UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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Form CB

TENDER OFFER/RIGHTS OFFERING NOTIFICATION FORM

Please place an X in the box(es) to designate the appropriate rule provision(s) relied upon to file this Form:

Securities Act Rule 801 (Rights Offering) [ ]
Securities Act Rule 802 (Exchange Offering) [X]
Exchange Act Rule 13e-4(h)(8) (Issuer Tender Offer) [ ]
Exchange Act Rule 14d-1(c) (Third Party Tender Offer) [ ]
Exchange Act Rule 14e-2(d) (Subject Company Response) [ ]

Asda Group Limited
(Name of Subject Company)

Not applicable
(Translation of Subject Company's Name into English (if applicable))

England and Wales
(Jurisdiction of Subject Company's Incorporation or Organization)

Wal-Mart Stores, Inc.
(Name of Person Furnishing Form)

8.375% Notes due 2007 of Asda Group Limited
10.875% Notes due 2010 of Asda Group Limited
6.625% Notes due 2015 of Asda Group Limited
(Title of Class of Subject Securities)

Not applicable
(CUSIP Number of Class of Securities (if applicable))

Ms. Denise Jagger
Asda Group Limited
Asda House
Southbank, Great Wilson Street
Leeds LS11 5AD United Kingdom
Telephone No.: 44-113-243-5435
(Name, Address (including zip code) and Telephone Number (including area code) of Person(s) Authorized to Receive Notices and Communications on Behalf of Subject Company)

January 8, 2003
(Date Tender Offer/Rights Offering Commenced)

PART I - Information Sent to Security Holders

Item 1. Home Jurisdiction Documents

The Offering Memorandum, dated January 7, 2003 (the "Offering Memorandum"), relating to the exchange offer (the "Exchange Offer") made by Wal-Mart Stores, Inc. ("Wal-Mart") for the 8.375% Notes due 2007, the 10.875% Bonds due 2010 and the 6.625% Notes due 2015 of Asda Group Limited (collectively, the "Asda Debt Securities"), which is a wholly-owned subsidiary of Wal-Mart, is attached to this Form CB as Exhibit I.1.

Item 2. Informational Legends.

A legend compliant with Rule 802(b) under the Securities Act of 1933, as amended, has been included on the cover page of the Offering Memorandum.

PART II - INFORMATION NOT REQUIRED TO BE SENT TO SECURITY HOLDERS

The following reports and information, which are attached to this Form CB as exhibits, must be publicly available in connection with the Exchange

Offer, but need not be, and have not been, disseminated to the holders of the Asda Debt Securities:

Exhibit No.	Document
II.1.	The Indenture, dated December 11, 2002, between Wal-Mart and Bank One Trust Company, NA
II.2.	The form of Series Term Certificate of Wal- Mart (by which the terms of the Wal-Mart notes (the "Wal-Mart Notes") being offered in exchange for the Asda Debt Securities will be established at the Pricing Date (as defined in the Offering Memorandum)).
II.3.	The form of the Global Note (that will represent the Wal-Mart Notes on issuance).
II.4.	Form of Exchange Agency Agreement entered into between Wal-Mart and Bank One, NA.
II.5.	Form of Dealer Manager Agreement entered into between Wal-Mart and Credit Suisse First Boston (Europe) Limited.
II.6.	Form of Paying Agent Agreement to be entered into between Wal-Mart and Bank One, NA.
II.7.	The Restated Certificate of Incorporation of Wal-Mart with all amendments thereto.
II.8.	The Bylaws of Wal-Mart.

PART III - CONSENT TO SERVICE OF PROCESS

Not applicable

PART IV - SIGNATURES

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete, and correct.

WAL-MART STORES, INC.

By: /s/ Thomas M. Schoewe

Name: Thomas M. Schoewe
Title: Executive Vice President and Chief Financial Officer
Date: January 8, 2003

Exhibit I.1.

OFFERING MEMORANDUM

Wal-Mart Stores, Inc.

(Incorporated and registered in the State of Delaware with charter number 0732109)

Offer to Exchange
Fixed Rate Notes Due 2013 for all of the outstanding securities that are part of the following series of debt securities of Asda Group Limited

<TABLE>
<CAPTION>

	Outstanding	ISIN	Common Code	Sedol
<S>	<C>	<C>	<C>	<C>
Asda 8.375% Notes due 2007.	(Pounds)200,000,000	XS0075487537	007548753	5234064
Asda 10.875% Bonds due 2010	(Pounds) 75,840,000	GB0000525401	001066382	0052540
Asda 6.625% Notes due 2015.	(Pounds)150,000,000	XS0088928733	008892873	5530171

</TABLE>

Wal-Mart Stores, Inc., a corporation incorporated under the laws of the State of Delaware (the "Company " or "Wal-Mart "), hereby offers to exchange (the "Exchange Offer ") Fixed Rate Notes Due 2013 of the Company, denominated in pounds sterling (the "Wal-Mart Notes "), for any and all outstanding 8.375% Notes due 2007 (the "2007 Notes "), 10.875% Bonds due 2010 (the "2010 Bonds ") and 6.625% Notes due 2015 (the "2015 Notes" and, together with the 2010 Bonds and the 2007 Notes, the "Asda Debt Securities", and each such series, a "Series of Asda Debt Securities ") of Asda Group Limited ("Asda"), a company incorporated under the laws of England and Wales. Asda is an indirect wholly-owned subsidiary of the Company. The Exchange Offer is being made upon the terms and subject to the conditions set forth in this Offering Memorandum (as it may be amended from time to time, the "Offering Memorandum"). Except under certain circumstances, the Company, in its sole discretion, may terminate the Exchange Offer at any time on or prior to the Expiration Date.

Application has been made by the Company to the Financial Services Authority in its capacity as United Kingdom Listing Authority (the "UK Listing Authority ") for the Wal-Mart Notes to be admitted to the Official List of the UK Listing Authority (the "Official List ") and to the London Stock Exchange plc (the "London Stock Exchange") for the Wal-Mart Notes to be admitted to trading by the London Stock Exchange which together will constitute official listing on the London Stock Exchange. Copies of this document, which comprises an approved prospectus and listing particulars with regard to the Company and to the issue of the Wal-Mart Notes in accordance with the listing rules made under Part VI of the Financial Services and Markets Act 2000 ("FSMA"), have been delivered to the Registrar of Companies in England and Wales for registration in accordance with Section 83 of the FSMA.

The amount of Wal-Mart Notes offered in exchange for each (Pounds)1,000 in outstanding principal amount of Asda Debt Securities will be determined based on exchange ratios calculated as described below. The exchange ratios applicable to each Series of Asda Debt Securities and the issue price and interest rate for the Wal-Mart Notes will be announced by the Company by notice through the Clearing Systems (as defined below) and by Asda by a notice through the London Stock Exchange's Regulatory News Service (the "Regulatory News Service") on or about the fourth Business Day (as defined herein) prior to the Expiration Date (as defined herein) of the Exchange Offer (the "Pricing Date "). On the same date those details will also be published in a supplementary prospectus comprising supplementary listing particulars. The exchange ratios and interest rate for the Wal-Mart Notes will be based upon spreads over the yield on the relevant benchmark Exchequer or Treasury Stock (each, a "U.K. Gilt "), as described herein. See "The Exchange Offer--Exchange Ratios for the Asda Debt Securities" below.

To participate in the Exchange Offer, holders of Asda Debt Securities (the "Holders") must validly tender (and not validly withdraw) Asda Debt Securities pursuant to the Exchange Offer. See "The Exchange Offer--Procedures for Tendering Asda Debt Securities" below.

The Exchange Offer for the outstanding Asda Debt Securities will expire at 4 p.m., London time, on January 24, 2003, unless extended or earlier terminated by the Company (the "Expiration Date"). Tenders of any Asda Debt Securities may be withdrawn at any time prior to 9:00 a.m., London time, on the second Business Day prior to the Expiration Date.

See "Risk Factors Related to the Exchange Offer" beginning on page 10 for a discussion of risks that Holders of Asda Debt Securities should consider in evaluating whether to exchange their Asda Debt Securities for Wal-Mart Notes.

The Wal-Mart Notes will be transferable as described in "Summary--The

Exchange Offer--Consequences of Exchanging Asda Debt Securities Pursuant to the Exchange Offer", and "The Exchange Offer--Resales of the Wal-Mart Notes".

The exchange agent for the Exchange Offer is Bank One, NA (the "Exchange Agent ").

The Dealer Manager for the Exchange Offer is:

Credit Suisse First Boston

January 7, 2003

(Cover continued from previous page)

The information agent for the Exchange Offer is Georgeson Shareholder Communications Limited (the "Information Agent").

The Wal-Mart Notes will be issued only in denominations of (Pounds)1,000 and integral multiples of (Pounds)1,000. If, as a result of the application of the relevant exchange ratio, a Holder would be entitled to receive a Wal-Mart Note with a principal amount that is not (Pounds)1,000 or an integral multiple of (Pounds)1,000, the Company will issue to the Holder a Wal-Mart Note with a principal amount equal to the next lower integral multiple of (Pounds)1,000 and pay to that Holder in cash the remaining difference between the aggregate Exchange Price (as defined herein) of all of the Asda Debt Securities to be acquired from that Holder in the Exchange Offer and the New Issue Price (as defined herein) of the Wal-Mart Note to be issued to that Holder in the Exchange Offer (the "Cash Ro unding Amount").

The Company may, at its option, redeem any and all the Wal-Mart Notes at any time and from time to time after their issuance at the price specified under "Description of the Wal-Mart Notes - Optional Redemption."

The Wal-Mart Notes will be senior, unsecured and unsubordinated debt obligations of the Company and will rank equally among themselves and with all of the Company's other existing and future senior, unsecured and unsubordinated debt. The Wal-Mart Notes will be the obligation of the Company and will not be the obligation of any other person.

This document together with its four appendices comprises a prospectus and listing particulars given in compliance with the listing rules made by the UK Listing Authority under Part VI of the FSMA for the purpose of giving information with regard to the Company and the Wal-Mart Notes.

Any reference in this document to the listing particulars means this document and all its appendices excluding all information incorporated by reference. The Company has confirmed that any information incorporated by reference, including any such information to which readers of this document are expressly referred, has not been and does not need to be included in the listing particulars to satisfy the requirements of the FSMA or the Listing Rules. The Company believes that none of the information incorporated therein by reference conflicts in any material respect with the information included in the listing particulars.

The Company accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Company (which has taken all reasonable care to ensure such is the case) 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.

Attention U.S. Holders of Asda Debt Securities: This Exchange Offer is made for the securities of a non-U.S. company. The offer is subject to disclosure requirements of a country other than the U.S. that are different from those of the United States.

No person has been authorised to make any recommendation on behalf of the Company or Asda as to whether Holders should tender Asda Debt Securities pursuant to the Exchange Offer. No person has been authorised to give any information or to make any representation in connection therewith other than those contained in this Offering Memorandum. If made or given, any such recommendation, information or representation must not be relied upon as having been authorised by the Company or Asda.

The Company is offering the Wal-Mart Notes pursuant to an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended (the "Securities Act "), provided by Rule 802 thereunder ("Rule 802 ") and, accordingly, the offer of the Wal-Mart Notes has not been registered with the U.S. Securities and Exchange Commission (the "SEC ").

Other than the approval of this document as a prospectus and listing particulars in accordance with the listing rules made under Part VI of the FSMA, the application for listing to the Official List of the UK Listing Authority, the application for trading to the London Stock Exchange and the delivery of copies of this document to the Registrar of Companies in England

and Wales, for registration in accordance with Section 83 of the FSMA, no action has been or will be taken to permit a public offering of the Wal-Mart Notes or the distribution of this document in any jurisdiction.

The distribution of this Offering Memorandum and the offering of the Wal-Mart Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Offering Memorandum comes are required by the Company to inform themselves about and to observe any such restrictions.

This Offering Memorandum does not constitute an offer to any person in any jurisdiction in which the Exchange Offer would be unlawful, and the Exchange Offer is not being made to, and tenders will not be accepted from, Holders in jurisdictions in which the Exchange Offer or acceptance thereof would constitute a violation of the securities laws of such jurisdiction.

Accordingly, the Wal-Mart Notes may not be offered or sold directly or indirectly, and neither this document nor any part hereof, nor any offering document, form of application, advertisement, other offering material or other information relating to the Company or the Wal-Mart Notes may be issued, distributed or published in any country or jurisdiction (including the United Kingdom and the United States of America), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations.

The series of Wal-Mart Notes will be created pursuant to and will be governed by the Indenture, dated as of December 11, 2002, between Bank One Trust Company, NA, as trustee (the "Trustee") and the Company (the "Indenture") and a certificate of an officer of the Company, executed pursuant to the terms of the Indenture, which sets forth the terms and conditions of the Wal-Mart Notes (the "Series Terms Certificate").

EXPECTED EXCHANGE OFFER SCHEDULE

January 8, 2003.	Transaction announced
January 20, 2003	New issue maturity date, coupon, issue price and exchange ratios announced
January 24, 2003	Clearstream expiration for receipt of instructions
January 24, 2003	Euroclear expiration for receipt of instructions
January 24, 2003	Expiration Date (1)
January 27, 2003	Announcement of results
January 29, 2003	Settlement Date (2)

(1) This date is subject to extension or earlier termination at the Company's option.
(2) This date is expected to be three Business Days after the Expiration Date.

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CERTAIN EXCHANGE OFFER MATTERS

The Company is conducting the Exchange Offer to reduce outstanding Asda debt securities held by the public and replace those securities with an issue of intermediate term Wal-Mart notes denominated in pounds sterling.

The Company reserves the right, in its sole discretion, to terminate the Exchange Offer on or prior to the Expiration Date. If the Company terminates the Exchange Offer on or prior to the Expiration Date, then any Asda Debt Securities validly tendered will not be exchanged and each Series of Asda Debt Securities will continue to be governed by its corresponding trust deed, including any trust deed supplemental thereto, and will continue to be listed by the UK Listing Authority and admitted to trading on the London Stock Exchange. In the event of such a termination of the Exchange Offer, the Company will promptly give notice of that termination to the Exchange Agent, and the Exchange Agent will (i) instruct Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, societe anonyme ("Clearstream, Luxembourg" and, together with Euroclear, the "Clearing Systems"), to remove the restrictions on transfer imposed on the Asda Debt Securities by any Electronic Communications (as defined herein) and (ii) return any Asda Debt Securities previously the subject of Physical Delivery (as defined herein) to the Exchange Agent.

If, for any reason, acceptance for exchange of Asda Debt Securities validly tendered pursuant to the Exchange Offer is delayed or the Company is unable to accept for exchange, or pay for, Asda Debt Securities validly tendered pursuant to the Exchange Offer, then, to the extent applicable, the Asda Debt Securities will retain the restrictions imposed on their transfer by the Electronic Communication or Physical Delivery, as the case may be, until the Company either (i) is able to consummate the Exchange Offer, without prejudice to the rights of the Company described under "The Exchange Offer--Expiration Date; Extension; Termination; Amendments" and "--Withdrawal of Tenders," or (ii) terminates the Exchange Offer and instructs the Exchange Agent to (i) instruct the Clearing Systems to remove the restrictions on transfer imposed on such Asda Debt Securities and (ii) return any Asda Debt Securities previously the subject of Physical Delivery to the Exchange Agent.

Neither the Company nor Asda will receive any proceeds from the Exchange Offer. The Company will pay all of the expenses incidental to the Exchange Offer. Tenders of Asda Debt Securities pursuant to the Exchange Offer may be withdrawn by written notice to the Exchange Agent, which notice must be received by the Exchange Agent prior to 9:00 a.m., London time, on the second Business Day immediately preceding the originally scheduled Expiration Date. As used herein, other than in the section "Description of the Wal-Mart Notes", the term "Business Day" means any day other than a Saturday or Sunday on which banks are open for business in London and Luxembourg.

A Holder will not be able to transfer any interest in Asda Debt Securities with respect to which an Electronic Communication has been given or Physical Delivery has been made during the period beginning on the date such Holder effects such Electronic Communication or Physical Delivery, as the case may be, and ending on (i) the date of a valid withdrawal of such Electronic Communication or Physical Delivery, as the case may be, or (ii) the date on which the Exchange Offer is terminated by the Company.

IMPORTANT INFORMATION

Any Holder desiring to tender Asda Debt Securities in exchange for the Wal-Mart Notes should follow the procedures set forth under "The Exchange Offer--Procedures for Tendering Asda Debt Securities." Any person who beneficially owns Asda Debt Securities (a "Beneficial Owner") that are held by a financial adviser, broker, dealer, commercial bank, trust company or other nominee must contact such nominee, if such Beneficial Owner desires to tender any of its Asda Debt Securities, and instruct that person to tender such Asda Debt Securities on behalf of the Beneficial Owner.

Requests for copies of this Offering Memorandum may be directed to the Information Agent. Requests for assistance regarding the procedure for exchanging Asda Debt Securities may be directed to the Exchange Agent. Other questions may be directed to the Dealer Manager. See the back cover of this Offering Memorandum for information on how to contact the Exchange Agent, the Information Agent and the Dealer Manager. Holders may also contact their

financial adviser, broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer.

SUBJECT TO COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND THE TERMS SET FORTH IN THIS OFFERING MEMORANDUM, THE COMPANY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO EXTEND OR TERMINATE THE EXCHANGE OFFER, OR, PRIOR TO THE TIME HOLDERS MAY NO LONGER WITHDRAW THEIR TENDERS OF ASDA DEBT SECURITIES, TO OTHERWISE AMEND THE EXCHANGE OFFER IN ANY RESPECT.

THIS OFFERING MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY ANY SECURITIES COMMISSION OR REGULATORY AUTHORITY OF ANY COUNTRY OTHER THAN THE UNITED KINGDOM, NOR HAS ANY SUCH COMMISSION OR AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL AND MAY BE A CRIMINAL OFFENCE IN THAT COUNTRY EXCEPT THAT THE COMPANY HAS FILED THIS OFFERING MEMORANDUM WITH THE SEC AS REQUIRED BY RULE 802.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION THAT SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE EXCHANGE OFFER.

AVAILABLE INFORMATION

The Company files annual, quarterly and special reports, proxy statements and other information with the SEC. These reports and other information previously filed or that the Company files with the SEC in the future can be inspected without charge directly from the SEC. Holders may either:

.. read and copy any materials the Company files with the SEC at the SEC's public reference rooms at 450 Fifth Street, N.W., Washington, D.C. 20549 U.S.A. and at its offices in New York, New York at 233 Broadway, New York, New York 10279, and Chicago, Illinois at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511; or

.. visit the SEC's Internet site at http://www.sec.gov, which contains reports, proxy and information statements and other information regarding issuers that file electronically.

Holders can obtain more information about the SEC's public reference rooms by calling the SEC in the United States at 1-800-SEC-0330.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes and incorporates by reference certain statements that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that are intended to enjoy the protection of the safe harbor for forward-looking statements provided by that Act. Forward-looking statements may be included, for example, under "Wal-Mart Stores, Inc." and in certain portions of the Company's reports and other information included in Appendices III and IV to, and incorporated by reference in, this Offering Memorandum and generally can be identified by use of words such as "believe," "expect," "anticipate," "intend," "plan," "foresee" or other similar words or phrases. These forward-looking statements may include statements that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including:

.. future capital expenditures, including the amount and nature of those expenditures;

.. expansion and other development trends of industry segments in which the Company and its subsidiaries are active;

.. future revenues and cash flows;

.. future performance;

.. the Company's business strategy;

.. the Company's financing strategy;

.. expansion and growth of the Company's business;

.. the Company's operations and other similar matters; and

.. the Company's management's anticipation and expectations as to future occurrences and trends.

Although the Company believes the expectations expressed in the forward-looking statements are based on reasonable assumptions within the bounds of the knowledge of the Company's management about the Company's business, a number of risks, uncertainties and factors, domestically and internationally, could cause actual results to differ materially from those

expressed in any forward-looking statements, whether oral or written, made by the Company or on its behalf. The Company has previously identified many of these factors in filings or statements it has made or that were made on its behalf.

The Company's business operations are subject to risks, uncertainties and factors outside its control. Any one, or a combination, of these could materially affect the Company's financial performance. These risks, uncertainties and factors include:

.. the costs of goods;

.. the cost of electricity and other energy requirements;

.. competitive pressures;

.. inflation;

.. consumer spending patterns;

.. consumer debt levels;

.. currency exchange fluctuations;

.. trade restrictions;

.. changes in tariff and freight rates;

.. unemployment levels;

.. interest rate fluctuations; and

.. other capital market and economic conditions.

