and $800,000,000 of our 4.75% notes due 2010 that were issued and sold on August 15, 2005. The amount in the as adjusted column for commercial paper also reflects the application of the net proceeds of the sale of those notes to the reduction of our outstanding short-term commercial paper indebtedness.

	April 30, 2005	
	Actual	As Adjusted
	(in millions)	
Short-term debt		
Commercial paper	$ 7,017	$ 1,764
Long-term debt due within one year	4,040	4,040
Obligations under capital leases due within one year	228	228
Total short-term debt and capital lease obligations	11,285	6,032
Long-term debt		
5.25% notes due 2035		2,500
Other long-term debt	18,232	21,032
Long-term capital lease obligations	3,396	3,396
Total long-term debt and capital lease obligations	21,628	26,928
Shareholders equity		
Common stock and capital in excess of par value	2,827	2,827
Retained earnings	42,153	42,153
Other accumulated comprehensive income	2,211	2,211
Total shareholders equity	47,191	47,191
Total debt and capital lease obligations and shareholders equity	$ 80,104	$ 80,151

We are offering the notes 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. After the sale of the notes, we will be permitted to sell an additional $1,700,000,000 of our debt securities under such registration statement. No limit exists on our ability to register additional debt securities for sale in the future.

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SELECTED FINANCIAL DATA

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

	Fiscal Years Ended January 31,					Three Months Ended April 30,	
	2001	2002	2003	2004	2005	2004	2005
						(unaudited)	
				(in millions)			
Income Statement Data:							
Net sales	$ 180,787	$ 204,011	$ 229,616	$ 256,329	$ 285,222	$ 64,763	$ 70,908
Non-interest expense	171,542	194,244	218,282	243,656	270,898	61,838	67,739
Net interest expense	1,196	1,183	927	832	986	208	200
Total expense	172,738	195,427	219,209	244,488	271,884	62,046	67,939
Income from continuing operations before income taxes, minority interest and cumulative effect of accounting change	9,783	10,396	12,368	14,193	16,105	3,397	3,741
Income from discontinued operations, net of tax	148	144	137	193			
Net income	6,235	6,592	7,955	9,054	10,267	2,166	2,461

	As of January 31,					As of April 30,	
	2001	2002	2003	2004	2005	2004	2005
						(unaudited)	
				(in millions)			
Balance Sheet Data:							
Cash and cash equivalents	$ 1,977	$ 2,138	$ 2,736	$ 5,199	$ 5,488	$ 3,828	$ 4,955
Inventories	20,987	22,053	24,401	26,612	29,447	28,320	31,349
Total current assets of discontinued operations	1,211	1,263	1,179				
Total current assets	26,555	27,878	30,722	34,421	38,491	34,753	39,641
Net property and equipment	37,145	42,053	48,170	56,410	65,408	58,301	66,375
Net property under capital leases, net goodwill and other acquired intangible assets, and other assets and deferred charges	13,742	12,881	15,187	14,574	16,324	14,966	16,199
Other assets of discontinued operations	688	715	729				
Total assets	78,130	83,527	94,808	105,405	120,223	108,020	122,215
Accounts payable	14,846	15,362	16,829	19,425	21,671	19,489	22,910
Commercial paper	2,286	743	1,079	3,267	3,812	4,161	7,017
Dividends payable						1,642	1,946
Long-term debt due within one year	4,234	2,257	4,536	2,904	3,759	4,498	4,040
Obligations under capital leases due within one year	141	148	176	196	210	189	228
Current liabilities of discontinued operations	581	484	294				
Total current liabilities	28,949	27,282	32,519	37,840	42,888	41,462	49,168
Long-term debt	12,488	15,674	16,597	17,102	20,087	17,468	18,232
Long-term obligations under capital leases	3,152	3,044	3,000	2,997	3,582	3,032	3,396
Total long-term liabilities of discontinued operations	15	14	10				
Total liabilities and minority interest	46,723	48,335	55,347	61,782	70,827	65,448	75,024

Total shareholders equity	31,407	35,192	39,461	43,623	49,396	42,572	47,191
Total liabilities and shareholders equity	78,130	83,527	94,808	105,405	120,223	108,020	122,215

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The above selected financial data as of January 31, 2001, 2002 and 2003 and for the years then ended reflect a reclassification giving effect to the sale of McLane Company, Inc. (McLane) 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 2005 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.

