WAL MART STORES INC
Form 424B2
January 14, 2005
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PROSPECTUS SUPPLEMENT

(To Prospectus Dated December 27, 2002)

Filed pursuant to Rule 424(b)(2)

SEC File No. 333-101847

$1,000,000,000

Wal-Mart Stores, Inc.

4.00% Notes Due 2010

We are offering $1,000,000,000 of our 4.00% notes due 2010.

We will pay interest on January 15 and July 15 of each year, beginning on July 15, 2005. Interest will accrue from January 20, 2005. The notes will mature on January 15, 2010.

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. 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.

	Per Note	Total
Public Offering Price	99.509%	$ 995,090,000
Underwriting Discount	0.350%	$ 3,500,000
Proceeds, before expenses, to Wal-Mart Stores, Inc.	99.159%	$ 991,590,000

The underwriters expect to deliver the notes in book-entry form through the facilities of The Depository Trust Company on or about January 20, 2005.

Joint Book-Running Managers

Lehman Brothers **Morgan Stanley**

Co-Managers

Citigroup

JPMorgan

Blaylock & Partners, L.P.

Ramirez & Co., Inc.

January 12, 2005

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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 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 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.

In connection with the offering, Lehman Brothers Inc. and Morgan Stanley & Co. Incorporated and their respective 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. These transactions are to be carried out in accordance with applicable laws and regulations.

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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 November 30, 2004, we operated in the United States:

- 1,363 Wal-Mart stores;
- 1,672 Supercenters;
- 76 Neighborhood Markets; and
- 550 SAM S Clubs.

As of November 30, 2004, we also operated 246 Canadian Wal-Mart stores and SAM s Clubs, 11 units in Argentina, 148 units in Brazil, 92 units in Germany, 16 units in South Korea, 671 units in Mexico, 54 units in Puerto Rico, 277 units in the United Kingdom and, under joint venture agreements, 42 units in China. The units operated by our International Division represent a variety of retail formats. At November 30, 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., 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, Sam s Real Estate Business Trust and Wares Delaware Corporation. 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

We estimate that the net proceeds from the sale of the notes will be approximately $991,490,000, after underwriting discounts and payment of transaction expenses.

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

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CAPITALIZATION

The following table presents consolidated capitalization of Wal-Mart Stores, Inc. and its subsidiaries at October 31, 2004, and as adjusted to give effect to the offering of the notes.

	October 31, 2004	
	Actual	As Adjusted
	(in millions)	
Short-term debt		
Commercial paper	$ 7,569	$ 7,569
Long-term debt due within one year	3,721	3,721
Obligations under capital leases due within one year	206	206
Total short-term debt and capital lease obligations	11,496	11,496
Long-term debt		
4.00% notes due 2010 offered hereby		1,000
Other long-term debt	19,099	19,099
Long-term capital lease obligations	3,048	3,048
Total long-term debt and capital lease obligations	22,147	23,147
Shareholders equity		
Common stock ($0.10 par value; 11,000,000,000 shares authorized; 4,234,715,797 shares issued and outstanding)	423	423
Capital in excess of par value	2,300	2,300
Retained earnings	40,850	40,850
Other accumulated comprehensive income	1,313	1,313
Total shareholders equity	44,886	44,886
Total debt and capital lease obligations and shareholders equity	$ 78,529	$ 79,529

After the sale of the notes, we will be permitted to issue an additional $1,800,000,000 of debt securities under a registration statement of which the accompanying 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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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,					Nine Months Ended October 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	$ 181,835	$ 203,005
Non-interest expense	147,850	171,542	194,244	218,282	243,656	173,212	193,377
Net interest expense	840	1,196	1,183	927	832	631	689
Total expense	148,690	172,738	195,427	219,209	244,488	173,843	194,066
Income from continuing operations before income taxes, minority interest and cumulative effect of accounting change	9,110	9,783	10,396	12,368	14,193	9,648	11,104
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	6,333	7,103

	As of January 31,					As of October 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	$ 3,312	$ 4,639
Inventories	19,296	20,987	22,053	24,401	26,612	31,285	33,347
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	36,792	40,977
Net property, plant and equipment	32,403	37,145	42,053	48,170	55,917	53,610	61,876
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	14,423	15,236
Other assets of discontinued operations	488	688	715	729			
Total assets	70,349	78,130	83,527	94,808	104,912	104,825	118,089
Accounts payable	13,090	14,846	15,362	16,829	18,932	20,300	22,133
Commercial paper	3,323	2,286	743	1,079	3,267	4,709	7,569
Dividends payable							537
Long-term debt due within one year	1,964	4,234	2,257	4,536	2,904	2,913	3,721
Obligations under capital leases due within one year	121	141	148	176	196	181	206
Current liabilities of discontinued operations	276	581	484	294			
Total current liabilities	25,803	28,949	27,282	32,519	37,417	38,967	47,016
Long-term debt	13,652	12,488	15,674	16,597	17,102	16,951	19,099
Long-term obligations under capital leases	2,999	3,152	3,044	3,000	2,997	2,997	3,048
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	62,654	73,203
Total shareholders equity	25,878	31,407	35,192	39,461	43,623	42,171	44,886
Total liabilities and shareholders equity	70,349	78,130	83,527	94,808	104,912	104,825	118,089

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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. (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 as of October 31, 2003 and 2004 and for the nine 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.

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 four years ended January 31, 2003 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, $120 million for the nine months ended October 31, 2003 and $139 million for the nine months ended October 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 years ended January 31, 2003 and 2004 and the nine months ended October 31, 2003 and 2004. The reclassification of interest expense for that three-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 October 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 nine months ended October 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,	Nine Months Ended October 31,

2000	2001	2002	2003	2004	2003	2004
7.73x	6.52x	6.66x	8.99x	10.46x	10.18x	10.28x

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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 our indenture dated as of December 11, 2002 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 January 15, 2010. 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 $1,000,000,000. 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 (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. 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.

The notes will bear interest from January 20, 2005 at the annual interest rate specified on the cover page of this prospectus supplement. Interest will be payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2005, 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. Any notice shall be deemed to have been given on the date of mailing.

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, as successor in interest to Bank One Trust Company, National Association, as trustee, is the trustee under the indenture governing the notes 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 between participants in Clearstream Banking, societé anonyme (Clearstream, Luxembourg) and Euroclear Bank S.A./N.V. (Euroclear) will occur in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear and will be settled using the procedures applicable to eurobonds in immediately available funds. See Book-Entry Issuance Clearstream, Luxembourg and Euroclear below.

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;

(h) any withholding or deduction that is imposed on a payment to an individual and is requi