Forward-looking statements that the Company makes or that are made by others on its behalf are based on a knowledge of the Company's business and the environment in which it operates but, because of the risks, uncertainties and factors listed above and other similar factors, actual results may differ from those in the forward-looking statements. Consequently, all of the forward-looking statements made are qualified by these cautionary statements. The Company cannot assure you that the results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to or effects on the Company or on its business or operations. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. The Company assumes no obligation to update any of the forward-looking statements.

SUMMARY

The following summary is provided solely for the convenience of the Holders of the Asda Debt Securities. This summary is not intended to be complete and is qualified in its entirety by reference to the full text and more specific details contained elsewhere in this Offering Memorandum and any amendments hereto. Holders of the Asda Debt Securities are urged to read this Offering Memorandum in its entirety. Each of the capitalised terms used in this summary and not defined herein has the meaning set forth elsewhere in this Offering Memorandum.

Wal-Mart

Wal-Mart Stores, Inc. is the world's largest retailer as measured by its revenues for its fiscal year ended January 31, 2002, which were approximately US$217.8 billion. Wal-Mart has operations in the United States, the United Kingdom, seven other countries and Puerto Rico. At November 30, 2002, it operated 3,371 stores in the United States in the Wal-Mart discount store, Wal-Mart Supercenter, Neighborhood Market and Sam's Club formats, 258 Asda stores in the United Kingdom and 982 units in a variety of formats elsewhere. Wal-Mart was incorporated in 1969 in the State of Delaware. See "Wal-Mart Stores, Inc." and the Company's Annual Report on Form 10-K for its fiscal year ended January 31, 2002 and Quarterly Report on Form 10-Q for its fiscal quarter ended October 31, 2002 as filed with the SEC, which are Appendices III and IV hereto, for a more detailed description of Wal-Mart's operations.

The Exchange Offer

The Company.....	Wal-Mart Stores, Inc.
Asda.....	Asda Group Limited, an indirect wholly-owned subsidiary of the Company.

The Wal-Mart Notes.....	The Company's Fixed Rate Notes. The Wal-Mart Notes will be the senior, unsecured and unsubordinated debt obligations of the Company and will rank equally among themselves and with all of the Company's other existing and future senior, unsecured and unsubordinated debt.
The Asda Debt Securities....	The outstanding 8.375% Notes due 2007 (the "2007 Notes"), 10.875% Bonds due 2010 (the "2010 Bonds") and 6.625% Notes due 2015 (the "2015 Notes" and, together with the 2010 Bonds and the 2007 Notes, the "Asda Debt Securities" and each a "Series of Asda Debt Securities") of Asda.
The Exchange Offer.....	The Company is offering to exchange Wal-Mart Notes for any and all of the outstanding Asda Debt Securities upon the terms and conditions set forth in this Offering Memorandum. A Holder may tender all or any part of its holdings of Asda Debt Securities, including all or any part of its holdings of any Series of Asda Debt Securities. The Wal-Mart Notes are being offered pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 802 thereunder and, accordingly, the offer of the Wal-Mart Notes has not been registered with the SEC under the Securities Act. The Wal-Mart Notes will be transferable as described in "Summary--The Exchange Offer--Consequences of Exchanging Asda Debt Securities Pursuant to the Exchange Offer" and "The Exchange Offer--Resales of the Wal-Mart Notes."

	Application has been made for the Wal-Mart Notes to be admitted to the Official List and to be admitted to trading by the London Stock Exchange.
Exchange Ratios for the Asda Debt Securities.....	Each tendering Holder of Asda Debt Securities accepted in the Exchange Offer will receive Wal-Mart Notes in exchange for each (Pounds)1,000 principal amount of Asda Debt Securities equal to the product of (Pounds)1,000 and the relevant exchange ratio for the corresponding Series of Asda Debt Securities. The applicable exchange ratio for each Series of Asda Debt Securities will be set forth in a supplementary prospectus comprising supplementary listing particulars and announced through the Clearing Systems and the Regulatory News Service on or about the Pricing Date, which is expected to be the fourth Business Day prior to the Expiration Date. The exchange ratios will be as described under "The Exchange Offer--Exchange Ratios for the Asda Debt Securities."
Expiration Date.....	The Exchange Offer will expire at 4:00 p.m., London time, on January 24, 2003, unless extended or earlier terminated by the Company.
Termination.....	Except in certain circumstances, the Company reserves the right, in its sole discretion, to terminate the Exchange Offer on or prior to the Expiration Date. See "The Exchange Offer-Expiration Date; Extension; Termination; Amendments."
How to Tender Asda Debt Securities.....	In order to receive the Wal-Mart Notes, a Holder must (i) in the case of Asda Debt Securities held through a Clearing System, arrange for the dispatch of an electronic communication by tested telex or authenticated swift message or such other authenticated means as is the normally accepted working practice of the Clearing Systems (an "Electronic Communication") to be delivered to the relevant Clearing System through which the Holder's Asda Debt Securities are held (and not

	subsequently validly withdraw that tender) and (ii) in the case of Asda Debt Securities that are held in definitive form otherwise than through a Clearing System ("Non-Clearing System Debt Securities"), arrange for the delivery of a Form of Tender (as defined herein) and the relevant Asda Debt Securities, together with all coupons, rights to receive interest in respect thereof and talons relating thereto (each such delivery, a "Physical Delivery") to the Exchange Agent, and not subsequently validly withdraw such tender. See "The Exchange Offer--Procedures for Tendering Asda Debt Securities." For further information or assistance, Holders should contact the Exchange Agent or their financial adviser, broker, dealer, commercial bank, trust company or other nominee. See "The Exchange Offer--Exchange Agent" for information on how to contact the Exchange Agent.
Withdrawal of Tenders.....	Tenders of Asda Debt Securities may be withdrawn at any time after an Electronic Communication has been given to the relevant Clearing System or following Physical Delivery of validly tendered Asda Debt

	Securities by written notice to the Exchange Agent, which notice must be received by the Exchange Agent prior to 9:00 a.m., London time, on the second Business Day immediately preceding the originally scheduled Expiration Date. See "The Exchange Offer--Withdrawal of Tenders."
Settlement Date.....	The settlement date of the Exchange Offer (the "Settlement Date") is the date on which the Company is able to deliver Wal-Mart Notes in exchange for Asda Debt Securities, which is expected to be the third Business Day after the Expiration Date.
Certain Tax Considerations..	For a summary of United Kingdom tax consequences of the Exchange Offer, see "Certain Tax Consequences--Certain U.K. Tax Consequences."
	For a summary of the United States federal income tax consequences of the Exchange Offer, see "Certain Tax Consequences--Certain U.S. Federal Income Tax Consequences."
Consequences of Exchanging Asda Debt Securities Pursuant to the Exchange Offer.....	The Wal-Mart Notes issued in exchange for particular Asda Debt Securities will not be considered for the purposes of the Securites Act to be ''restricted securities'' (as defined in Rule 144(a)(3) of the Securites Act) unless the Asda Debt Securities for which they were exchanged are considered to be ''restricted securities'' under the Securites Act immediately prior to the Exchange Offer. Holders of Wal-Mart Notes that are ''restricted securities'' may not sell or trade their Wal-Mart Notes in the United States except pursuant to a transaction under Rule 144 or another available exemption from the registration requirements of the Securities Act.
	Wal-Mart Notes exchanged for Asda Debt Securites that are not ''restricted securities'' may generally be resold in the United States by a holder who is not (1) an ''affiliate'' of the Company within the meaning of Rule 144 under the Securities Act or (2) a broker-dealer without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Wal-Mart Notes were acquired in the ordinary course of such holders' business and such holders have no arrangement or understanding with any person to participate in the distribution of such Wal-Mart Notes. If any holder has any arrangement or understanding with respect to the distribution of the Wal-Mart Notes, such holder (1) could not rely on the

	applicable interpretations of the staff of the SEC and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction. Under the Securities Act, only the Company may register the Wal-Mart Notes with the SEC for resale by holders of Wal-Mart Notes. The Company has no obligation to register any resale of the Wal-Mart Notes with the SEC on behalf of any holder. See "The Exchange Offer--Resales of the Wal-Mart Notes."

Brokerage Commissions.....	No brokerage commissions are payable by Holders to the Company, Asda or the Exchange Agent.
Use of Proceeds.....	Neither the Company nor Asda will receive any proceeds from the Exchange Offer.
Exchange Agent.....	Bank One, NA. The address and telephone number of the Exchange Agent are set forth on the back cover of this Offering Memorandum.
Information Agent.....	Georgeson Shareholder Communications Limited. The address and telephone number of the Information Agent are set forth on the back cover of this Offering Memorandum.
Dealer Manager.....	Credit Suisse First Boston (Europe) Limited. The address and telephone number of the Dealer Manager are set forth on the back cover of this Offering Memorandum.
Further Information.....	Additional copies of this Offering Memorandum may be obtained by contacting the Information Agent. Requests for assistance regarding the procedure for exchanging Asda Debt Securities may be directed to the Exchange Agent. Other questions may be directed to the Dealer Manager.
	The Wal-Mart Notes
Issuer.....	Wal-Mart Stores, Inc.
Aggregate Amount.....	The aggregate principal amount of the Wal-Mart Notes to be issued pursuant to the Exchange Offer will be announced by press release on or after the Expiration Date.
Maturity.....	January 29, 2013, unless the Expiration Date is extended. If the Expiration Date is extended, the maturity date will be moved correspondingly, and the new maturity date will be set forth in a supplementary prospectus comprising supplementary listing particulars and announced through the Clearing Systems and the Regulatory News Service.
Interest.....	The Wal-Mart Notes will bear interest at a fixed rate to be set forth in a supplementary prospectus comprising supplementary listing particulars and announced through the Clearing Systems and the Regulatory News Service on or about the Pricing Date. Interest will be payable semi-annually in arrears on January 29 and July 29 of each year to the persons in whose names the Wal-Mart Notes are registered at the close of business on the corresponding January 20 and July 20, unless the Expiration Date is extended. If the Expiration Date is extended, the interest payment dates and record dates for interest payments will be moved correspondingly, and those new dates will be set forth in a supplementary prospectus comprising supplementary listing particulars and announced through the Clearing Systems and the Regulatory News Service.
Ranking.....	The Wal-Mart Notes will be the senior, unsecured and unsubordinated debt obligations of the Company and will rank equally among themselves and with the Company's other existing and future senior, unsecured and unsubordinated debt.

Debt Ratings.....	The long-term senior, unsecured and unsubordinated debt of the Company was rated, as of the date of this Offering Memorandum, "AA" by Standard and Poor's, a Division of the McGraw-Hill Companies, Inc., and "Aa2" by Moody's Investor Services, Inc. The Wal-Mart Notes have not been specifically rated by either of those rating agencies. The long-term senior, unsecured and unsubordinated debt of Asda was rated, as of the date of this Offering Memorandum, "Aa3" by Moody's Investor Services, Inc. Each Series of Asda Debt Securities is rated AA- by Fitch Ratings. None of Asda's debt securities are rated by Standard and Poor's.
Optional Redemption.....	Wal-Mart may redeem all or any part of the Wal-Mart Notes at any time and from time to time after their issuance at a redemption price equal to the greater of (i) 100% of the principal amount of the Wal-Mart Notes to be redeemed and (ii) the price at which the yield on the outstanding principal amount of the Wal-Mart Notes on the Reference Date (as defined herein) is equal to the yield on the benchmark U.K. Gilt as of that date, as determined by reference to the middle-market price on the benchmark U.K. Gilt at 3:00 p.m., London time, on that date, in either case, plus accrued and unpaid interest on the Wal-Mart Notes redeemed up to, but excluding, the date specified as the redemption date.
Optional Tax Redemption.....	Wal-Mart may redeem the Wal-Mart Notes at par if certain changes to the tax laws occur after the Settlement Date.
Events of Default.....	Events of default include failure to pay principal when due and payable, failure to pay interest when due and payable and that failure continues for 30 days, breach of covenants and certain bankruptcy events. If the Wal-Mart Notes are accelerated as a result of an Event of Default, they will be immediately payable at par.
Withholding Tax.....	For information relating to certain withholding tax matters, see "The Exchange Offer--Procedures for Tendering Asda Debt Securities--Backup United States Federal Income Tax Withholding" and "Certain Tax Consequences".
Form and Denomination.....	The Wal-Mart Notes will be issued in registered book-entry form in denominations of (Pounds)1,000 and integral multiples of (Pounds)1,000.
Governing Law.....	The Wal-Mart Notes and the Indenture pursuant to which the Wal-Mart Notes will be issued will be governed by and construed in accordance with the laws of the State of New York.
Trustee, U.S. Paying Agent and U.S. Transfer Agent...	Bank One Trust Company, NA, is the Trustee under the Indenture and will be the paying agent in the United States.
Registrar, London Paying Agent and Transfer Agent..	Bank One, NA, will be the registrar, paying agent and transfer agent in London.
London Authorised Advisor...	Credit Suisse First Boston (Europe) Limited will be the authorised advisor in London.

RISK FACTORS RELATED TO THE EXCHANGE OFFER

Holders should consider carefully, in addition to other information contained or incorporated by reference in this Offering Memorandum, the following factors in connection with a decision to tender Asda Debt Securities in exchange for the Wal-Mart Notes.

Potential Adverse Effect on the Market for Asda Debt Securities Not Tendered

The Asda Debt Securities are listed by the U.K. Listing Authority, and are admitted to trading on the London Stock Exchange and have been accepted for clearance through the Clearing Systems. Quotations for the Asda Debt Securities

may differ from actual trading prices and should be viewed as approximations. Holders of Asda Debt Securities are urged to contact their financial advisers for current trading information in respect of the Asda Debt Securities. To the extent that Asda Debt Securities are tendered (without subsequent withdrawal) and accepted for exchange in the Exchange Offer, the trading market for any Asda Debt Securities that remain outstanding may be significantly more limited, which might adversely affect the liquidity of such Asda Debt Securities. An issue of securities with a smaller outstanding market value available for trading (the "float") may command a lower price than would a comparable issue of securities with a greater float. Therefore, the market price for Asda Debt Securities that remain outstanding after the successful consummation of the Exchange Offer may be adversely affected as a result of the reduced float. Any reduced float also may tend to make the trading prices of the Asda Debt Securities that remain outstanding more volatile. Holders of Asda Debt Securities not tendered (or tendered and subsequently validly withdrawn and not retendered) may attempt to obtain quotations for the Asda Debt Securities from their brokers or financial advisers. However, there can be no assurance that any trading market will exist, and the availability of price quotations would depend upon a number of factors, including the number of Holders of the Asda Debt Securities remaining at such time, the remaining outstanding principal amount of Asda Debt Securities after consummation of the Exchange Offer and the interest in maintaining a market in the Asda Debt Securities on the part of securities firms. As a result, there can be no assurance that any trading market for the Asda Debt Securities will exist after consummation of the Exchange Offer. As a consequence of these factors, the market value of any Asda Debt Securities that remain outstanding after the successful consummation of the Exchange Offer may be materially less than the market value would be if the Exchange Offer were not made or successfully consummated.

Holders Must Comply with the Procedures for Tendering Asda Debt Securities

Holders are responsible for complying with all of the procedures for tendering the Asda Debt Securities. Holders will only receive the Wal-Mart Notes if, prior to the Expiration Date, (i) in the case of Asda Debt Securities that are held through a Clearing System, an Electronic Communication has been issued to (and not subsequently validly withdrawn from) the relevant Clearing System with respect to such Holder's Asda Debt Securities or (ii) in the case of Non-Clearing System Debt Securities, Physical Delivery of such Asda Debt Securities has been made to (and not subsequently validly withdrawn from) the Exchange Agent pursuant to this Offering Memorandum.

None of the Company, Asda or the Exchange Agent has any obligation to inform a Holder of defects or irregularities with respect to the tender of Asda Debt Securities. See "The Exchange Offer--Procedures for Tendering Asda Debt Securities."

Lack of Public Market

The Wal-Mart Notes are securities for which there currently is no market and for which there may be no or only limited market making activity. If a market for the Wal-Mart Notes should develop, such Wal-Mart Notes could trade at a discount from the principal amount. The Company does not intend to apply for listing of the Wal-Mart Notes on any securities exchange other than the London Stock Exchange, or to seek approval for quotation through any automated quotation system, and no active public market for the Wal-Mart Notes may exist.

No assurance can be given as to the liquidity of the trading market for the Wal-Mart Notes. The liquidity of, and trading market for, the Wal-Mart Notes also may be adversely affected by general declines in the market for similar securities, which may occur independently of the financial performance of, and prospects for, the Company.

THE EXCHANGE OFFER

General

Upon the terms and subject to the conditions set forth in this Offering Memorandum and any supplements or amendments hereto, the Company hereby offers to exchange Wal-Mart Notes for all outstanding Asda Debt Securities at the relevant exchange ratio for each (Pounds)1,000 principal amount of Asda Debt Securities validly tendered (and not validly withdrawn) on or prior to the Expiration Date. The terms of the Wal-Mart Notes, other than the rate at which they bear interest and their issue price, are summarized under "Description of the Wal-Mart Notes." The Company is conducting the Exchange Offer to reduce outstanding Asda debt securities held by the public and replace those securities with an issue of intermediate term Wal-Mart notes denominated in pounds sterling.

The exchange ratio for each Series of Asda Debt Securities will be set forth in a supplementary prospectus comprising supplementary listing particulars and announced through the Clearing Systems and the Regulatory News Service on or about the Pricing Date and will be determined by reference to the yield on the

benchmark U.K. Gilt for each Series of Asda Debt Securities on the Pricing Date, the relevant exchange spread over that yield as set by the Company, the issue price of the Wal-Mart Notes and the rate at which the Wal-Mart Notes will bear interest. The method for determining the exchange ratios is described in detail under "--Exchange Ratios for the Asda Debt Securities." The method for determining the interest rate on the Wal-Mart Notes is described in detail under "--New Issue Price and Interest Rate for the Wal-Mart Notes".

By tendering (and not validly withdrawing) Asda Debt Securities to the Company, and assuming that such Asda Debt Securities are accepted for exchange by the Company upon the successful completion of the Exchange Offer, the tendering Holders will transfer such Asda Debt Securities to the Company in exchange for the Wal-Mart Notes. Each tendering Holder will receive Wal-Mart Notes for each (Pounds)1,000 principal amount of Asda Debt Securities at the applicable exchange ratio corresponding to the applicable Series of Asda Debt Securities as described more fully below. The Wal-Mart Notes will be issued only in denominations of (Pounds)1,000 and integral multiples of (Pounds)1,000. If, as a result of the application of the relevant exchange ratio, a Holder would be entitled to receive a Wal-Mart Note with a principal amount that is not (Pounds)1,000 or an integral multiple of (Pounds)1,000, the Company will issue the Holder a Wal-Mart Note with a principal amount equal to the next lower integral multiple of (Pounds)1,000 and pay the Cash Rounding Amount to the Holder in cash. Any rights to payment of accrued and unpaid interest pursuant to any Asda Debt Securities will be tendered by the Holder as part of the tender of such Holder's Asda Debt Securities, including any rights in any related interest coupons or talons, and any such Holder whose Asda Debt Securities are accepted in the Exchange Offer will be paid accrued and unpaid interest on those Asda Debt Securities in cash through the Settlement Date, which is expected to be the third Business Day after the Expiration Date. All payments made to Holders in connection with the Exchange Offer will be paid in pounds sterling.

A Holder may tender all or any part of its holdings of any Series of Asda Debt Securities, including all or any part of its holdings of any Series of Asda Debt Securities. See "--Acceptance of Asda Debt Securities for Exchange."

A Holder's tender (without a valid withdrawal) of Asda Debt Securities and the Company's acceptance of such Asda Debt Securities will constitute a binding agreement between such Holder and the Company subject to the terms and conditions set forth in this Offering Memorandum. The method for tendering the Asda Debt Securities is described in detail under "--Procedures for Tendering Asda Debt Securities."

The Company reserves the right to terminate the Exchange Offer on or prior to the Expiration Date, except as otherwise set forth herein, or to extend or amend the Exchange Offer. If the Company terminates the Exchange Offer on or prior to the Expiration Date, then any Asda Debt Securities validly tendered will not be exchanged and each Series of Asda Debt Securities will continue to be governed by its corresponding trust deed, including

any trust deed supplemental thereto, and will continue to be listed by the U.K. Listing Authority and admitted to listing on the London Stock Exchange. See "--Expiration Date; Extensions; Termination; Amendments" below.

The Exchange Offer will expire at 4:00 p.m., London time, on January 24, 2003 unless extended or earlier terminated by the Company.