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 for the three years ended January 31, 2003 has been restated from prior presentations to reflect that expense recognition. Following the provisions of FAS 123, we have reflected in the above table the recognition of pre-tax stock option expense of $94 million for fiscal year 2001, $124 million for fiscal year 2002 and $130 million for fiscal year 2003. This expense is included in the amounts under Non-interest expense in the above income statement data. We adopted the revision to FAS 123 issued by the Financial Accounting Standards Board in December 2004 (FAS 123R) upon its release. Our adoption of FAS 123R did not have a material impact on our results of operations, financial position or cash flows.

In October 2002, we commenced reporting interest expense net of all interest income, and have reported interest expense 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 two 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 years ended January 31, 2003, 2004 and 2005. The reclassification of interest expense for that two-year period did not affect our net income for any of those years.

See Ratio of Earnings to Fixed Charges in the accompanying prospectus for information relating to the ratios of our earnings to fixed charges for the five years ended January 31, 2005 and the three months ended April 30, 2004 and 2005.

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DESCRIPTION OF THE NOTES

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

The notes will be issued under the indenture dated as of July 19, 2005 and will be issued in registered book-entry form without interest coupons in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The notes will constitute our senior, unsecured and unsubordinated debt obligations and will rank equally among themselves and with all of our existing and future senior, unsecured and unsubordinated debt.

The notes will mature on September 1, 2035. Unless previously redeemed or purchased and cancelled, we will repay the notes at 100% of their principal amount together with accrued and unpaid interest thereon at maturity. We will pay principal of and interest on the notes in U.S. dollars.

The notes will be initially issued in a total principal amount of $2,500,000,000. We may, without the consent of the holders of the notes, create and issue additional notes ranking equally with and otherwise similar in all respects to the notes (except for the public offering price and the issue date) so that those additional notes will be consolidated and form a single series with the notes that we are offering hereby. 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. The notes will be subject to defeasance as described in the accompanying prospectus. The notes will not be convertible or exchangeable. Except as described below under Redemption upon Tax Event, we will not have the right to redeem the notes.

The notes will bear interest from August 31, 2005 at the annual interest rate specified on the cover page of this prospectus supplement. Interest on each note will be payable semi-annually in arrears on March 1 and September 1 of each year, beginning on March 1, 2006, to the person in whose name the note is registered at the close of business on the immediately preceding February 15 or August 15, 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. 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 notes will not be listed for trading on any exchange. Currently, no public market exists for the notes, and no assurance can be given that one will develop.

The notes will be issued pursuant to the indenture described above. 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.

J.P. Morgan Trust Company, National Association is the trustee under the indenture and will also be the registrar and paying agent.

The notes will be, and the indenture is, governed by the laws of the State of New York.

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 the same-day funds settlement system in the United States until maturity. Purchases of notes in secondary market trading must be in immediately available funds. Secondary market trading in the

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notes between participants in Clearstream Banking, societé anonyme (Clearstream) and Euroclear Bank S.A./N.V. (Euroclear) will occur in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to eurobonds in immediately available funds. See Book-Entry Issuance below and Book Entry Procedures in the accompanying prospectus.

Payment of Additional Amounts

We will pay to the beneficial owner of any note who is a Non-U.S. Person (as defined below) additional amounts as may be necessary so that every net payment of principal 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 beneficial owner 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 beneficial owner, or between a fiduciary, settlor, beneficiary of, member or shareholder of, or possessor of a power over, that beneficial owner, if that beneficial owner is an estate, trust, partnership or corporation, and the United States including, without limitation, that beneficial owner, 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 beneficial owner 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 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 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 beneficial owner or any holder 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 (the Code), 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 Code;