The Company does not currently intend to cause the Asda Debt Securities it acquires in the Exchange Offer to be transferred to Asda and cancelled, but rather will hold or have one of its subsidiaries other than Asda or a subsidiary of Asda hold those Asda Debt Securities. Unlike the trust deed governing the 2007 Notes and the 2015 Notes, the trust deed governing the 2010 Bonds does not provide that any securities issued under that trust deed held by the holding company of Asda or a subsidiary of that holding company will not be treated as "outstanding" for certain purposes. As a consequence, the Company or a subsidiary of the Company, other than Asda and any of its subsidiaries, holding 2010 Bonds may vote those 2010 Bonds on any matter submitted for a vote of the holders of the 2010 Bonds and those 2010 Bonds may be considered in determining whether quorums are present at meetings of bondholders or the holders of a proper amount of the 2010 Bonds have acted, or given the trustee instructions to act, as to certain matters. The Company believes that the Holders of all Asda Debt Securities should be treated similarly in this respect and that the Company should provide any Holders of 2010 Bonds who continue to hold their 2010 Bonds after a successful completion of the Exchange Offer with the same protection in this regard that the Holders of the 2007 Notes and the 2015 Notes currently have. Accordingly, upon a successful completion of the Exchange Offer, if the Company has not acquired all of the outstanding 2010 Bonds, it will request that Asda and the trustee under the trust deed governing the 2010 Bonds enter into a supplemental trust deed to amend the definition of the term "outstanding" in that trust deed to ensure that any 2010 Bonds held by the Company or any of its subsidiaries are treated as not being outstanding to the same extent as if those 2010 Bonds were held by Asda.

None of the board of directors of the Company, Asda, the Exchange Agent, the Information Agent or the Dealer Manager makes any recommendation as to whether to tender or refrain from tendering all or any portion of the Asda Debt Securities pursuant to the Exchange Offer. In addition, no one has been authorised to make any such recommendation.

Exchange Ratios for the Asda Debt Securities

The Holder of each (Pounds)1,000 principal amount of Asda Debt Securities validly tendered (and not validly withdrawn) and accepted in the Exchange Offer will receive, in exchange for those Asda Debt Securities, Wal-Mart Notes in an amount equal to the product of (Pounds)1,000 and the exchange ratio for the corresponding Series of Asda Debt Securities. A single Wal-Mart Note will be issued to each such Holder in exchange for all of the Holder's Asda Debt Securities accepted in the Exchange Offer, with such Wal-Mart Note and all other Wal-Mart Notes issued in the Exchange Offer being initially represented by a beneficial interest in a Global Note. Each Holder will have a particular principal amount of the Wal-Mart Notes credited to its securities account in the records of Clearstream, Luxembourg or Euroclear or, if that Holder does not have an account at Clearstream, Luxembourg or Euroclear, to its securities account with its financial adviser, broker, dealer, financial institution or other custodian through which that Holder will hold its Wal-Mart Note at Clearstream, Luxembourg or Euroclear. If, as a result of the application of the relevant exchange ratio, the Wal-Mart Note the Holder would be entitled to receive would have a principal amount that is not (Pounds)1,000 or an integral multiple of (Pounds)1,000, the Company will issue the Holder a Wal-Mart Note with a principal amount equal to the next lower integral multiple of (Pounds)1,000 and pay the Cash Rounding Amount to the Holder in cash. The Cash Rounding Amount to be paid to any Holder will be the remaining difference between the aggregate Exchange Price for all Asda Debt Securities to be acquired by the Company from that Holder in the Exchange Offer and the New Issue Price of the Wal-Mart Note to be issued to that Holder in the Exchange Offer.

The exchange ratio applicable to each Series of Asda Debt Securities (an "Exchange Ratio") will be (1) the present value of the future cash flows per (Pounds)1,000 principal amount of Asda Debt Securities of that Series (as of the expected Settlement Date less accrued interest) calculated by the Dealer Manager on the Pricing Date in

accordance with standard market practice on the basis of a yield to maturity equal to the sum of the yield on the benchmark U.K. Gilt plus the relevant exchange spread (the result of such calculation for a Series of Asda Debt Securities is the "Exchange Price"), divided by (2) the issue price of the Wal-Mart Notes to be determined on the Pricing Date by Wal-Mart and the Dealer Manager on the basis of a coupon rate for the Wal-Mart Notes rounded to the nearest multiple of 1/8 of one percent with a minimum issue price of 98% and a maximum issue price of 102% of the par amount of the Wal-Mart Notes (the foregoing issue price of the Wal-Mart Notes is the "New Issue Price").

The relevant yield on the benchmark U.K. Gilt will be calculated by the Dealer Manager in accordance with standard market practice based on the price for such reference security, as of 2:00 p.m., London time, on the Pricing Date, on the U.K. DMO Page as displayed on the Bloomberg Pricing Monitor, or any other recognized quotation source selected by the Dealer Manager. The yield to maturity used to calculate the applicable exchange ratio for each Series of Asda Debt Securities will be an annual yield obtained by converting the sum of the semi-annual yield on the benchmark U.K. Gilt plus the exchange spread to an annual basis in accordance with standard market practice.

The benchmark U.K. Gilt with respect to each Series of Asda Debt Securities is set forth in the table below and has been selected to approximate the maturity characteristics for the corresponding Series of Asda Debt Securities. For current yield information for a particular U.K. Gilt security, Holders should consult publicly available sources.

<TABLE>
<CAPTION>

Asda Debt Securities	Benchmark U.K. Gilt	Bloomberg Page	Exchange Spread
<S>	<C>	<C>	<C>
8.375% Notes due April 24, 2007	7.25% due 2007	DMO 10	0.10%
10.875% Bonds due April 20, 2010	5.75% due 2009	DMO 10	0.15%
6.625 % Notes due July 17, 2015	8.00% due 2015	DMO 10	0.20%

</TABLE>

New Issue Price and Interest Rate for the Wal-Mart Notes

The interest rate and New Issue Price for the Wal-Mart Notes will be announced through the Clearing Systems and the Regulatory News Service on the Pricing Date and published in a supplementary prospectus comprising supplementary listing particulars on or about the Pricing Date. The interest rate and the New Issue Price will be based on the yield on the relevant reference benchmark U.K. Gilt plus a credit spread to be determined on the Pricing Date. The credit spread will be determined by the Company, upon consultation with the Dealer Manager. The yield on the benchmark U.K. Gilt with respect to the Wal-Mart Notes will be calculated by the Dealer Manager in accordance with standard market practice based on the price of the relevant benchmark U.K. Gilt as listed on the relevant U.K. DMO Page as displayed on the Bloomberg Pricing Monitor or any other recognized quotation source selected by the Dealer Manager at 2:00 p.m., London time, on the Pricing Date. The benchmark U.K. Gilt will be selected to approximate the maturity characteristics of the Wal-Mart Notes.

Hypothetical Exchange Pricing

The following table sets forth a hypothetical example for (Pounds)100,000 principal amount of Asda Debt Securities of each Series of Asda Debt Securities assuming the applicable yields on the relevant benchmark U.K. Gilt as of 11:00 a.m., London time, January 3, 2003 plus the applicable exchange spread. The calculations also assume a hypothetical New Issue Price and yield as illustrated below and a Settlement Date of January 29, 2003 for the Exchange Offer. The hypothetical exchange pricing shown below is included to provide an example of how the exchange pricing will be calculated. The hypothetical exchange ratios shown below should not be construed as indicative of, or an approximation of, the actual exchange ratios.

Hypothetical Pricing Table

<TABLE>
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Coupon	Maturity	Benchmark Bond	Benchmark Yield (s/a)(1)	Benchmark Yield (a)(1)	Exchange Spread (s/a)	Exchange Yield (a)(1)	Exchange Price (1)(2)	Exchange Ratio (1)	Face Amount of Wal-Mart Notes (1)	Value of Wal-Mart Notes (1)(3)
8.375%	24-Apr-07	UKT 7.25% due 2007	4.25%	4.295%	0.100%	4.397%	115.043%	1.15223	(Pounds)115,000	(Pounds)114,820.60
10.875%	20-Apr-10	UKT 5.75% due 2009	4.38%	4.408%	0.150%	4.561%	138.093%	1.38309	(Pounds)138,000	(Pounds)137,784.72
6.625%	17-Jul-15	UKT 8.0% due 2015	4.53%	4.581%	0.200%	4.786%	116.933%	1.17116	(Pounds)117,000	(Pounds)116,817.48

</TABLE>

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Coupon	Cash Rounding Amount (1)
8.375%	(Pounds)222.40
10.875%	(Pounds)308.28
6.625%	(Pounds)115.52

</TABLE>

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Hypothetical Coupon(1)	Maturity(1)	Benchmark Bond	Benchmark Yield (s/a)(1)	New Issue Spread(1)	Hypothetical Yield(1)	New Issue Price(1)
5.000%	29-Jan-13	UKT 5.00% due 2012	4.47%	0.550%	5.020%	99.844%

</TABLE>

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(1) Indicative only and subject to change. Will be announced through the Clearing Systems and the Regulatory News Service made on or about the Pricing Date.
(2) The figures given are expressed in terms of a percentage, being a percentage of (Pounds)1,000 of principal amount of an Asda Debt Security.
(3) For purposes of calculating the Exchange Ratio of each Series of Asda Debt Securities and the Cash Rounding Amount for each Holder, the value of a Wal-Mart Note will be equal to the New Issue Price for that Wal-Mart Note expressed as an amount in pounds sterling.

Procedures for Tendering Asda Debt Securities

To tender Asda Debt Securities and receive Wal-Mart Notes in exchange therefor:

(i) in the case of Asda Debt Securities held through a Clearing System, the Clearing System will distribute a Notice of the Offer to Exchange (the "tender offer") substantially in the form set forth in Appendix I.1 once they receive notification from the Exchange Agent to do so.

Upon receipt of the tender offer, a Holder who wishes to accept the Exchange Offer must arrange for an Electronic Communication by tested telex or authenticated SWIFT message, or such other authenticated means as is the normally accepted working practice of the Clearing Systems to be delivered to the relevant Clearing System indicating the Holder's acceptance of the Exchange Offer. Upon receipt of such communication, a Clearing System will block such Asda Debt Securities, effectively immobilising the Holder's position within the system preventing any trading activity until the Settlement Date at which time the Holder's Asda Debt Securities acquired in the Exchange Offer will be delivered to an account holder at Euroclear or Clearstream, Luxembourg to hold on behalf of the Company.

An Electronic Communication may only be made by (a) a Holder that is a direct account holder in Euroclear or Clearstream, Luxembourg or (b) by a custodian holding Asda Debt Securities on behalf of a Holder, which custodian has instructed the direct account holder in Euroclear or Clearstream, Luxembourg to dispatch an Electronic Communication on its behalf. Holders who are direct account holders in Euroclear or Clearstream, Luxembourg may have more than one customer who is a Beneficial Owner of a part of the Asda Debt Securities shown to be held by that direct account holder on the books of Euroclear or Clearstream, Luxembourg. Any such Holders may tender all or less than all of the Asda Debt Securities of any Series of Asda Debt Securities credited to it on the books of Euroclear or Clearstream, Luxembourg. Any such Holder may also make multiple tenders.

All Electronic Communications should be sent to the relevant Clearing System according to its normal procedures with an instruction to that Clearing System for onward transmission to the Exchange Agent.

Each Electronic Communication to the relevant Clearing System accepting the tender offer will constitute acceptance of the matters specified on page 53 of this Offering Memorandum and must duly provide or be accompanied by the appropriate U.S. withholding tax documents.

(ii) In the case of Non-Clearing System Debt Securities, a Holder must arrange for the following documents to be delivered to and received by the Exchange Agent ("Physical Delivery"), at any time prior to the Expiration Date, at the address set out herein by Registered or Special Delivery: (a) a duly executed Form of Tender (a "Form of Tender"), the form of which is set out at Appendix I.2 hereto, and (b) the certificates representing such Non-Clearing System Debt Securities (together with all outstanding coupons, rights to receive interest in respect thereof and talons). Such delivery shall constitute a tender of the Non-Clearing System Debt Securities so delivered, once the Exchange Agent has confirmed the validity of the Asda Debt Securities and that the relevant documentation and declarations have been properly completed.

Each Form of Tender must state the following information:

(a) that the Holder has agreed to participate in the Exchange Offer pursuant to the Offering Memorandum and is delivering Non-Clearing System Debt Securities;

(b) the Holder is the owner of all of the Non-Clearing System Debt Securities so tendered by it;

(c) the numbers, amounts and the serial numbers of the Non-Clearing System Debt Securities so tendered;

(d) the account number at the relevant Clearing System to which the Wal-Mart Notes and any Interest Amount in respect of accrued interest and any Cash Rounding Amount are to be credited; and

(e) that any agent, custodian or intermediary acting on behalf of the Holder is authorised to execute and deliver the Form of Tender and to deliver the Non-Clearing System Debt Securities that are the subject thereof.

Any Form of Tender delivered to the Exchange Agent that does not include all of the above statements will be automatically rejected.

Any Electronic Communication or Physical Delivery exchange instructions that are given without making the statements required above will be automatically rejected.

Delivery may be withdrawn at any time prior to 9:00 a.m., London time, on the second Business Day immediately preceding the originally scheduled Expiration Date, in accordance with the procedures described below under "--Withdrawal of Tenders."

Asda Debt Securities may be validly tendered only pursuant to the terms of the Exchange Offer. No conditional tenders of Asda Debt Securities will be accepted.

In all cases, notwithstanding any other provision hereof, the exchange of the Wal-Mart Notes for the Asda Debt Securities tendered and accepted for exchange will be made only after (i) in the case of Asda Debt Securities held through the Clearing Systems, timely receipt by the Exchange Agent of details of valid Electronic Communications received by the Clearing Systems (that are not validly withdrawn) or (ii) in the case of Non-Clearing System Debt Securities, timely Physical Delivery that is not validly withdrawn.

A Holder will not be able to transfer any interest in Asda Debt Securities with respect to which an Electronic Communication has been given or Physical Delivery has been made during the period beginning on the date such Holder effects such Electronic Communication or Physical Delivery, as the case may be, and ending on (i) the date of a valid withdrawal of such Electronic Communication or Physical Delivery or (ii) the date on which the Exchange Offer is terminated by the Company.

Backup United States Federal Income Tax Withholding. Under United States federal income tax laws, any payments made to certain United States holders pursuant to the Exchange Offer may be subject to withholding at a rate of 30% of the amount paid. To avoid such backup withholding with respect to cash received by such a Holder pursuant to the Exchange Offer, a tendering Holder must provide its correct taxpayer identification number and certify that such Holder is not subject to backup withholding. For a discussion of other U.S. federal income tax consequences to Holders, see "Certain Income Tax Consequences--Certain U.S. Federal Income Tax Consequences" below.

By tendering its Asda Debt Securities, a Holder that is not a broker-dealer will represent that (1) the Wal-Mart Notes acquired pursuant to the Exchange Offer are being obtained in the ordinary course of business of the Holder, (2) it is not engaged in a distribution of the Wal-Mart Notes and has no arrangement or understanding with any person to participate in such a distribution, (3) it is not an "affiliate," as defined under Rule 144 of the Securities Act, of the Company (i.e., it does not control, is not controlled by and is not subject to common control with, the Company) and (4) it is not acting on behalf of a person who could not make any of the foregoing representations. Each broker-dealer that receives Wal-Mart Notes for its own account in exchange for Asda Debt Securities, where the Asda Debt Securities were acquired by the broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it must comply with special rules under the Securities Act in connection with any resale of the Wal-Mart Notes.

All questions as to the form of documents and the validity, eligibility (including time of receipt) and acceptance for exchange of tendered Asda Debt Securities will be determined by the Company, in its sole discretion, and its determination will be final and binding. The Company reserves the absolute right to reject any and all tenders of Asda Debt Securities that it determines are not in proper form or the acceptance for exchange of or exchange for which may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the absolute right in its sole discretion to waive any defect or irregularity in the tender of Asda Debt Securities of any particular Holder, whether or not similar defects or irregularities are waived in the case of any other Holder. The Company's interpretation of the terms and conditions of the Exchange Offer will be final and binding. None of the Company, Asda, the Exchange Agent, the Information Agent, the Dealer Manger, the Trustee or any other person will be under any duty to give notification of, or assist in the correction of, any defects or irregularities in tenders, or incur any liability for failure to give any such notification or assistance.

Withdrawal of Tenders

Any tender pursuant to an Electronic Communication or Physical Delivery, as the case may be, may be withdrawn as to all or less than all of any Asda Debt Securities tendered at any time prior to 9:00 a.m., London time, on the second Business Day immediately preceding the originally scheduled Expiration Date, but not thereafter, unless the Expiration Date is extended as a result of an amendment to the terms of the Exchange Offer, in which case the Company may change the date by which tenders may be withdrawn. Any such change will be announced as part of any announcement of the extension of the Expiration Date. Holders who validly withdraw any tender pursuant to an Electronic Communication or Physical Delivery will not receive Wal-Mart Notes or otherwise participate in the Exchange Offer as to the Asda Debt Securities as to which the tender is validly withdrawn, unless the relevant Asda Debt Securities are validly retendered on or before the Expiration Date.

Holders who wish to exercise their right to withdraw their tender with respect to any Electronic Communication must give notice of that withdrawal through the standard procedures of the relevant Clearing System prior to 9:00 a.m., London time, on the second Business Day immediately preceding the originally scheduled Expiration Date, specifying in that notice of withdrawal the Asda Debt Securities as to which the tender is withdrawn.

Holders who wish to exercise their right to withdraw their tender with respect to any Physical Delivery must give written notice of that withdrawal by Registered or Special Delivery or hand delivery, and such notice must

specify the particular Asda Debt Securities being withdrawn and must be received by the Exchange Agent at its address set forth on the back cover of this Offering Memorandum prior to 9:00 a.m., London time, on the second Business Day immediately preceding the originally scheduled Expiration Date. Such Asda Debt Securities tendered will only be returned in accordance with Appendix I.2, "Form of Tender"; without exception.

In order to be valid, a notice of withdrawal must specify the Holder whose name appears as the owner of the Asda Debt Securities to which the withdrawal relates and the nominal amount of each Series of Asda Debt Securities in respect of which the tender is to be withdrawn. In the case of Physical Delivery, such notice of withdrawal must be signed and executed by the Holder in the same manner as the original Form of Tender. Any Asda Debt Securities in respect of which an Electronic Communication or Physical Delivery is validly withdrawn may be re-tendered in the Exchange Offer by following the procedures described for tender in this Offering Memorandum at any time on or before the Expiration Date.

Before Holders may subsequently transfer any Asda Debt Securities in respect of which an Electronic Communication or Physical Delivery has been withdrawn, in the case of any Electronic Communication, authority must be sought from the Exchange Agent to, in accordance with standard procedures of the relevant Clearing System, remove the block placed on such Asda Debt Securities by the relevant Clearing System, if such a block had been imposed, and, in the case of any Physical Delivery, the relevant Asda Debt Securities must be returned to the Holder by the Exchange Agent in accordance with the appropriate Form of Tender as set out in Appendix I.2.

Expiration Date; Extension; Termination; Amendments

The Exchange Offer will expire at 4:00 p.m., London time, on the Expiration Date, January 24, 2003, unless extended. The Company expressly reserves the right to extend the Exchange Offer for such period or periods as it may determine in its sole discretion, such period or periods not to exceed twenty Business Days in the aggregate, from time to time by giving written or oral notice, promptly followed by written notice to the Exchange Agent, and by making a public announcement by notice through the Clearing Systems and by Asda through the Regulatory News Service prior to 9:00 a.m., London time, on the next Business Day following the previously scheduled Expiration Date. During any extension of the Exchange Offer, all Asda Debt Securities previously tendered and not accepted for exchange will remain subject to the Exchange Offer. If the Expiration Date is extended prior to the Pricing Date, the Pricing Date will occur on the fourth Business Day prior to the extended Expiration Date. If the Expiration Date is extended after the originally scheduled Pricing Date has occurred and the exchange ratios have been set on that date, a new Pricing Date will not be set and the exchange ratios will remain as set on the Pricing Date.

The Company expressly reserves the absolute right, in its sole discretion, to amend any terms of the Exchange Offer, provided that no such amendment or modification shall be material and adverse to Holders' interests. Any amendment applicable to the Exchange Offer will apply to all Asda Debt Securities validly tendered (and not validly withdrawn) in the Exchange Offer, regardless of when or in what order the Asda Debt Securities were tendered. If the Company makes a material change in the terms of the Exchange Offer or in the information concerning the Exchange Offer, the Company will disseminate additional Exchange Offer materials and, to the extent it considers it appropriate, will extend the

Exchange Offer for a further period of up to, but not exceeding, four Business Days by giving written or oral notice, promptly followed by written notice to the Exchange Agent, and by making a public announcement by notice through the Clearing Systems and by Asda through the Regulatory News Service prior to 9:00 a.m., London time, on the next Business Day following the previously scheduled Expiration Date. See "--Withdrawal of Tenders."

Except as otherwise set forth herein, the Company expressly reserves the right, in its sole discretion, to terminate the Exchange Offer on or prior to the Expiration Date. Any such termination will be followed promptly by public announcement from the Company thereof. If the Company terminates the Exchange Offer, it will give immediate notice thereof to the Exchange Agent and the Exchange Agent will instruct the Clearing Systems to remove the restrictions on transfer imposed on the Asda Debt Securities by the Electronic Communications previously received, and return the Asda Debt Securities received by it through Physical Delivery, in accordance

with the appropriate Form of Tender as set out in Appendix I. The Company may not terminate the Exchange Offer for a Series of Asda Debt Securities in respect of which it has received valid tenders, which have not been validly withdrawn, for 100% of the outstanding Asda Debt Securities of that particular Series except upon the occurrence of one or more of the events described in the second paragraph following this paragraph. This limitation on the Company's right to terminate the Exchange Offer as to any Series of Asda Debt Securities will apply on a series-by-series basis. Accordingly, the limitation may apply to some but not all of the Series of Asda Debt Securities, depending, in the instance of any particular Series of Asda Debt Securities, on whether the conditions to the application of that limitation have been met with respect to that Series of Asda Debt Securities.

Any extension, delay, termination or amendment of the Exchange Offer will be followed as promptly as practicable by public announcement thereof, such announcement in the case of an extension to be issued no later than 9:00 a.m., London time, on the next Business Day after the previously scheduled Expiration Date. Without limiting the manner by which the Company may choose to make such announcement, the Company will not, unless otherwise required by law, have any obligation to publish, advertise in or otherwise communicate any such public announcement other than by notice through the Clearing Systems and by Asda through the Regulatory News Service, a copy of which will be posted promptly after release on the Company's website.

Notwithstanding any other provision of the Exchange Offer, the Company will not be required to accept for exchange, or to exchange Wal-Mart Notes for, Asda Debt Securities tendered and not validly withdrawn pursuant to the Exchange Offer, and may terminate the Exchange Offer and withdraw its acceptance for exchange of Asda Debt Securities so tendered, if any of the following events has occurred on or prior to the Settlement Date:

(a) any action, proceeding or litigation seeking to enjoin, make illegal, delay the completion of or challenge in any respect the transactions contemplated hereby or otherwise relating in any manner to the transactions contemplated hereby is pending, instituted or threatened;

(b) any order, stay, judgment or decree is issued by any court, government, governmental authority or other regulatory or administrative authority and is in effect or any statute, rule, regulation, governmental order or injunction shall have been proposed, enacted, enforced or deemed applicable to the transactions contemplated hereby, any of which would or might restrain, prohibit or delay completion of the Exchange Offer or impair the transactions contemplated hereby or the benefits of the Exchange Offer to the Company or Asda; or

(c) there has occurred

(i) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market in the United States or the European Union,

(ii) any change in the general political, market, economic, financial or regulatory conditions in the United States or in the European Union that could, in the Company's judgment, have an adverse effect on the business, condition (financial or other), income, operations, assets, liabilities, properties, securities ownership or prospects of the Company and its subsidiaries, including Asda and its subsidiaries, taken as a whole, or otherwise may adversely affect, or may impair in any way the contemplated future conduct of the business of, the Company and its subsidiaries, including Asda and its subsidiaries, taken as a whole, or that otherwise may materially affect the expected benefits of the Exchange Offer to the Company or Asda or the transactions contemplated hereby, or

(iii) any event or events that have resulted or may result, in the

Company's judgment, in an actual or threatened change in the business condition (financial or other), income, operations, assets, liabilities, properties, securities ownership or prospects of the Company and its subsidiaries, including Asda and its subsidiaries, taken as a whole, or that otherwise may adversely affect, or may impair in any way the contemplated future conduct of the business of, the Company and its subsidiaries, including Asda and its subsidiaries, taken as a whole, or otherwise may materially affect the expected benefits of the Exchange Offer to the Company or Asda or the transactions contemplated hereby.

The foregoing rights are for the sole benefit of the Company, any of which may be asserted by the Company in its sole discretion regardless of the circumstances giving rise to any such condition (including any action or inaction by the Company) and may be waived by the Company, in whole or in part, at any time and from time to time in its sole discretion. The failure by the Company at any time to exercise any of the foregoing rights will not be deemed a waiver of any such right and each such right will be deemed an ongoing right that the Company may assert at any time and from time to time. Any determination by the Company concerning the events described in this section will be final and binding upon all persons.

Acceptance of Asda Debt Securities for Exchange

Upon the terms and subject to the conditions of the Exchange Offer, the Company will accept for exchange, and on the Settlement Date will deliver Wal-Mart Notes in exchange for, and pay any Cash Rounding Amount amounts payable and interest accrued and unpaid through (but not including) the Settlement Date on, all Asda Debt Securities validly tendered (and not validly withdrawn) and accepted under the Exchange Offer. The Company will not accept tenders of any Asda Debt Securities for exchange prior to the Expiration Date. The Company expressly reserves the right, in its sole discretion, to delay acceptance for exchange of Asda Debt Securities tendered (and not validly withdrawn) under the Exchange Offer or the exchange of Wal-Mart Notes for Asda Debt Securities accepted for exchange, or to terminate the Exchange Offer and not accept for exchange any Asda Debt Securities not theretofore accepted for exchange. See "--Expiration Date; Extension; Termination; Amendments" and "--Withdrawal of Tenders." In all cases, exchange of Wal-Mart Notes for Asda Debt Securities validly tendered for exchange (and not validly withdrawn) pursuant to the Exchange Offer will be made only after timely receipt (without subsequent valid withdrawal) by the Exchange Agent of details of valid Electronic Communications received by the Clearing Systems and, in the case of Non-Clearing System Debt Securities, of timely Physical Delivery (without subsequent valid withdrawal). See "--Procedures for Tendering Asda Debt Securities" for a description of the procedures for tendering Asda Debt Securities pursuant to the Exchange Offer.

A Holder may tender all or any part of its holdings of Asda Debt Securities, including all or any part of its holdings of any Series of Asda Debt Securities. For purposes of the Exchange Offer, the Company will be deemed to have accepted for exchange validly tendered (and not validly withdrawn) Asda Debt Securities in the Exchange Offer, as and when the Company gives written notice of its acceptance to the Exchange Agent. The Wal-Mart Notes will be issued only in denominations of (Pounds)1,000 and integral multiples of (Pounds)1,000. Each Holder will receive a single Wal-Mart Note in exchange for all Asda Debt Securities tendered by such Holder and accepted by the Company in the Exchange Offer. If any Holder would, as a result of the application of the exchange ratios for each Series of Asda Debt Securities, be entitled to receive upon the completion of the Exchange Offer a Wal-Mart Note having a principal amount that is not an integral multiple of (Pounds)1,000, the Wal-Mart Note issued will be of a principal amount equal to the next lower integral multiple of (Pounds)1,000, and the Company will pay to the Holder in cash an amount equal to the Cash Rounding Amount, that is, the remaining difference between the principal amount payable, based solely on the application of the exchange ratios, and the principal amount of the Wal-Mart Note issued to that Holder in the Exchange Offer.

The issuance of Wal-Mart Notes in exchange for Asda Debt Securities accepted for exchange pursuant to the Exchange Offer will be made by the deposit of a global note representing all of the Wal-Mart Notes issuable to the tendering Holders with Bank One, NA, as common depositary for Euroclear and Clearstream, Luxembourg and by the deposit of such cash funds as may be required for payment of any Cash Rounding Amount amounts payable and accrued interest on the Asda Debt Securities, if any, with the Exchange Agent, which will act as agent for the tendering Holders for the purpose of receiving Wal-Mart Notes from the Company and transmitting the Wal-Mart Notes and any applicable cash payments to the tendering Holders on the Settlement Date, which is expected to be the third Business Day after the Expiration Date.

If, for any reason, acceptance for exchange for validly tendered (and not validly withdrawn) Asda Debt Securities pursuant to the Exchange Offer is delayed or the Company is unable to accept for exchange validly

tendered (and not validly withdrawn) Asda Debt Securities pursuant to the Exchange Offer, then the Asda Debt Securities will retain the restrictions imposed on their transfer by the Electronic Communications or Physical Delivery, as the case may be, until the Company is able to consummate the Exchange Offer, without prejudice to the rights of the Company and the Holders described under "--Expiration Date; Extension; Termination; Amendments" and "--Withdrawal of Tenders," or the Company terminates the Exchange Offer and instructs the Exchange Agent to instruct the Clearing Systems to remove the restrictions on transfer imposed on such Asda Debt Securities and to return any Non-Clearing System Debt Securities received as a result of Physical Delivery.

Holders whose Asda Debt Securities are accepted in the Exchange Offer will be paid by Wal-Mart in an amount equal to accrued interest on such Asda Debt Securities in cash through the Settlement Date (the "Interest Amount "). Under no circumstances will any additional interest be payable because of any delay by the Exchange Agent in the transmission of Wal-Mart Notes or cash to the Holder of exchanged Asda Debt Securities. If any tendered (and not validly withdrawn) Asda Debt Securities are not accepted for exchange for any reason pursuant to the terms and conditions of the Exchange Offer, the Company will give immediate notice thereof to the Exchange Agent and the Exchange Agent will (i) in the case of Asda Debt Securities held through the Clearing Systems, instruct the Clearing Systems to remove the restrictions on transfer imposed on such Asda Debt Securities by the Electronic Communications previously received relating thereto and (ii) return any Non-Clearing System Debt Securities received as a result of Physical Delivery.

The Company will pay all charges and expenses in connection with the mailing and delivery of the Exchange Offer material. See "--Fees and Expenses".

Resales of the Wal-Mart Notes

The Wal-Mart Notes issued in exchange for particular Asda Debt Securities will not be considered for the purposes of the Securities Act to be "restricted securities" (as defined in Rule 144(a)(3) of the Securities Act) unless the Asda Debt Securities for which they were exchanged are considered to be "restricted securities" under the Securities Act immediately prior to the Exchange Offer. Holders of Wal-Mart Notes that are "restricted securities" may not sell or trade their Wal-Mart Notes in the United States except pursuant to a transaction under Rule 144 or another available exemption from the registration requirements of the Securities Act.

Wal-Mart Notes exchanged for Asda Debt Securities that are not "restricted securities" may generally be resold in the United States by a holder who is not (1) an "affiliate" of the Company within the meaning of Rule 144 under the Securities Act or (2) a broker-dealer without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Wal-Mart Notes were acquired in the ordinary course of such holders' business and such holders have no arrangement or understanding with any person to participate in the distribution of such Wal-Mart Notes. If any holder has any arrangement or understanding with respect to the distribution of the Wal-Mart Notes, such holder (1) could not rely on the applicable interpretations of the staff of the SEC and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction. Under the Securities Act, only the Company may register the Wal-Mart Notes with the SEC for resale by holders of Wal-Mart Notes. The Company has no obligation to register any resale of the Wal-Mart Notes with the SEC on behalf of any holder.

A broker-dealer who holds Asda Debt Securities that were acquired for its own account as a result of market-making or other trading activities must comply with special rules under the Securities Act in connection with any resale of Wal-Mart Notes received in exchange for such Asda Debt Securities. In addition, to comply with the securities laws of certain jurisdictions, if applicable, the Wal-Mart Notes may not be offered or sold unless they have been registered or qualified for sale in such jurisdiction or an exemption from registration or qualification is available and is complied with.

Exchange Agent

Bank One, NA, acting through its London branch, has been appointed as the Exchange Agent for the Exchange Offer. Requests for assistance regarding the procedure for exchanging Asda Debt Securities can be directed to the Exchange Agent addressed as follows:

By Facsimile

44-207-867-9186

By Telephone

44-207-903-4913

By Registered or Special Delivery Mail

Bank One, NA

27 Leadenhall Street

London EC3A 1AA

England

Attention: Corporate Trust Operations

Holders of Non-Clearing System Debt Securities should arrange timely Physical Delivery to the Exchange Agent at the address set forth herein by registered or special delivery mail pursuant to this Offering Memorandum. See "--Procedures for Tendering Asda Debt Securities." All deliveries sent or presented to the Exchange Agent relating to the Exchange Offer should be directed to the addresses set forth above. None of the Company, Asda or the Exchange Agent will have any liability for the loss of any Asda Debt Securities sent to the Exchange Agent that are not received. Tenders of Asda Debt Securities should not be sent to the Company or Asda.

Information Agent

Georgeson Shareholder Communications Limited has been appointed as the Information Agent for the Exchange Offer. Requests for copies of this Offering Memorandum and additional information concerning the Exchange Offer may be directed to the Information Agent addressed as follows:

By Facsimile

44-207-335-8773

By Telephone

44-207-335-8700

By Registered or Special Delivery Mail

38 Bishopsgate, Crosby Court

London, EC2N 4AF

England

Attention: Angelika Horstmeier

Other questions may be directed to the Dealer Manager as set forth in the back cover page of this Offering Memorandum. Holders of Asda Debt Securities may also contact their financial adviser, broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer.

Fees and Expenses

The Company has not and will not pay any fees or commissions to any broker or dealer or any other person for soliciting tenders of Asda Debt Securities pursuant to the Exchange Offer.

The Company will pay the reasonable and customary expenses to be incurred in connection with the Exchange Offer, which include fees and expenses of the Exchange Agent, the Dealer Manager, the Trustee under the Indenture, the Information Agent and the Paying Agents, and accounting, legal, printing and related fees and expenses.

Transfer Taxes

Holders who tender their Asda Debt Securities for exchange will not be obligated to pay any U.K. transfer taxes in connection therewith.

Consequences of Failure to Exchange

Asda Debt Securities that are not tendered, or are tendered but not accepted, in the Exchange Offer will remain outstanding and will continue to be governed by their corresponding trust deed, including any deed supplemental thereto, and will continue to be listed by the U.K. Listing Authority and admitted to trading on the London Stock Exchange. See also "Risk Factors Related to the Exchange Offer--Potential Adverse Effect on the Market for Asda Debt Securities Not Tendered."

The Dealer Manager

The Company has retained Credit Suisse First Boston (Europe) Limited to act as Dealer Manager in connection with the Exchange Offer.

The principal solicitation in connection with the Exchange Offer is being made by Electronic Communications effected through the Clearing Systems. However, additional solicitation may be made by telephone, mail, facsimile, electronic media or in person by the Dealer Manager, and its officers, regular employees and affiliates.

Affiliates of the Dealer Manager have provided, and the Company expects that they will provide in the future, investment banking, advisory and commercial banking services to the Company, for which those affiliates received, and the Company expects that they will receive, customary fees.

The Company has entered into a dealer manager agreement with the Dealer Manager. In that agreement, the Company agrees to indemnify the Dealer Manager for certain liabilities under the U.S. securities laws and certain other laws.

From time to time, the Dealer Manager may trade one or more Series of the Asda Debt Securities for its own account or for the accounts of its customers, and hold a long or short position in one or more Series of the Asda Debt Securities, in each case in accordance with applicable law. In addition, affiliates of the Dealer Manger, or funds managed by affiliates of the Dealer Manager, may own Asda Debt Securities on behalf of asset management clients, in each case in accordance with applicable law. At any given time, the Dealer Manager may trade the Wal-Mart Notes for its own account or for the accounts of its customers, and accordingly, may hold a long or a short position in the Wal-Mart Notes, in each case in accordance with applicable law.

The Dealer Manager does not assume any responsibility for the accuracy or completeness of the information concerning the Exchange Offer or the Company contained in this Offering Memorandum or any documents incorporated herein by reference or for any failure by the Company to disclose events that may have occurred and may affect the significance or accuracy of such information.

Questions regarding the terms of the Exchange Offer can be directed to the Dealer Manager at the addresses and telephone numbers set forth on the back cover of this Offering Memorandum.

Undertakings by Exchange Agent and Dealer Manager

Each of the Exchange Agent and the Dealer Manager has represented, warranted and agreed that:

- it has only communicated or caused to be communicated, and it will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of any Wal-Mart Notes in circumstances in which section 21(1) of the FSMA does not apply to the Company; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Wal-Mart Notes in, from or otherwise involving the United Kingdom.

Governing Law

The Exchange Offer shall be construed in accordance with, and governed by, English law, except for the Indenture under which the series of Wal-Mart Notes are created (which will be governed by New York law).

WAL-MART STORES, INC.

Wal-Mart is the world's largest retailer as measured by total net sales for fiscal 2002. Wal-Mart's total net sales exceeded $217 billion in fiscal 2002, over 83% of which was generated in the United States. Wal-Mart operates mass merchandising stores that serve its customers primarily through the operation of three segments:

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

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

- the international segment of Wal-Mart's business.

Wal-Mart currently operates in all 50 states of the United States, Argentina, Brazil, Canada, Germany, Mexico, Puerto Rico, South Korea and the United Kingdom, and in China under joint venture agreements. In addition, through its subsidiary, McLane Company, Inc., Wal-Mart provides products and distribution services to retail industry and institutional food service customers. As of November 30, 2002, Wal-Mart operated in the United States:

- 1,566 Wal-Mart stores;
- 1,244 Supercenters;
- 39 Neighborhood Markets; and
- 522 SAM'S Clubs.

As of November 30, 2002, Wal-Mart also operated 207 Canadian Wal-Mart stores, 11 units in Argentina, 22 units in Brazil, 22 units in China, 95 units in Germany, 592 units in Mexico, 19 units in Puerto Rico, 14 units in South Korea and 258 units in the United Kingdom. The units operated by Wal-Mart's International Division represent a variety of retail formats. As of November 30, 2002, Wal-Mart employed more than 1,000,000 associates in the United States and 300,000 associates internationally.

Wal-Mart also owns approximately 34.0% of the equity interests in The Seiyu, Ltd. and options to purchase additional equity interests in The Seiyu, Ltd. that will permit Wal-Mart to own up to 66.7% of The Seiyu Ltd.'s equity interests. The Seiyu, Ltd. operates over 400 stores located throughout Japan.

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., 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 Wal-Mart's operations and its subsidiaries on a consolidated basis.

Wal-Mart Stores, Inc. was incorporated in the State of Delaware in the United States of America on October 31, 1969 under charter number 0732109.

Wal-Mart's principal executive offices are located at 702 S.W. Eighth Street, Bentonville, Arkansas 72716, United States of America. Wal-Mart's telephone number is 1-479-273-4000, and its Internet address is www.wal-martstores.com. Information contained in Wal-Mart's website is not a part of this Offering Memorandum.

CAPITALIZATION AND INDEBTEDNESS

The following table presents the consolidated capitalization and indebtedness of Wal-Mart and its subsidiaries at October 31, 2002.

<TABLE>
<CAPTION>

	October 31, 2002
	Actual
	(in millions)
<S>	<C>
Short-term debt	
Commercial paper	$ 4,343
Long-term debt due within one year	4,513
Obligations under capital leases due within one year	160
Total short-term debt and capital lease obligations	9,016
Long-term debt	
Long-term debt	14,888
Long-term capital lease obligations	2,842
Total long-term debt and capital lease obligations	17,730
Shareholders' equity	
Common stock ($0.10 par value; 11,000,000,000 shares authorized; 4,415,146,351 shares issued and outstanding)	442
Capital in excess of par value	1,429
Retained earnings	36,771
Other accumulated comprehensive income	(598)
Total shareholders' equity	38,044
Total debt and capital lease obligations and shareholders' equity	$64,790

</TABLE>

Commercial paper, long-term debt due within one year and other long-term debt was unsecured as of October 31, 2002 except for $88 million which is collateralised by property. In addition, the Company is a party to sale/leaseback transactions with future minimum lease payments as of October 31, 2002 of $579 million, which have been accounted for as financings and form a part of the Company's long-term debt.

No short-term debt was guaranteed at October 31, 2002. Of the Company's long-term consolidated debt, $325 million was guaranteed at October 31, 2002 with the remainder unguaranteed.

As at October 31, 2002 the Company and its subsidiaries had contingent liabilities under guarantees given in respect of third parties which amounted to $110 million. The Company is involved in a large number of legal proceedings, including antitrust, consumer, employment, tort and other litigation, and it is not possible to specify the eventual liability of the Company in those proceedings, which may result in substantial liability. For information regarding certain pending legal proceedings, see page 7 of the Company's Quarterly Report on Form 10-Q for the quarter ended October 31, 2002, which is included in this Offering Memorandum as Appendix IV.

Since October 31, 2002, 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 Wal-Mart and its subsidiaries.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratio of Wal-Mart's earnings to fixed charges, for the periods indicated:

<TABLE>
<CAPTION>

Year Ended January 31,					Nine Months Ended October 31,	
1998	1999	2000	2001	2002	2001	2002
<S>	<C>	<C>	<C>	<C>	<C>	<C>
5.33x	6.24x	6.76x	5.54x	5.56x	5.13x	6.25x

</TABLE>

For the purpose of computing Wal-Mart's ratios of earnings to fixed charges, "earnings" is defined to mean Wal-Mart's earnings before income taxes and fixed charges, excluding capitalized interest and earnings attributable to minority interests owned by others in Wal-Mart's subsidiaries.

"Fixed charges" is defined to mean:

- the interest that Wal-Mart pays; plus
- the capitalized interest that Wal-Mart shows on its accounting records; plus
- amortized premiums, discounts and capitalized expenses related to indebtedness; plus
- the portion of the rental expense for real and personal property that Wal-Mart believes represents the interest factor in those rentals.

Ratios of earnings to fixed charges and preferred stock dividends are not disclosed because Wal-Mart does not have any shares of preferred stock outstanding.

FINANCIAL INFORMATION RELATING TO WAL-MART STORES, INC.

Appendix III to this document, which forms part of this Offering Memorandum, contains the text of Wal-Mart's Annual Report on Form 10-K for its fiscal year ended January 31, 2002 as filed with the SEC. Appendix IV to this document, which forms part of this Offering Memorandum, contains the text of Wal-Mart's Quarterly Report on Form 10-Q for its fiscal quarter ended October 31, 2002 as filed with the SEC.

The exhibits to the Form 10-K include the audited Consolidated Balance sheets of Wal-Mart Stores, Inc. as of January 31, 2002 and 2001, and the related Consolidated Statements of Income, Consolidated Statements of Shareholders' Equity and Consolidated Statements of Cash Flow for each of the

three years in the period ended January 31, 2002.

The financial statements are prepared in accordance with generally accepted accounting principles as in effect in the United States of America. All amounts set forth therein are stated in U.S. dollars.

The Form 10-K, as filed, incorporated by reference certain materials and included certain exhibits. Only those items described on page 10K-20 at paragraphs 12, 13, 21 and 23 are included in Appendix III and the other documents incorporated by reference into the Form 10-K or the exhibits when the Form 10-K was filed are not material for the purposes of the issue of the Wal-Mart Notes. The Form 10-Q refers to certain materials and includes as exhibits those items described on page 10Q-20 in item 6(a). Those exhibits are included in Appendix IV, but no other material is included as it is not material for the purpose of the issue of the Wal-Mart Notes.

EXCHANGE RATE INFORMATION

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). The rates in this table are provided for your reference only.

<TABLE>
<CAPTION>

Period	High	Low	Period (1)	Period
<S>	<C>	<C>	<C>	<C>
1997	$1.7035	$1.5775	$1.6391	$1.6427
1998	$1.7222	$1.6114	$1.6602	$1.6628
1999	$1.6765	$1.5515	$1.6146	$1.6150
2000	$1.6538	$1.3997	$1.5125	$1.4955
2001	$1.5045	$1.3730	$1.4382	$1.4543
2002	$1.6095	$1.4074	$1.5085	$1.6095
2003 (through January 2, 2003)	$1.5975	$1.5975	$1.5975	$1.5975

</TABLE>

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(1) The average of the noon buying rates on the last day of each month during the period.

DIRECTORS AND EXECUTIVE OFFICERS OF WAL-MART

The directors and executive officers of Wal-Mart are as follows:

<TABLE>
<CAPTION>

Directors	Principal Occupation	Business Address
<C>	<S>	<C>
James W. Breyer	Managing Partner of Accel Partners	428 University Ave., Palo Alto, CA 94301
John T. Chambers	President and Chief Executive Officer of Cisco Systems, Inc.	CISCO Systems, Inc., 300 East Tasman Drive, San Jose, CA 95134
Thomas M. Coughlin	Executive Vice President of Wal-Mart Stores, Inc. and President and Chief Executive Officer of Wal-Mart Stores Division	702 SW 8th Street Bentonville, AR 72716
Stanley C. Gault	Former Chairman and Chief Executive Officer of Goodyear Tire and Rubber Company	StanFlo Properties, LLC 3431 Commerce Parkway, Suite D Wooster, OH 44691
David D. Glass	Chairman of the Executive Committee of the Board of Directors of Wal-Mart Stores, Inc.	702 SW 8th Street Bentonville, AR 72716
Roland A. Hernandez	Former Chairman and Chief Executive Officer of Telemundo Group, Inc.	300 North San Rafael Avenue Pasadena, CA 91105
Dawn G. Lepore	Vice Chairman of Technology, Operations and Administration for the Charles Schwab Corporation	Charles Schwab & Co., Inc. Mail Stop: 120-30-305 101 Montgomery St. San Francisco, CA 94104
J. Paul Reason	President and Chief Executive Officer of Metro Machine Corporation	Metro Machine Corp. 200 Ligon Street Norfolk, VA 23523

Elizabeth A. Sanders	Management Consultant with The Sanders Partnership	12835 Sutter Creek Road Sutter Creek, CA 95685
H. Lee Scott, Jr.	President and Chief Executive Officer of Wal-Mart Stores, Inc.	702 SW 8th Street Bentonville, AR 72716
Jack C. Shewmaker	International Consultant, Rancher and Retired Wal-Mart Executive	10054 HWY 72E Bentonville, AR 72712
Jose H. Villarreal	Partner of Akin, Gump, Strauss, Hauer & Feld, L.L.P.	Akin, Gump, Strauss, Hauer & Feld, LLP 300 Convent Street, Suite 1500 San Antonio, TX 78205
John T. Walton	Chairman of True North Partners, L.L.C.	970 West Broadway PMB 496 Jackson, WY 83001
S. Robson Walton	Chairman of the Board of Directors of Wal-Mart Stores, Inc.	702 SW 8th Street Bentonville, AR 72716

</TABLE>

Executive Officers

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<C>	<S>
S. Robson Walton	Chairman of the Board
H. Lee Scott, Jr.	President and Chief Executive Officer
David D. Glass	Chairman of the Executive Committee of the Board of Directors
Thomas M. Coughlin	Executive Vice President and President and Chief Executive Officer--Wal-Mart Stores Division and SAM'S Club USA
Michael T. Duke	Executive Vice President--Administration
B. Kevin Turner	Executive Vice President and President and Chief Executive Officer - SAM'S Club Division
Thomas D. Hyde	Executive Vice President--Legal and Corporate Affairs
John B. Menzer	Executive Vice President and President and Chief Executive Officer--International Division
Coleman Peterson	Executive Vice President--People Division
Thomas M. Schoewe	Executive Vice President and Chief Financial Officer

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DESCRIPTION OF THE WAL-MART NOTES

The Company will issue the Wal-Mart Notes under the Indenture, dated as of December 11, 2002, between Wal-Mart and Bank One Trust Company, NA, as the Trustee. This Offering Memorandum summarizes material provisions of the Wal-Mart Notes that the Company is offering pursuant hereto and material provisions of the Indenture. However, prospective participants in the Exchange Offer should understand that this is only a summary. This Offering Memorandum does not describe all of the provisions of the Indenture. The Indenture is on file with the SEC as an exhibit to the Company's registration statement No. 333-101847 which is accessible through the SEC's website at www.sec.gov. All references to the Indenture contained in this Offering Memorandum are qualified in their entirety by the provisions of the Indenture.

The Wal-Mart Notes will be issued in registered book-entry form without interest coupons in denominations of (Pounds)1,000 and integral multiples of (Pounds)1,000. The Wal-Mart Notes will constitute the Company's senior, unsecured and unsubordinated debt obligations and will rank equally among themselves and with all of Wal-Mart's other existing and future senior, unsecured and unsubordinated debt.

The Wal-Mart Notes will mature on January 29, 2013, unless the Expiration Date is extended. If the Expiration Date is extended, the maturity date of the Wal-Mart Notes will be the tenth anniversary of the Settlement Date. The Company will pay principal of, interest on and any other amounts payable under the Wal-Mart Notes in pounds sterling or, if the United Kingdom adopts the euro as its currency, in euro.

If all of the Asda Debt Securities are tendered (and not subsequently validly withdrawn) and accepted for exchange, provided that the exchange ratio

applicable to each Series of Asda Debt Securities is the exchange ratio set forth in the example provided in "The Exchange Offer--Hypothetical Exchange Pricing," Wal-Mart would initially issue Wal-Mart Notes in an aggregate principal amount of approximately (Pounds)511,000,000.

Wal-Mart may, without the consent of the holders of the Wal-Mart Notes, create and issue additional notes ranking equally with the Wal-Mart Notes and otherwise similar in all respects to the Wal-Mart Notes (except for the issue date and offer price) so that those additional notes will be consolidated and form a single series with the Wal-Mart Notes. No additional Wal-Mart Notes may be issued if an event of default under the Indenture has occurred.

The Company may, at its option, redeem the Wal-Mart Notes at any time after their issuance at the price specified under "--Optional Redemption," or upon the occurrence of certain tax events, as described under "--Redemption upon a Tax Event." The Wal-Mart Notes will not be subject to a sinking fund, and will not be convertible or exchangeable. The Wal-Mart Notes will not be subject to defeasance.

The Wal-Mart Notes will bear interest from the Settlement Date at a rate to be announced on the Pricing Date. Interest will be payable semi-annually in arrears on January 29 and July 29 of each year, beginning on July 29, 2003, to the persons in whose names the Wal-Mart Notes are registered at the close of business on the preceding January 20 or July 20, as the case may be, unless the Expiration Date is extended. If the Expiration Date is extended, interest will be payable on the anniversary date of the Settlement Date in each year and the date in each year that is six months after that anniversary date and will be payable to the persons in whose names the Wal-Mart Notes are registered at the close of business on the eighth calendar day preceding each such interest payment date. Interest on the Wal-Mart Notes will be computed on the basis of a 360-day year of twelve 30-day months.

The terms and conditions of the Wal-Mart Notes, including, among other provisions, the covenants and events of defaults, differ from the terms and conditions of some of Wal-Mart's outstanding debt securities. For example, the Wal-Mart Notes do not have the covenant restricting the grant of liens and cross-default event of default provisions that are contained in some of Wal-Mart's outstanding debt securities. In addition, the Wal-Mart Notes do not have covenants, such as restrictions on the incurrence of additional debt or the disposition of assets of the kind contained in the trust deed governing the 2010 Bonds. Appendix II to this Offering Memorandum includes a chart that summarizes and compares the key provisions of the Wal-Mart Notes and each Series of Asda Debt Securities.

If, prior to the maturity of the Wal-Mart Notes, the United Kingdom adopts the euro as its lawful currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union, the Wal-Mart Notes will be re-denominated into euros, and the regulations of the European Commission relating to the euro shall apply to the Wal-Mart Notes. Upon any re-denomination into euros, the principal amount of the Wal-Mart Notes would be converted into an equivalent amount of euros based on the official conversion rate for pounds into euros upon the euro's adoption. The circumstances and consequences described in this paragraph will not entitle Wal-Mart, the Trustee or any holder of the Wal-Mart Notes to redeem early, rescind or receive notice relating to the Wal-Mart Notes, repudiate the terms of the Wal-Mart Notes or the Indenture, raise any defense, request any compensation or make any claim, nor will these circumstances and consequences affect any of Wal-Mart's other obligations under the Wal-Mart Notes or the Indenture.

While the Wal-Mart Notes are represented by a Global Note deposited with the common depositary for Clearstream, Luxembourg and Euroclear, notices to holders may be given by delivery to Clearstream, Luxembourg and Euroclear and such notices shall be deemed to be given on the date of delivery to Clearstream, Luxembourg and Euroclear. The Trustee will mail notices by first-class mail, postage prepaid, to each registered holder's last known address as it appears in the security register that the Trustee maintains. The Trustee will only mail these notices to the registered holder of the Wal-Mart Notes. Holders will not receive notices regarding the Wal-Mart Notes directly from Wal-Mart unless Wal-Mart reissues the Wal-Mart Notes to the holders in fully certificated form.

The Trustee will also publish notices regarding the Wal-Mart Notes in a daily newspaper of general circulation in The City of New York and in London. Wal-Mart expects that publication will be made in The City of New York in The Wall Street Journal and in London in the Financial Times. Published notices will be deemed to have been given on the date they are published or, if published more than once, on the date of first publication. If publication as described above becomes impossible, the Trustee may publish sufficient notice by alternate means that approximate the terms and conditions described in this paragraph.

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. and Moody's Investor Services, Inc. have rated the long-term senior, unsecured,

unsubordinated debt securities of the Company as AA and Aa2, respectively, as of the date of this Offering Memorandum. The Wal-Mart Notes have not been specifically rated by either rating agency. The long-term senior, unsecured, unsubordinated debt of Asda was rated, as of the date of this Offering Memorandum, "Aa3" by Moody's Investor Services, Inc. Each Series of Asda Debt Securities is rated AA- by Fitch Ratings. None of Asda's debt securities are rated by Standard and Poor's.

Application has been made for the Wal-Mart Notes to be admitted on the Official List and to be admitted to trading by the London Stock Exchange.

Bank One Trust Company, NA, is the Trustee under the Indenture governing the Wal-Mart Notes and will be the paying agent in the United States. Bank One, NA, London Branch, will be the registrar, paying agent and transfer agent in London. Credit Suisse First Boston (Europe) Limited will be the Authorised Adviser in London.

The Indenture is, and the Wal-Mart Notes will be, governed by New York law. Neither the Indenture nor the other indentures to which the Company is a party in its capacity as an issuer limit the amount of debt securities that may be issued thereunder, and each provides that debt securities may be issued thereunder from time to time in one or more series.

Optional Redemption

The Company may, at its option, redeem the Wal-Mart Notes, in whole or in part, at any time and from time to time after their issuance at a redemption price equal to the greater of (i) 100% of the principal amount of the Wal-Mart Notes to be redeemed, and (ii) as determined by the Exchange Agent, the price at which the yield on the outstanding principal amount of the Wal-Mart Notes on the Reference Date (as defined herein) is equal to the

yield on the benchmark U.K. Gilt as of that date, as determined by reference to the middle-market price on the benchmark U.K. Gilt at 3:00 p.m., London time, on that date, in either case, plus accrued and unpaid interest on the Wal-Mart Notes up to, but excluding, the date specified as the redemption date. The benchmark U.K. Gilt for the purpose of the optional redemption right will be designated on the Pricing Date and announced when the exchange ratios are announced. "Reference Date" means the date that is the first dealing day in London prior to the publication of the notice of redemption referred to below.

Wal-Mart will give notice of any redemption between 30 and 60 days preceding the redemption date to each holder of the Wal-Mart Notes to be redeemed as described above.

In the case of any partial redemption, selection of the Wal-Mart Notes for redemption will be made by the Trustee in compliance with the rules and requirements of the London Stock Exchange or, if different, the principal securities exchange on which the Wal-Mart Notes are listed or, if the Wal-Mart Notes are not so listed or that exchange prescribes no method of selection, on a pro rata basis, by lot or by any other method as the Trustee in its sold discretion deems to be fair and appropriate, although no Wal-Mart Note of (Pounds)1,000 in original principal amount shall be redeemed in part. If any Wal-Mart Note is to be redeemed in part only, the notice of redemption relating to the Wal-Mart Note will state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion thereof will be issued and delivered to the Trustee, or its nominee, or in the case of notes in definitive form, issued in the name of the holder thereof, in each case upon cancellation of the original Wal-Mart Note.

Unless the Company defaults in payment of the redemption price of the Wal-Mart Notes redeemed, on and after the redemption date, interest will cease to accrue on the Wal-Mart Notes or portions of Wal-Mart Notes that have been called for redemption.

Payment of Additional Amounts

Wal-Mart will pay to the holder of any Wal-Mart Note who is a United States Alien, as defined below, additional amounts as may be necessary so that every net payment of principal and interest on that Wal-Mart 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 Wal-Mart Note to be then due and payable. Wal-Mart 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 Wal-Mart 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 or interest on that Wal-Mart 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 Wal-Mart 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 Wal-Mart 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 the Company or (2) a controlled foreign corporation with respect to the Company within the meaning of the Code;

(h) any withholding or deduction which is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

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

nor will Wal-Mart pay any additional amounts to any holder who is a fiduciary or partnership other than the sole beneficial owner of that Wal-Mart 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 Wal-Mart 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 Wal-Mart Notes may be redeemed at Wal-Mart's 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, plus accrued and unpaid interest, if Wal-Mart determines 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 the Settlement Date 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 Wal-Mart, (A) Wal-Mart has or will become obligated to pay additional amounts as described under "--Payment of Additional Amounts" on any Wal-Mart Note or (B) there is a substantial possibility that Wal-Mart will be required to pay those additional amounts. Prior to the publication of any notice of redemption, Wal-Mart will deliver to the Trustee (1) an officers' certificate stating that Wal-Mart is entitled to effect a redemption and setting forth a statement of facts

showing that the conditions precedent to Wal-Mart's right to so redeem have occurred and (2) an opinion of counsel to that effect based on that statement of facts.

Events of Default and Waiver

An event of default with respect to the Wal-Mart Notes will occur if:

- Wal-Mart fails to pay interest on the Wal-Mart Notes when it is due and payable and that failure continues for 30 days;
- Wal-Mart fails to pay principal on the Wal-Mart Notes when it is due and payable;
- Wal-Mart fails to perform or breaches any covenant or warranty in the Indenture with respect to the Wal-Mart Notes and that failure continues for 90 days after Wal-Mart receives written notice of that default; or
- certain events of bankruptcy, insolvency or reorganization occur with respect to Wal-Mart.

If an event of default with respect to the Wal-Mart Notes occurs and is continuing, the Trustee or the holders of not less than 25% in aggregate principal amount of the Wal-Mart Notes may declare the principal amount of the Wal-Mart Notes to be immediately due and payable. The holders of a majority in aggregate principal amount of the Wal-Mart Notes may waive an event of default resulting in acceleration of the Wal-Mart Notes, and rescind and annul that acceleration, but only if all other events of default with respect to the Wal-Mart Notes have been remedied or waived and all payments due with respect to the Wal-Mart Notes, other than those due as a result of acceleration, have been made. If an event of default occurs and is continuing with respect to the Wal-Mart Notes, the Trustee may, in its discretion, and at the written request of holders of not less than a majority in aggregate principal amount of the Wal-Mart Notes and upon reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request and subject to certain other conditions set forth in the Indenture will, proceed to protect the rights of the holders of the Wal-Mart Notes. The holders of a majority in aggregate principal amount of the Wal-Mart Notes may waive any past default under the Indenture and its consequences except a default in the payment of principal of, premium, if any, or interest on, the Wal-Mart Notes and any covenant or provision of the Indenture that cannot be waived without the consent of each holder of the Wal-Mart Notes. Upon such a waiver, the default and any event of default arising out of the default will be deemed cured for all purposes.

The Indenture provides that upon the occurrence of an event of default described in the first two bullet points in the first paragraph under "--Events of Default and Waiver" with respect to the Wal-Mart Notes, Wal-Mart will, upon the Trustee's demand, pay to the Trustee for the benefit of the holders of the Wal-Mart Notes, the whole amount then due and payable on the Wal-Mart Notes for principal and interest. The Indenture also provides that if Wal-Mart fails to pay such amount forthwith upon such demand, the Trustee may, among other things, institute a judicial proceeding for the collection of those amounts.

The Indenture also provides that, notwithstanding any other provision of the Indenture, any holder of the Wal-Mart Notes will have the right to institute suit for the enforcement of any payment of principal of, and interest on, the Wal-Mart Notes or any redemption price or repurchase price when due and that that right will not be impaired without the consent of that holder.

The Trustee is required, within 90 days after the occurrence of a default with respect to the Wal-Mart Notes, to give to the holders of the Wal-Mart Notes notice of all uncured defaults known to it. However, except in the case of default in the payment of principal or interest on the Wal-Mart Notes, the Trustee will be protected in withholding that notice if the Trustee in good faith determines that the withholding of that notice is in the interest of the holders of the Wal-Mart Notes. The term "default," for the purpose of this provision only, means the occurrence of any of the events of default specified above excluding any grace periods.

Wal-Mart is required to file annually with the Trustee a written statement

as to the existence or non-existence of defaults under the Indenture or the Wal-Mart Notes.

Legal Defeasance and Covenant Defeasance

The Wal-Mart Notes will not be subject to legal defeasance or covenant defeasance as provided for in the Indenture.

Satisfaction and Discharge

If Wal-Mart so requests, the Indenture will cease to be of further effect, other than as to certain rights of registration of transfer or exchange of the notes issued pursuant thereto, as provided for in the Indenture, and the Trustee, at Wal-Mart's expense, will execute proper instruments acknowledging satisfaction and discharge of the Indenture and the notes when:

- either all the debt securities previously authenticated and delivered under the Indenture, other than destroyed, lost or stolen securities that have been replaced or paid, have been delivered to the Trustee for cancellation; or

- all of the securities issued under the Indenture not previously delivered to the Trustee for cancellation have become due and payable, will become due and payable at their stated maturity within 60 days or will become due and payable at redemption (provided the applicable series of debt securities permits redemption) within 60 days under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in Wal-Mart's name and expense; and

- in each of the foregoing cases, Wal-Mart has irrevocably deposited or caused to be deposited with the Trustee cash in U.S. dollars, certain United States government securities, or a combination thereof, in trust for the purpose and in an amount sufficient to pay and discharge the entire indebtedness arising under the debt securities issued pursuant to the Indenture not previously delivered to the Trustee for cancellation, for principal, and premium, if any, on and interest on these securities to the date of such deposit (in the case of notes that have become due and payable) or to the stated maturity of these securities or redemption date, as the case may be; and

- Wal-Mart has paid or caused to be paid all sums payable by it under the Indenture; and

- no default or event of default then exists; and

- Wal-Mart has delivered to the Trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent provided in the Indenture relating to the satisfaction and discharge of the Indenture and the securities issued under the Indenture have been complied with.

Modification of the Indenture

The Indenture provides that, with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding debt securities of each affected series, modifications and alterations of the Indenture may be made which affect the rights of the holders of such debt securities. However, no such modification or alteration may be made without the consent of the holder of each debt security affected if the modification or alteration would, among other things:

- change the maturity or the principal of, or any installment of interest on, any debt security, or reduce the principal amount of any debt security, or change the method of calculation of interest or the currency of payment of principal or interest on, or reduce the minimum rate of interest thereon, or impair the right to institute suit for the enforcement of any such payment on or with respect to any such debt security, or

- reduce the above-stated percentage in principal amount of outstanding debt securities required to modify or alter the Indenture.

The Trustee and Wal-Mart, without the consent of the holders of the debt securities, may execute a supplemental indenture to, among other things:

- evidence the succession of another corporation to Wal-Mart and the successor's assumption to Wal-Mart's respective agreements and obligations with respect to the debt securities and the Indenture;

- add to Wal-Mart's covenants further restrictions or conditions that its board of directors and the Trustee consider to be for the protection of holders of all or any series of the debt securities and to make the

occurrence of a default in any of those additional covenants, restrictions or conditions a default or an event of default under the Indenture subject to certain limitations;

- cure ambiguities or correct or supplement any provision contained in the Indenture or any supplemental indenture that may be defective or inconsistent with another provision;

- provide for the issuance of debt securities whether or not then outstanding under the Indenture in coupon form and to provide for exchangeability of the coupon form securities with other debt securities issued under the Indenture in fully registered form;

- establish new series of debt securities and the form or terms of such series of debt securities and to provide for the issuance of securities of any series so established; and

- evidence and provide for the acceptance of appointment of a successor trustee and to change the Indenture as necessary to have more than one trustee under the Indenture.

Amalgamation, Consolidation, Merger or Sale of Assets

The Indenture provides that Wal-Mart may, without the consent of the holders of any of the outstanding debt securities of any series, amalgamate, consolidate with, merge into or transfer its assets substantially as an entirety to any person, provided that:

- any successor to Wal-Mart assumes its obligations on the debt securities and under the Indenture;

- any successor to Wal-Mart must be an entity incorporated or organized under the laws of the United States;

- after giving effect thereto, no event of default, as defined in the Indenture, shall have occurred and be continuing; and

- certain other conditions under the Indenture are met.

Any such amalgamation, consolidation, merger or transfer of assets substantially as an entirety that meets the conditions described above would not constitute a default or event of default that would entitle holders of the debt securities or the Trustee, on their behalf, to take any of the actions described above under "--Events of Default and Waiver."

No Limitations on Additional Debt and Liens

The Indenture and the Wal-Mart Notes do not contain any covenants or other provisions that would limit Wal-Mart's right to incur additional indebtedness, enter into any sale and leaseback transaction, grant liens on its assets or dispose of its assets.

Prescription

Under New York's statute of limitations, any legal action to enforce Wal-Mart's payment obligations evidenced by the Wal-Mart Notes must be commenced within six years after payment is due. Thereafter, Wal-Mart's payment obligations will generally become unenforceable.

Replacement of Wal-Mart Notes

If any mutilated Wal-Mart Note is surrendered to the Trustee, or if the Trustee and the Company receive evidence to the Company's satisfaction of the destruction, loss or theft of any Wal-Mart Note accompanied by any security or indemnity required by them, the Company will execute and the Trustee will authenticate and deliver in exchange for such mutilated, destroyed, lost or stolen Wal-Mart Note a new Wal-Mart Note of the same series and principal amount. All expenses associated with issuing the new Wal-Mart Note will be borne by the owner of the mutilated, destroyed, lost or stolen Wal-Mart Note.

The Indenture Trustee

Bank One Trust Company, NA is the Trustee under the Indenture governing the Wal-Mart Notes and will also be the paying agent in the United States. The Trustee is a national banking association with its principal offices in Chicago, Illinois.

The Trustee has two main roles under the Indenture. First, the Trustee can enforce the rights of holders of the Wal-Mart Notes against Wal-Mart if any of the actions described above under "Events of Default and Waiver" occurs. Second, the Trustee performs certain administrative duties for Wal-Mart. The Trustee is entitled, subject to the duty of the Trustee during a default to act

with the required standard of care, to be indemnified by the holders of the Wal-Mart Notes before proceeding to exercise any right or power under the Indenture at the request of those holders. The Indenture provides that the holders of a majority in principal amount of the Wal-Mart Notes may direct, with regard to the Wal-Mart Notes, the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Wal-Mart Notes, although the Trustee may decline to act if that direction is contrary to law or if the Trustee determines in good faith that the proceeding so directed would be illegal or would result in personal liability to it.

Bank One Trust Company, NA also serves as trustee under an indenture, dated as of July 5, 2001, between it, Wal-Mart, and three of Wal-Mart's finance subsidiaries, Wal-Mart Cayman (Euro) Finance Co., Wal-Mart Cayman (Canadian) Finance Co., and Wal-Mart Cayman (Sterling) Finance Co. As of November 30, 2002, Wal-Mart had issued a total of $5.5 billion of its senior unsecured securities under that indenture. Bank One Trust Company, NA also serves as trustee under an indenture, dated as of April 1, 1991, between it and Wal-Mart. As of May 31, 2001, Wal-Mart had issued a total of $17.46 billion of its senior unsecured securities under that indenture as supplemented through the date of this Offering Memorandum. Bank One Trust Company, NA also serves as trustee under an indenture, dated as of December 1, 1986, covering secured bonds issued in the aggregate principal amount of $137,082,000 by the owner trustees of approximately 24 SAM'S Clubs store properties that are leased to one of Wal-Mart's subsidiaries. Bank One Leasing Corporation, an affiliate of Bank One Trust Company, NA, established a business trust that purchased 15 Wal-Mart discount stores for $53,661,785 and leased the stores back to Wal-Mart for an initial term of 20 years in a transaction consummated on December 22, 1992. On November 10, 1994, a second business trust of which Bank One Leasing Corporation is a beneficiary purchased an additional 23 Wal-Mart discount stores for $128,842,500 and leased the stores back to Wal-Mart for an initial term of 20 years. Bank One Trust Company, NA also serves as trustee under an indenture, dated as of April 27, 2001 between Wal-Mart Canada Venture Corp., one of Wal-Mart's subsidiaries, Wal-Mart, as guarantor, and it. On April 27, 2001, Wal-Mart Canada Venture Corp. issued a total of $325,000,000 of its senior unsecured debt securities under that indenture, which are guaranteed by Wal-Mart.

Wal-Mart expects to maintain banking relationships in the ordinary course of business with Bank One, NA, an affiliate of Bank One Trust Company, NA.

BOOK-ENTRY ISSUANCE

Wal-Mart will issue the Wal-Mart Notes as one or more Global Notes registered in the name of a common depositary for Clearstream, Luxembourg and Euroclear. Investors may hold book-entry interests in the Global Notes through organizations that participate, directly or indirectly, in Clearstream, Luxembourg and/or Euroclear. Book-entry interests in the Wal-Mart Notes and all transfers relating to the Wal-Mart Notes will be reflected in the book-entry records of Clearstream, Luxembourg and Euroclear.

The distribution of the Wal-Mart Notes will be cleared through Clearstream, Luxembourg and Euroclear. Any secondary market trading of book-entry interests in the Wal-Mart Notes will take place through participants in Clearstream, Luxembourg and Euroclear and will settle in same-day funds. Owners of book-entry interests in the Wal-Mart Notes will receive payments relating to their Wal-Mart Notes in pounds sterling. Clearstream, Luxembourg and Euroclear have established electronic securities and payment transfer, processing, depositary and custodial links among themselves and others, either directly or through custodians and depositaries. These links allow securities to be issued, held and transferred among the clearing systems without the physical transfer of certificates. Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market.

The policies of Clearstream, Luxembourg and Euroclear will govern payments, transfers, exchange and other matters relating to the investor's interest in securities held by them. Wal-Mart has no responsibility for any aspect of the records kept by Clearstream, Luxembourg or Euroclear or any of their direct or indirect participants. Wal-Mart does not supervise these systems in any way.

Clearstream, Luxembourg and Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. Owners of beneficial interests in the Wal-Mart Notes should be aware that the Clearing Systems are not obligated to perform or continue to perform these procedures and may modify or discontinue them at any time.

Except as provided below, owners of beneficial interests in the Wal-Mart Notes will not be entitled to have the Wal-Mart Notes registered in their names, will not receive or be entitled to receive physical delivery of the Wal-Mart Notes in definitive form, unless Euroclear or Clearstream Luxembourg

is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business and will not be considered the owners or holders of the Wal-Mart Notes under the Indenture, including for purposes of receiving any reports delivered by us or the Trustee pursuant to the Indenture. Accordingly, each person owning a beneficial interest in a Wal-Mart Note must rely on the procedures of the depositary and, if that person is not a participant, on the procedures of the participant through which that person owns its interest, in order to exercise any rights of a holder of Wal-Mart Notes.

This description of the Clearing Systems reflects Wal-Mart's understanding of the rules and procedures of Clearstream, Luxembourg and Euroclear as they are currently in effect. The Clearing Systems could change their rules and procedures at any time. Wal-Mart has obtained the information in this section concerning Clearstream, Luxembourg and Euroclear and their book-entry systems and procedures from sources that Wal-Mart believes to be reliable, but Wal-Mart takes no responsibility for the accuracy of this information.

Clearstream, Luxembourg

Clearstream, Luxembourg is incorporated as a professional depositary under Luxembourg law. Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in customer accounts, thus eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with

domestic markets in a number of countries. Clearstream, Luxembourg has established an electronic bridge with Euroclear Bank S.A./N.V. to facilitate settlement of trades between Clearstream, Luxembourg and Euroclear.

As a registered professional depositary in Luxembourg, Clearstream, Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector. Clearstream, Luxembourg customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. In the United States, Clearstream, Luxembourg customers are limited to securities brokers and dealers. Clearstream, Luxembourg customers may include the underwriters. Other institutions that maintain a custodial relationship with a Clearstream, Luxembourg customer may obtain indirect access to Clearstream, Luxembourg.

Euroclear

The Euroclear system was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thus eliminating the need for physical movement of certificates and the risk from lack of simultaneous transfers of securities and cash. Transactions may now be settled in many currencies, including U.S. dollars. Euroclear includes various other services including securities lending and borrowing, and interfaces with domestic markets in several countries.

Euroclear is operated by Euroclear Bank S.A./N.V., which is known as the "Euroclear Operator," under a contract with Euroclear Clearance System, S.C., a Belgian cooperative corporation. The Euroclear Operator conducts all operations, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the cooperative. The cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

The "Terms and Conditions Governing Use of Euroclear" and the related "Operating Procedures of the Euroclear System" and applicable Belgian law govern securities clearance accounts and cash accounts with the Euroclear Operator. Specifically, these terms and conditions govern:

- transfers of securities and cash within Euroclear;
- withdrawal of securities and cash from Euroclear; and
- receipts of payments with respect to securities in Euroclear.

All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of

Euroclear participants and has no record of or relationship with persons holding securities through Euroclear participants.

Clearance and Settlement Procedures

Wal-Mart understands that investors that hold their debt securities through Clearstream, Luxembourg or Euroclear accounts will follow the settlement procedures that are applicable to eurobonds in registered form. Debt securities will be credited to the securities custody accounts of Clearstream, Luxembourg and Euroclear participants on the Business Day following the Settlement Date for value on the Settlement Date in accordance with the normal working practices of the Clearing System. They will be credited free of payment for value on the Settlement Date given that the conditions to the consummation of the Exchange Offer described herein will have been met.

Wal-Mart understands that secondary market trading between Clearstream, Luxembourg and/or Euroclear participants will occur in the ordinary way following the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear. Secondary market trading will be settled using procedures applicable to eurobonds in registered form.

Investors should be aware that they will only be able to make and receive deliveries, payments and other communications involving the Wal-Mart Notes through Clearstream, Luxembourg and Euroclear on Business Days. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time zone differences, there may be problems with completing transactions involving Clearstream, Luxembourg and Euroclear on the same Business Day as in the United States. U.S. investors who wish to transfer their interests in the Wal-Mart Notes, or to make or receive a payment or delivery of the Wal-Mart Notes, on a particular day may find that the transactions will not be performed until the next Business Day in Luxembourg or Brussels, depending on whether Clearstream, Luxembourg or Euroclear is used.

Clearstream, Luxembourg or Euroclear will credit payments received respecting the Wal-Mart Notes to the cash accounts of participants in Clearstream, Luxembourg or Euroclear in accordance with the relevant system rules and procedures. Clearstream, Luxembourg or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a holder under the Indenture on behalf of a Clearstream, Luxembourg or Euroclear participant only in accordance with its relevant rules and procedures.

Clearstream, Luxembourg and Euroclear have agreed to the exchange procedures set out in this document in order to facilitate transfers of the Wal-Mart Notes among participants of Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue those procedures at any time.

Same-Day Settlement and Payment

Wal-Mart will make payments of principal, interest and any other amounts payable on the Wal-Mart Notes in immediately available funds or the equivalent. Secondary market trading between Clearstream, Luxembourg and Euroclear participants will occur in accordance with the applicable rules and operating procedures of the Clearing Systems and will be settled using the procedures applicable to eurobonds in immediately available funds. Wal-Mart can give no assurance as to the effect, if any, of settlement in immediately available funds on trading activity, if any, in the Wal-Mart Notes.

Certificated Notes

Wal-Mart will issue Wal-Mart Notes in certificated registered form only if:

- the depositary is no longer willing or able to discharge its responsibilities properly, and neither the Trustee nor Wal-Mart has appointed a qualified successor within 90 days; or
- an event of default has occurred and is continuing under the Indenture; or
- Wal-Mart decides to discontinue the book-entry system.

If any of these three events occurs, the Trustee will reissue the Wal-Mart Notes in fully certificated registered form and will recognize the registered holders of the certificated Wal-Mart Notes as holders under the Indenture.

In the event that Wal-Mart issues certificated securities under the limited circumstances described above, and the Wal-Mart Notes are listed on the London Stock Exchange at that time, then holders of certificated

securities may transfer their Wal-Mart Notes in whole or in part upon the surrender of the certificate to be transferred, together with a completed and executed assignment form endorsed on the definitive note, at, as the case may be, the offices of the transfer agent in The City of New York or London. Copies of this assignment form may be obtained at the offices of the transfer agents in The City of New York or London. Each time that Wal-Mart transfers or exchanges a new note in certificated form for another note in certificated form, and after the transfer agent receives a completed assignment form, Wal-Mart will make available for delivery the new definitive note at, as the case may be, the offices of the transfer agent in The City of New York or London. Alternatively, at the option of the person requesting the transfer or exchange, Wal-Mart will mail, at that person's risk, the new definitive note to the address of that person that is specified in the assignment form. In addition, if Wal-Mart issues notes in certificated form and the Wal-Mart Notes are listed on the London Stock Exchange at that time, then Wal-Mart will make payments of principal of, interest on and any other amounts payable under the Wal-Mart Notes to holders in whose names the Wal-Mart Notes in certificated form are registered at the close of business on the record date for these payments. If the Wal-Mart Notes are issued in certificated form, Wal-Mart will make payments of principal and any redemption payments against the surrender of these certificated Wal-Mart Notes at, as the case may be, the offices of the paying agent in The City of New York or London. Wal-Mart will make payments to holders of Wal-Mart Notes by check delivered to the addresses of the holders as their addresses appear on Wal-Mart's register or by transfer to an account maintained by that holder with a bank located in the United Kingdom.

Unless and until Wal-Mart issues the Wal-Mart Notes in fully certificated, registered form,

- investors will not be entitled to receive certificates representing their interests in the Wal-Mart Notes;
- all references in this Offering Memorandum to actions by holders will refer to actions taken by the depositary upon instructions from their direct participants; and
- all references in this Offering Memorandum to payments and notices to holders will refer to payments and notices to the depositary, as the registered holder of the Wal-Mart Notes, for distribution to you in accordance with its policies and procedures.

If Wal-Mart issues the Wal-Mart Notes in certificated registered form, so long as the Wal-Mart Notes are listed on the London Stock Exchange, Wal-Mart will maintain a paying agent and a transfer agent in London.

CERTAIN TAX CONSEQUENCES

Certain United Kingdom Tax Consequences

The comments below regarding the principal tax consequences in the United Kingdom ("U.K.") of the exchange of Asda Debt Securities for Wal-Mart Notes and the U.K. taxation of the Wal-Mart Notes are of a general nature based on current law and published Inland Revenue practice in the United Kingdom. They relate only to the position of such Holders who are absolute beneficial owners and may not apply to certain classes of persons such as dealers or persons connected with Asda Group Limited or Wal-Mart.

Any Holders in the United Kingdom who are in any doubt as to their own tax position should consult their professional advisers.

U.K. Corporation Tax Payers

Holders within the charge to U.K. corporation tax in respect of any Asda Debt Securities (including a Holder so chargeable in relation to a branch or agency in the United Kingdom) will generally be liable to U.K. corporation tax on any gains arising on the disposal of their Asda Debt Securities pursuant to the Exchange Offer (and be entitled to obtain relief for permitted losses). Any such gains (or permitted losses) will generally be chargeable (or allowable, as appropriate) for each accounting period on an authorised accruals or mark to market basis, in accordance with such Holders' statutory accounts.

Other U.K. Taxpayers

The Asda Debt Securities constitute "qualifying corporate bonds" for the purposes of U.K. tax on chargeable gains. Accordingly, the disposal of the Asda Debt Securities by Holders not within the charge to U.K. corporation tax pursuant to the Exchange Offer will give rise to neither a chargeable gain nor an allowable loss for the purposes of U.K. tax on chargeable gains.

Stamp Duty and Stamp Duty Reserve Tax

No U.K. stamp duty or stamp duty reserve tax is payable on the disposal of the Asda Debt Securities or on the issue of the Wal-Mart Notes pursuant to the Exchange Offer.

U.K. Taxation of the Wal-Mart Notes

U.K. withholding taxes. Interest on the Wal-Mart Notes will not be considered to have a "U.K. source" for U.K. tax purposes. Accordingly, payments of interest on the Wal-Mart Notes may be made without withholding or deduction on account of U.K. income tax.

Taxation of holders - U.K. corporation tax payers. Holders of the Wal-Mart Notes within the charge to U.K. corporation tax in respect of the Wal-Mart Notes (including a holder of the Wal-Mart Notes so chargeable in relation to a branch or agency in the United Kingdom) will generally be liable to U.K. corporation tax on any interest, profits, returns or other gains on, or fluctuations in value of, the Wal-Mart Notes (and be entitled to obtain relief for permitted losses). Any such profits (including interest) or permitted losses will generally be chargeable (or allowable, as appropriate) for each accounting period on an authorised accruals or mark to market basis, in accordance with holders' statutory accounts. For such holders, the "accrued income scheme" (described below) will not apply to such a Wal-Mart Note.

Taxation of holders - other U.K. taxpayers. The Wal-Mart Notes will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, neither a chargeable gain nor an allowable loss will arise on a disposal or redemption by a holder of the Wal-Mart Notes

not within the charge to U.K. corporation tax for the purposes of U.K. taxation of chargeable gains. Interest on the Wal-Mart Notes will generally be subject to U.K. income tax.

The "accrued income scheme." A transfer of a Wal-Mart Note by a holder (other than a holder within the charge to U.K. corporation tax in respect thereof as described above) resident or ordinarily resident in the United Kingdom, or who carries on a trade in the United Kingdom for the purposes of which the Wal-Mart Note is used or held, may give rise to a charge to U.K. income tax in respect of the interest on the Wal-Mart Note which has accrued since the preceding interest payment date, under the provisions of the "accrued income scheme."

Stamp Duty and Stamp Duty Reserve Tax. No U.K. stamp duty or U.K. stamp duty reserve tax is payable on the transfer by delivery or redemption of the Wal-Mart Notes.

Possible EU information exchange and withholding requirements. On 13 December 2001 the Council of the European Union published a revised draft directive regarding the taxation of savings income. It is proposed that a Member State will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, except that Austria, Belgium and Luxembourg will instead operate a withholding system for a transitional period in relation to such payments. The proposals are not yet final, and they may be subject to further amendment and/or clarification. Consequently, it is not possible to predict what effect, if any, the adoption of the proposed directive would have on the Wal-Mart Notes or on the payments of the principal or interest on the Wal-Mart Notes. Holders of Wal-Mart Notes who are individuals should note that, if this proposal is adopted as currently envisaged, no additional amounts would be payable by Wal-Mart in respect of any withholding tax imposed as a result thereof.

Certain U.S. Federal Income Tax Consequences

This discussion summarizes certain United States federal income tax consequences of the exchange of Asda Debt Securities for Wal-Mart Notes pursuant to the Exchange Offer and of the ownership of Wal-Mart Notes received pursuant to the Exchange Offer under United States' laws in effect on the date of this Offering Memorandum. The discussion addresses only holders who hold the Asda Debt Securities and Wal-Mart Notes as capital assets and whose functional currency is the United States dollar. The discussion is based upon the Code, U.S. Treasury Regulations ("Treasury Regulations"), published administrative interpretations of the Internal Revenue Service ("IRS") and judicial decisions as in effect on the date hereof, all of which are subject to change, possibly on a retroactive basis. The discussion does not purport to consider all aspects of United States federal income taxation that may be relevant to a particular holder, certain of which (such as insurance companies, tax-exempt organizations, employee stock ownership plans, financial institutions, corporations that accumulate earnings to avoid federal income tax, in some cases, expatriates of the United States or nonresident alien individuals who have made valid elections to be treated as United States residents, "controlled foreign corporations," "passive foreign investment companies," "foreign

personal holding companies," brokers, dealers, regulated investment companies, real estate investment trusts, partnerships, subchapter S corporations, persons who hold Asda Debt Securities as a hedge, "straddle," "conversion," or other integrated transaction, and persons who use the mark-to-market method of accounting) may be subject to special rules not discussed below. No ruling has been sought from the IRS regarding the matters discussed herein and there can be no assurance that the IRS or a court will agree with the conclusions expressed.

For purposes of this discussion, "United States holder" means a beneficial owner of Asda Debt Securities or Wal-Mart Notes who or which is (i) an individual who is a citizen or resident of the United States; (ii) a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any political subdivision thereof; (iii) an estate the income of which is subject to United States federal income taxation regardless of its source; or (iv) a trust subject to the primary supervision of a United States court and the control of one or more United States persons or that otherwise has validly elected to be treated as a United States person. "Non-United States holder" means any holder that is not a United States holder.

Taxation of United States Holders Who Participate in the Exchange

Treatment of the Exchange

Treatment of Accrued Interest. Proceeds attributable to accrued and unpaid interest not previously included in income will be treated as interest income. References in the following discussion to cash or other proceeds of the Exchange Offer do not include amounts attributable to accrued and unpaid interest and included in income by cash-method holders and accrual-method holders generally in accordance with the rules described below for such categories of holders in "Consequences of Holding Wal-Mart Notes--Interest and Original Issue Discount."

Exchange of Asda Debt Securities for Wal-Mart Notes. The exchange of Asda Debt Securities for Wal-Mart Notes and cash, if any, will be a taxable event. United States holders who surrender Asda Debt Securities in exchange for Wal-Mart Notes will recognize taxable gain or loss in an amount equal to the difference between the amount realized and such United States holder's tax basis in the Asda Debt Securities surrendered. The amount realized on the exchange will be the issue price of the Wal-Mart Notes (determined as described below under "Issue Price of Wal-Mart Notes") plus cash received, if any, translated into United States dollars at the spot rate on the date of the exchange. United States holders should consult their tax advisers regarding their tax basis in the Asda Debt Securities for this purpose. Subject to the rules discussed below governing market discount and concerning certain obligations not in registered form, any gain or loss recognized on the exchange that exceeds the gain or loss attributable to fluctuations in foreign currency exchange rates would be capital gain or loss and would be long-term capital gain or loss if the Asda Debt Securities have been held for more than one year. The Asda Debt Securities appear not to be in registered form for U.S. income tax purposes. If the Asda Debt Securities are registration-required obligations that are not in registered form, unless a holder qualifies under one of certain exceptions set forth in regulations promulgated pursuant to Section 165(j) of the Code, any such gain would be ordinary income, not capital gain, and any such loss may not be deducted by the holder. United States holders should consult their tax advisers regarding their eligibility for such exceptions. Any gain or loss attributable to fluctuations in foreign currency exchange rates ("Currency Gain" or "Currency Loss") would be ordinary income or loss.

The amount of Currency Gain or Currency Loss generally will be the difference between the United States dollar value of the issue price of the Asda Debt Securities (based on the spot rate on the date the United States holder purchased such Asda Debt Securities) and the United States dollar value of the issue price of the Asda Debt Securities on the date of the exchange (based on the spot rate on such date). However, the sum of any Currency Gain or Currency Loss with respect to the principal and accrued interest of the Asda Debt Securities should be realized only to the extent of the total gain or loss realized on the exchange of Asda Debt Securities for Wal-Mart Notes and cash.

In general, if a United States holder acquired the Asda Debt Securities with market discount, any gain realized on the exchange would be treated as ordinary income to the extent of the market discount that accrued while the holder held such Asda Debt Securities, unless the holder elected to include market discount in income currently as it accrued. Any such accrued market discount for which no such election has been made shall be translated into United States dollars at the spot rate on the date of exchange. United States holders should consult their own tax advisers about the accrual of market discount on the Asda Debt Securities.

A United States holder's tax basis in the Wal-Mart Notes should be equal their issue price (determined as described below under "Issue Price of Wal-Mart

Notes") translated into United States dollars at the spot rate on the date of the exchange. The holding period for the Wal-Mart Notes will begin on the date following the date of the exchange.

Issue Price of Wal-Mart Notes. As described above under "Exchange of Asda Debt Securities for Wal-Mart Notes", the amount of gain or loss recognized on the exchange, if any, will depend in part on the issue price

of the Wal-Mart Notes. The issue price of the Wal-Mart Notes also is relevant to the application of the original issue discount and related rules, as described below under "Consequences of Holding Wal-Mart Notes."

The issue price of the Wal-Mart Notes depends on whether a substantial amount of the Wal-Mart Notes is treated as "traded on an established market" within the meaning of the applicable Treasury Regulations. Because the Wal-Mart Notes will be listed on the London Stock Exchange, the Company believes the Wal-Mart Notes should be treated as "traded on an established market." Consequently the issue price of the Wal-Mart Notes should be their fair market value on the date of the exchange, and the Company intends to report information to the IRS on that basis.

Consequences of Holding Wal-Mart Notes

Interest and Original Issue Discount. A Wal-Mart Note will be treated as issued with original issue discount for United States federal income tax purposes to the extent that its stated redemption price at maturity (as defined herein) exceeds its issue price by more than a de minimis amount. Discount generally is de minimis if it does not exceed an amount equal to 1/4 of 1% of the note's "stated redemption price at maturity" multiplied by the number of complete years to its maturity.

The issue price of the Wal-Mart Notes will be determined as described above under "The Exchange Offer - Maturity Date, New Issue Price and Interest Rate for the Wal-Mart Notes." The Wal-Mart Notes' stated redemption price at maturity is the sum of all payments due under the Wal-Mart Notes other than payments of qualified stated interest. The term "qualified stated interest" means stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate.

A United States holder of a Wal-Mart Note that uses the cash method of accounting will be required to include in income the U.S. dollar value of each interest payment (determined on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at that time. Such U.S. dollar value will be the United States holder's tax basis in the foreign currency received and it will recognize Currency Gain or Currency Loss to the extent the U.S. dollar value of proceeds from a subsequent disposition of the foreign currency differs from such tax basis.

A United States holder of a Wal-Mart Note that uses the accrual method of accounting, and solely as to any original issue discount, a United States holder that uses the cash method of accounting, will be required to include in income the U.S. dollar value of the amount of interest income and original issue discount that has accrued with respect to a Wal-Mart Note during the relevant accrual period. The U.S. dollar value of such accrued income will be determined by translating such income at the average spot rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate for the partial period within the taxable year. Such United States holder will recognize Currency Gain or Currency Loss with respect to accrued interest income on the date such interest is actually received. The amount of Currency Gain or Currency Loss recognized will equal the difference between the U.S. dollar value of the foreign currency payment received (determined using the spot rate on the date such payment is received) in respect of such accrual period and the U.S. dollar value of interest income that has accrued during such accrual period (as determined above). A United States holder may elect instead to translate interest income into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A United States holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Bond Premium. If the issue price of a Wal-Mart Note exceeds the stated redemption price at maturity, a United States holder will be considered to have purchased the Wal-Mart Note with "amortizable bond premium" equal to such excess. A United States holder may elect to amortize such premium using a constant yield method over the remaining term of the Wal-Mart Note and, if a United States holder makes such an election, that holder

will offset interest or original issue discount otherwise required to be included in respect of the Wal-Mart Note during any taxable year by the amortized amount of such excess for the taxable year in units of foreign currency. Currency Gain or Currency Loss is recognized with respect to bond premium by treating the portion of the premium amortized during the period as a return of principal and is equal to the difference between such amount translated at the spot rate on the date the Wal-Mart Note was acquired and the spot rate on the date the premium is returned as part of the stated interest. Any election to amortize bond premium applies to all taxable debt instruments acquired by the United States holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Sale, Exchange and Retirement of the Wal-Mart Notes subsequent to the Exchange. Upon the sale, exchange, redemption or retirement of a Wal-Mart Note, a United States holder generally will recognize gain or loss equal to the difference, if any, between (i) the amount of cash proceeds (translated into United States dollars at the spot rate on such date) and the fair market value of property received (except to the extent such amount is attributable to accrued interest income or original issue discount taken into account under the rules described above) and (ii) such Holder's adjusted tax basis in the Wal-Mart Note. Except to the extent attributable to Currency Gain or Currency Loss, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the United States holder's holding period for the Wal-Mart Note is more than one year.

The amount of Currency Gain or Currency Loss generally will be the difference between the United States dollar value of the issue price of the Wal-Mart Notes on the date the United States holder received such Wal-Mart Notes in the exchange (based on the spot rate on such date), reduced by any amortized bond premium as to which Currency Gain or Currency Loss has been recognized as discussed above, and the United States dollar value of such issue price on the date of the disposition (based on the spot rate on such date).

A United States holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a Wal-Mart Note equal to the U.S. dollar value of such foreign currency, determined at the time of such sale, exchange or retirement. Any gain or loss realized by a United States holder on a subsequent sale or other disposition of foreign currency received in respect of Wal-Mart Notes (including its exchange for U.S. dollars) will be ordinary Currency Gain or Currency Loss.

Backup Withholding and Information Reporting

The exchange of Asda Debt Securities by a United States holder pursuant to the offers generally will be subject to information reporting requirements and backup withholding. To avoid the imposition of backup withholding, a United States holder should complete an IRS Form W-9 and either (i) provide its correct taxpayer identification number which, in the case of an individual United States holder, is his or her social security number, and certain other information, or (ii) establish a basis for an exemption from backup withholding. Certain holders (including, among others, corporations and individual retirement accounts) are exempt from backup withholding and information reporting requirements.

Payments on the Wal-Mart Notes (including amounts that are considered original issue discount for federal tax purposes ("OID")), and proceeds of sale of the Wal-Mart Notes, also are subject to information reporting requirements, and to backup withholding unless the United States holder is exempt from backup withholding or provides its taxpayer identification number as described above.

If backup withholding results in an overpayment of taxes, a refund or credit may be obtained, provided that the required information is timely provided to the IRS.

United States Holders of Asda Debt Securities Not Participating in the Exchange Offers

Holders who do not tender (or who tender but subsequently withdraw and do not retender) their Asda Debt Securities pursuant to the Exchange Offer, or whose Asda Debt Securities are tendered but not accepted, should not recognize income, gain or loss as a result of the Exchange Offer.

United States Taxation of Non-United States Holders

Income and Withholding Tax

Interest on Wal-Mart Notes paid to a Non-United States holder generally will not be subject to United States income tax if the interest is not effectively connected with such Holder's conduct of a trade or business in the United

States. Interest paid to a Non-United States holder that is not effectively connected with the payee's conduct of a United States trade or business is subject to United States withholding tax at a 30% rate (or a lower rate provided under an applicable income tax treaty). However, interest on a Wal-Mart Note paid to a Non-United States holder generally will not be subject to United States federal withholding tax, provided that (i) the Non-United States holder does not actually or constructively own 10% or more of the total combined voting power of all classes of Wal-Mart's voting stock within the meaning of Section 871(h)(3) of the Code and related Treasury Regulations, (ii) the Non-United States holder is not a controlled foreign corporation related to the Company, (iii) the Non-United States holder is not a bank which acquired the Wal-Mart Note in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business and (iv) the person otherwise required to withhold has received certification meeting the requirements of applicable regulations that the beneficial owner of the interest is a Non-United States holder. This requirement generally will be satisfied if (i) the Non-United States holder that is the beneficial owner of the interest provides a Form W-8 BEN (or substitute form) signed under penalties of perjury that includes its name and address and certifies as to its non-United States status or (ii) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business holds the Wal-Mart Note and provides to the person otherwise required to withhold a statement under penalties of perjury in which it certifies that such a Form W-8 BEN (or substitute form) has been received by it or another intermediary in the chain of ownership and furnishes a copy thereof. Special certification rules apply to certain Non-United States holders that are entities rather than individuals.

Gain realized by a Non-United States holder on the disposition of a Wal-Mart Notes will generally not be subject to United States federal income tax unless (i) the gain is effectively connected with its conduct of a United States trade or business or (ii) such Holder is an individual present in the United States for at least 183 days during the taxable year of disposition and certain other conditions are met.

Backup Withholding and Information Reporting

The exchange of Asda Debt Securities, payments on the Wal-Mart Notes (including OID), and proceeds of sale of the Wal-Mart Notes may be subject to information reporting requirements and to backup withholding unless the Non-United States holder is exempt from information reporting and backup withholding or otherwise establishes a basis for exemption (generally by providing the certification described in the preceding section).

YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISERS TO DETERMINE THE TAX CONSEQUENCES OF THE OFFERS IN YOUR PARTICULAR CIRCUMSTANCES, INCLUDING THE APPLICATION OF FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS.

VALIDITY OF THE WAL-MART NOTES

The validity of the Wal-Mart Notes will be passed upon for the Company by Hughes & Luce, L.L.P., Dallas, Texas.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company and its subsidiaries incorporated by reference in Wal-Mart Stores Inc.'s Annual Report on Form 10-K for the three years ended January 31, 2002, and set out in Appendix III to this document have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon incorporated by reference in that Annual Report on Form 10-K and set out in Appendix III to this document. The report did not include any qualifications of the accounts.

GENERAL INFORMATION

1. The admission of the Notes to the Official List of the UK Listing Authority and to trading on the London Stock Exchange will be expressed as a percentage of their principal amount (excluding accrued interest) in pounds sterling. Any transactions will be effected for settlement in sterling and, under current practice, for delivery on the third business day in London after the date of the transaction. It is expected that admission to listing of the Wal-Mart Notes to the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange will be granted on or around the Settlement Date subject only to the issue of the Wal-Mart Notes. The listing of the Wal-Mart Notes to the Official List of the UK Listing Authority will not become effective if the Wal-Mart Notes are not issued. Prior to official listing, however, dealings in the Wal-Mart Notes will be permitted by the UK Listing Authority and the London Stock Exchange in accordance with their respective rules.

2. The Wal-Mart Notes have been accepted for clearance through the Clearstream, Luxembourg and Euroclear systems with a common code of 016067326.

The International Securities Identification Number (ISIN) for the Wal-Mart Notes is XS0160673264.

3. The Company has obtained all necessary consents, approvals and authorisations required in the United Kingdom in connection with the issue and performance of the Wal-Mart Notes. The issue of the Wal-Mart Notes was authorised by a resolution of the executive committee of the Board of Directors of the Company adopted on 20 December 2002.

4. The Company is involved in a large number of legal proceedings, including antitrust, consumer, employment, tort and other litigation. Save as disclosed in Note 7 to the Company's consolidated financial statements that appears on page 10Q-7 and following of the Company's Quarterly Report on Form 10-Q for the quarter ended October 31, 2002, which is included in this Offering Memorandum as Appendix IV, neither the Company nor its subsidiaries are subject to any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have or have had during the recent past (covering at least the twelve months prior to the date of this Offering Memorandum) a significant effect on the Company and its consolidated subsidiaries financial position, taken as a whole.

5. Copies of the following documents (in English) may be inspected at the specified office of the London Paying Agent during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) during the period of 14 days from the date of this document:

- the auditor's report and the annual report and audited consolidated financial statements of the Company for the last 2 fiscal years ending January 31, 2001 and January 31, 2002;
- the Company's Quarterly Report filed with the SEC on Form 10-Q for the fiscal quarter ended October 31, 2002;
- the Indenture;
- the form of Series Terms Certificate;

- the form of the Global Note(s) representing the Wal-Mart Notes;
- the Exchange Agency Agreement;
- the Paying Agency Agreement;
- the Company's Restated Certificate of Incorporation, as amended;
- the Dealer Manager Agreement; and
- the Company's Bylaws.

6. So long as the Notes are admitted to trading on the London Stock Exchange, the most recently published audited annual accounts of Wal-Mart from time to time together with the most recently published quarterly report on Form 10-Q will be available at the specified office of the London Paying Agent.

7. There has been no material adverse change in the financial position or prospects of the Company and its subsidiaries taken as a whole since January 31, 2002, being the date at and to which the latest audited accounts of the Company are stated and no significant change in the financial or trading position of the Company and its subsidiaries taken as a whole since October 31, 2002, being the date at and to which the unaudited consolidated accounts of the Company contained in the Company's Quarterly Report on Form 10-Q for the quarter ending on that date are stated.

8. Ernst & Young LLP have given and not withdrawn its written consent to the inclusion in the Offering Memorandum of their report in the form and context in which it is included and authorised their report on the Company and its subsidiaries and references to their name included herein in the form and context in which they appear for the purposes of Regulation 6(1)(e) of The Financial Services and Markets Act 2000 (Official Listing of Securities) Regulations 2001.

Questions and requests for assistance and requests for additional copies of this Offering Memorandum and other related documents may be addressed to the Exchange Agent or the Information Agent as follows:

The Exchange Agent for the Exchange Offer is:
Bank One, NA

By Facsimile

44-207-867-9186

By Telephone
44-207-903-4913

By Registered or Special Delivery Mail
Bank One, NA
27 Leadenhall Street
London EC3A 1AA
England
Attention: Corporate Trust Operations

The Information Agent for the Exchange Offer is:
Georgeson Shareholder Communications Limited

Facsimile:
44-207-335-8773

Telephone:
44-207-335-8700

By Registered or Special Delivery:
38 Bishopsgate, Crosby Court
London, EC2N 4AF
England
Attention: Angelika Horstmeier

The Dealer Manager for the Exchange Offer is:
Credit Suisse First Boston (Europe) Limited

Facsimile:
44-207-890-2367

Telephone:
44-207-883-6748

One Cabot Square
London E14 4Q5
ENGLAND
Attention: Michael Saron/Andrew Karsh

APPENDIX I.1

FORM OF NOTICE BY EUROCLEAR AND CLEARSTREAM, LUXEMBOURG TO THEIR PARTICIPANTS

Notice of Offer to Exchange

Fixed Rate Notes Due 2013 of Wal-Mart Stores, Inc. for
all of the outstanding securities that are part of the following series of debt
securities of
Asda Group Limited

Asda 8.375% Notes due 2007
(of which (Pounds)200,000,000 are outstanding)
(Common Code: 007548753 ISIN: XS0075487537 Sedol: 5234064)

Asda 10.875% Bonds due 2010
(of which (Pounds)75,840,000 are outstanding)
(Common Code: 001066382 ISIN: GB0000525401 Sedol: 0052540)

Asda 6.625% Notes due 2015
(of which (Pounds)150,000,000 are outstanding)
(Common Code: 008892873 ISIN: XS0088928733 Sedol: 5530171)

(collectively the "Asda Debt Securities" and each a "Series of Asda Debt Securities")

Wal-Mart Stores, Inc., a corporation incorporated under the laws of the State of Delaware ("Wal-Mart"), is making an offer to exchange (the "Exchange Offer") Fixed Rate Notes of Wal-Mart denominated in pounds sterling (the "Wal-Mart Notes"), for any and all outstanding Asda Debt Securities of Asda Group Limited ("Asda"), a company incorporated under the laws of England and Wales. Application has been made for the Wal-Mart Notes to be listed on the Official List of the UK Listing Authority (the "Official List") and to be admitted to trading on the London Stock Exchange plc ("London Stock Exchange").

The Exchange Offer is made upon the terms and subject to the conditions set forth in an offering memorandum which comprises an approved prospectus and listing particulars with regard to Wal-Mart and the issue of the Wal-Mart Notes which has been published on January 7, 2003 (the "Offering Memorandum"). This notice is subject in all respects to the Offering Memorandum.

Wal-Mart is conducting the Exchange Offer to reduce outstanding Asda debt securities held by the public and replace those securities with an issue of intermediate term Wal-Mart notes denominated in pounds sterling. All holders of Asda Debt Securities (the "Holders") are advised to read the Offering Memorandum and in particular, the investment considerations detailed in the section of the Offering Memorandum entitled "Risk Factors Related to the Exchange Offer", before any decision is made with respect to the Exchange Offer.

The amount of Wal-Mart Notes offered in exchange for each (Pounds)1,000 in outstanding principal amount of Asda Debt Securities will be determined based on exchange ratios calculated as described in the Offering Memorandum. The exchange ratio will be the relevant Exchange Price divided by the New Issue Price. The Benchmark U.K. Gilt and Exchange Spreads to be used to determine the relevant Exchange Price is set forth in the table below:

<TABLE>
<CAPTION>

Asda Debt Securities	Benchmark U.K. Gilt	Bloomberg Page	Exchange Spread
<S>	<C>	<C>	<C>
8.375% due April 24, 2007.	7.25% due 2007	DMO 10	.10%
10.875% due April 20, 2010	5.75% due 2009	DMO 10	.15%
6.625% due July 17, 2015..	8.00% due 2015	DMO 10	.20%

</TABLE>

The interest rate and New Issue Price for the Wal-Mart Notes will be based on the yield on the benchmark U.K. Gilt plus a credit spread to be determined on the Pricing Date. Wal-Mart will publish by means of a supplementary prospectus comprising supplementary listing particulars and announce by notice through the Clearing Systems and by Asda through the Regulatory News Service the exchange ratios applicable to each Series of Asda Debt Securities, the issue price for the Wal-Mart Notes and the interest rate to be borne by the Wal-Mart Notes, together with their maturity date, on or about the fourth Business Day prior to the Expiration Date (the "Pricing Date") of the Exchange Offer. The maturity of the Wal-Mart Notes will be between seven and ten years.

HOW TO TENDER ASDA DEBT SECURITIES

To participate in the Exchange Offer, Holders must send an authenticated message to the relevant Clearing System confirming their wish to tender validly their Asda Debt Securities pursuant to the Exchange Offer confirming their position subject to the terms detailed below.

For specific instructions on how to tender the Asda Debt Securities Holders should refer to the section entitled "Procedures for Tendering Asda Debt Securities" in the Offering Memorandum.

By tendering its position, the Holder accepts the terms and conditions of the exchange as set out in the Offering Memorandum dated January 7, 2003. In addition, the Holder accepts

(1) the Holder has agreed to participate in the Exchange Offer pursuant to the Offering Memorandum, and is hereby delivering such Asda Debt Securities;

(2) the Holder is the owner of such Asda Debt Securities.

(3) the Holder authorises the relevant Clearing System to block its account with respect to all such Asda Debt Securities;

(4) the direct account holder authorises the relevant Clearing System to debit its account for all its Asda Debt Securities; and

(5) the Holder authorises Euroclear/ Clearstream to provide details of the name, account details, US tax status and any other information relevant to the settlement of the exchange to the Exchange Agent.

TIMING

The Exchange Offer will commence as of the date of this notice and will expire at 4 p.m., London time; on January 24, 2003, unless otherwise extended or earlier terminated by Wal-Mart in its sole discretion (the "Expiration Date"). Tenders of any Asda Debt Securities may be withdrawn at any time prior to 9:00 a.m., London time, on the second Business Day prior to the Expiration Date. Important dates for the Exchange Offer (assuming that the Exchange Offer is not extended or earlier terminated by Wal-Mart) are:

January 8. Transaction announced
January 20 New issue coupon and exchange ratios announced
January 24 Clearstream expiration for receipt of instructions
January 24 Euroclear expiration for receipt of instructions

January 24 Expiration Date
January 27 Announcement of results
January 29 Settlement Date

As used in this notice, the term "Business Day" means any day other than a Saturday or Sunday on which banks are open for business in London and Luxembourg.

WHO TO CONTACT

The Offering Memorandum may be obtained during usual business hours from the Document Viewing Facility at the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS. The Offering Memorandum may also be obtained from the Information Agent.

<TABLE>
<CAPTION>

Information Agent	Exchange Agent	Dealer Manager
<S>	<C>	<C>
Georgeson Shareholder Communications Limited	BankOne, NA	Credit Suisse First Boston (Europe) Limited
38 Bishopsgate	27 Leadenhall Street	One Cabot Square
Crosby Court	London EC3A 1AA	London E14 4QJ
London EC2N 4AF	Telephone No: 44 (0) 20 7903 4913	Telephone No: 44 (0) 20 7883 6748
Telephone No: 44 (0) 20 7335 8700	Attention: Corporate Trust Operations	Attention: Michael Saron
Attention: Angelika Horstmeier		

</TABLE>

Neither Wal-Mart nor the Dealer Manager, the Exchange Agent, the Information Agent, nor any other person, makes any recommendation as to whether any Holders of Asda Debt Securities should tender them under the Exchange Offer.

The contents of this notice have been approved solely for the purposes of Section 21 of the Financial Securities and Markets Act 2000 by Credit Suisse First Boston (Europe) Limited of One Cabot Square, London E14 4QJ.

APPENDIX I.2

FORM OF TENDER

TO: Bank One NA (the "Exchange Agent")
27 Leadenhall Street
London EC3A 1AA
Attn: Corporate Trust Operations
FROM: [Holder's/Custodian's name and address]

Wal-Mart/Asda Exchange Offer

1. We own the Non-Clearing System Debt Securities specified below and delivered herewith.

Non-Clearing System Debt Securities:

Coupon & Maturity	Principal Amount	Number	Serial Number

2. (a) The Wal-Mart Notes are to be credited to our Account no. [account number] with [Clearing System], and

(b) The Interest Amount (and Cash Rounding Amount, if any) are to be credited to our Account with [Bank name and city], Sort Code: [ ], Account Number [account number], Reference: [ ].

3. We acknowledge that:

(a) this form of tender and the delivery effected hereby shall become irrevocable at 9:00 a.m. on the second Business Day immediately preceding the originally scheduled Expiration Date and may not be withdrawn after such time;

(b) the date of receipt of the Wal-Mart Notes and the payment of the Interest Amount and any Cash Rounding Amount payable to us will be the Settlement Date (the "Settlement Date").

4. We hereby confirm our acceptance of the Exchange Offer as set out in the Offering Memorandum dated January 7, 2003 and all of the terms thereof and confirm that such acceptance is in compliance with the terms of the Exchange Offer and with all the applicable laws of all relevant jurisdictions.

5. We hereby agree that we will indemnify the Company from and against any and all losses, liabilities, costs, claims, damages, expenses or demands which the Company may incur or which may be made against them insofar as such losses, liabilities, costs, claims, damages, expenses or demands arise directly or indirectly out of or as a result of any failure by us to perform any of our obligations in relation to the Exchange Offer. This indemnity will be in addition to any liability which we may otherwise have.

6. We confirm that we have read the Note to the Form of Tender and the documents referred to therein and that this Form of Tender is subject to the provisions of such Note to the Form of Tender.

7. We confirm that we are the owner of the Non-Clearing System Debt Securities mentioned in 1 above, together with all the outstanding coupons or rights to receive interest and talons relating thereto. We confirm that we are delivering them all for exchange free from all liens, charges and encumbrances and together with all rights attached thereto.

8. We confirm that we are authorized/we have been authorized by [the Holder]* to complete this Form of Tender and perform the functions stated herein.

9. In the event that we withdraw our notes from the tender, we hereby request that such notes attached herewith be returned to us by Registered or Special Delivery at the following address. We recognise that such delivery will only be made to the following address and will be paid by us and any risk will be solely borne by us:

Company Name/ Name: ----------
Address: ----------
---------- ----------
Post code/ ZIP: ----------
Country: ----------
For Attention of: ----------
Contact Tel number: ----------

Signed

For and on behalf of Dated

* Delete as appropriate

NOTE TO THE FORM OF TENDER

Words and expressions defined in the Offering Memorandum containing certain terms of the Exchange Offer and dated January 7, 2003 shall have the same meanings when used in the Form of Tender. The terms of the Exchange Offer are contained in the Offering Memorandum, and the Form of Tender is subject to, and will only be effective in accordance with, the terms of the Exchange Offer.

Copies of the Offering Memorandum will be delivered on request by the Exchange Agent and will be available for inspection at the offices of the Exchange Agent and acceptance of the Exchange Offer is subject to the detailed provisions set out in the Offering Memorandum.

APPENDIX II

Summary and Comparison of Certain Terms of the Wal-Mart Notes, the 2010 Bonds, the 2007 Notes and the 2015 Notes

The following chart sets forth a summary and comparison of certain terms of the Wal-Mart Notes, the 2010 Bonds, the 2007 Notes and the 2015 Notes. The information contained in the chart is a summary only and should not be deemed to be a complete description of the particular term summarized. Each summary is qualified by reference to the Indenture and the trust deeds and each supplemental trust deed relating to the Asda Debt Securities, which you should read in conjunction with the following chart.

<TABLE>
<CAPTION>

Term	Wal-Mart Notes	2010 Bonds	2007 Notes
<S>	<C>	<C>	<C>
Issuer	Wal-Mart	Asda	Asda
Denominations	Denominations of (Pounds)1,000 and integral multiples of (Pounds)1,000	(Pounds)10,000 and (Pounds)100,000	(Pounds)1,000,(Pounds)10,000 and (Pounds)100,000

Amortization	The principal amount is payable at maturity.	The principal amount is payable at maturity.	The principal amount is payable at maturity.
Final Maturity	January 29, 2013, unless the Expiration Date is extended.	20 April 2010	24 April 2007
Payment of Additional Amounts	The Company will pay additional amounts so that the net amount the holders receive after deductions for certain withholding taxes and other governmental charges equals the full amount of interest payable.	Asda will pay certain additional amounts so that the net amount the Holders receive after deductions for withholding taxes and other governmental charges equals the full amount of interest payable.	Asda will pay certain additional amounts so that the net amount the Holders receive after deductions for withholding taxes and other governmental charges equals the full amount of interest payable.
Tax Redemption	The Company may redeem all, but not part, of the Wal-Mart Notes at 100 per cent. of their outstanding principal amount if any change in relevant tax laws occurs after the Settlement Date that results or could result in the Company paying additional amounts as described above.	Asda may redeem all, but not part, of the 2010 Bonds at 100 per cent. of their outstanding principal amount if any change in relevant tax laws occurs after 14 March 1989 that results or could result in Asda paying additional amounts as described above.	Asda may redeem all, but not part, of the 2007 Notes at 100 per cent. of their outstanding principal amount if any change in relevant tax laws occurs after 23 April 1997 that has or will result in Asda paying additional amounts as described above.
Redemption at the Option of the Issuer	The Company may, at any time after the issuance of the Wal-Mart Notes, redeem all or any part the Wal-Mart Notes for a price equal to the accrued and unpaid interest thereon plus the greater of (1) the outstanding principal amount of the Wal-Mart Notes to be redeemed and (2) the redemption price that would provide to the	Asda may, at any time, redeem all or any part the 2010 Bonds for a price equal to the accrued and unpaid interest thereon plus the greater of (1) the outstanding principal amount of the 2010 Bonds to be redeemed and (2) the redemption price that would provide to the Holders of the 2010 Bonds the gross redemption yield	Asda may, at any time, redeem all or any part the 2007 Notes for a price equal to the accrued and unpaid interest thereon plus the greater of (1) the outstanding principal amount of the 2007 Notes to be redeemed and (2) the redemption price that would provide to the Holders of the 2007 Notes the gross redemption yield

</TABLE>
<TABLE>
<CAPTION>

Term	2015 Notes
<S>	<C>
Issuer	Asda
Denominations	(Pounds)1,000,(Pounds)10,000 and (Pounds)100,000
Amortization	The principal amount is payable at maturity.
Final Maturity	17 July 2015
Payment of Additional Amounts	Asda will pay certain additional amounts so that the net amount the Holders receive after deductions for withholding taxes and other governmental charges equals the full amount of interest payable.
Tax Redemption	Asda may redeem all, but not part, of the 2015 Notes at 100 per cent. of their outstanding principal amount if Asda would be unable to make a

	payment of principal or interest without having to pay additional amounts as described above.			
Redemption at the Option of the Issuer	Asda may, at any time, redeem all or any part the 2015 Notes for a price equal to the accrued and unpaid interest thereon plus the greater of (1) the outstanding principal amount of the 2015 Notes to be redeemed and (2) the redemption price that would provide to the Holders of the 2015 Notes the gross redemption yield			

</TABLE>

<TABLE>
<CAPTION>

Term	Wal-Mart Notes	2010 Bonds	2007 Notes	2015 Notes
<S>	<C>	<C>	<C>	<C>
	Holders of the Wal-Mart Notes redeemed the gross redemption yield on the third dealing day prior to the redemption date of the benchmark UK Gilt designated for this purpose, which yield is calculated as provided in the Indenture.	on the third dealing day prior to the redemption date of the 12 per cent. Exchequer Stock 2013/2017, which yield is calculated as provided in provided the Trust Deed governing the 2010 Bonds.	on the third dealing day prior to the redemption date of the 71/2 per cent. Treasury Stock 2006, which yield is calculated as provided in the Trust Deed governing the 2007 Notes.	on the third dealing day prior to the redemption date of the 8 per cent. Treasury Stock 2015, which yield is calculated as provided in the Trust Deed governing the 2015 Notes.
Purchases of the Securities	The Company will have the right to purchase the Wal-Mart Notes in ordinary brokerage transactions, by tender offer and in negotiated transactions without any restrictions on the terms, including the price, on which any such purchase may be made.	So long as the 2010 Bonds are listed on The London Stock Exchange, Asda may purchase all or part of the 2010 Bonds at any time (1) in the case of a purchase by tender, a price equal to at the average of the middle market quotations of the 2010 Bonds taken from The Stock Exchange Daily Official List for ten business days prior to the date of purchase, (2) in the case of a purchase through The London Stock Exchange, a price equal to the greater of (a) the average price described in clause (1) above and (b) the market price if the market price is not more than 5% above that average price or (iii) in any other case, a price equal to 150% of the middle market quotation of the 2010 Bonds on the business day next preceding the date of purchase.	Asda may purchase the 2007 Notes in the open market or otherwise at any price. Any purchase by tender must be made available to all Holders of the 2007 Notes alike.	Asda may purchase the 2015 Notes in the open market or otherwise at any price. Any purchase by tender must be made available to all Holders of the 2015 Notes alike.
Negative Covenant Regarding Debt Incurrence	None	Asda may not incur Indebtedness for Borrowed Money (as	None	None

		defined in the Trust Deed governing the 2010 Bonds) in excess of 150% of the Adjusted Share Capital and Reserves of Asda and its subsidiaries (as defined in the Trust Deed).		

Term	Wal-Mart Notes	2010 Bonds	2007 Notes	2015 Notes
		The aggregate principal amount of (i) Indebtedness for Borrowed Money of Asda and any subsidiaries of Asda that have guaranteed the 2010 Bonds that is secured by the pledge of collateral and (ii) all Indebtedness for Borrowed Money of Asda's subsidiaries that are not guaranteeing subsidiaries cannot exceed 50% of the Adjusted Share Capital and Reserves of Asda and its subsidiaries unless they provide security or a guarantee acceptable to the Trustee.		
Negative Covenant Regarding Disposition of Assets	None	Asda and its subsidiaries may not dispose of their assets having a value in excess of 30% of the assets of Asda and its subsidiaries taken as a whole. However, a disposition is not taken into account if (1) it is of assets (other than immovable property) in the ordinary course of trading, (2) it is a transfer between Asda and its wholly-owned subsidiaries or to an Asda subsidiary that is not wholly-owned but on arm's length terms, (3) if the trustee under the Trust Deed governing the 2010 Bonds elects not to take it into account, (4) it is a disposal in exchange for assets of a similar nature and tenure and of approximately equal value, (5) it is on arm's length terms and against the allotment or transfer of share capital and/or a payment of cash within 6 months of completion of the disposition and the	None	None

<TABLE>
<CAPTION>
Term	Wal-Mart Notes	2010 Bonds	2007 Notes	2015 Notes
<S>	<C>	<C>	<C>	<C>
		amount is reinvested within 24 months in similar assets, (6) it is of obsolete assets, (7) it is of immovable property in the ordinary course of business, (8) it is of assets of Asda or a principal subsidiary to another company on terms as to the giving of guarantees, security or otherwise as the trustee agrees and (9) it was completed more than 5 years prior to the determination date.		
Negative Pledge	None	None	So long as any Note or coupon relating to a Note remains outstanding, neither Asda nor any of its subsidiaries may create or permit to subsist any mortgage, charge, pledge, lien, encumbrance or other security interest upon any part of its present or future undertaking, assets or revenues to secure any indebtedness for moneys borrowed with a stated maturity in excess of one year that is in the form of bonds notes, debentures, loan stock or similar securities and that are quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other recognised securities market, or any guarantee or indemnity of any such indebtedness, and no subsidiary of Asda may give any guarantee of, or indemnity in respect of, any such indebtedness of Asda, unless the indebtedness is the indebtedness of a subsidiary that Asda acquired after 24 April 1997 and that	So long as any Note or coupon relating to a Note remains outstanding, neither Asda nor any of its subsidiaries may create or permit to subsist any mortgage, charge, pledge, lien, encumbrance or other security interest upon any part of its present or future undertaking, assets or revenues to secure any indebtedness for moneys borrowed with a stated maturity in excess of one year that is in the form of bonds notes, debentures, loan stock or similar securities and that are quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other recognised securities market, or any guarantee or indemnity of any such indebtedness, and no subsidiary of Asda may give any guarantee of, or indemnity in respect of, any such indebtedness of Asda, unless the indebtedness is the indebtedness of a subsidiary that Asda acquired after 17 July 1998 and that

</TABLE>

<TABLE>
<CAPTION>
Term	Wal-Mart Notes	2010 Bonds	2007 Notes	2015 Notes
<S>	<C>	<C>	<C>	<C>
			indebtedness existed at the time the subsidiary was acquired and was not created or increased	indebtedness existed at the time the subsidiary was acquired and was not created or increased
</TABLE>

			in amount in contemplation of the acquisition.	in amount in contemplation of the acquisition.
Events of Default are:	Events of default are: (1) failure to pay interest that continues for 30 days, (2) a failure to pay principal when due and payable, (3) the Company fails to perform, or a breach occurs as to any covenant or warranty it is obligated to perform or made by the Company in the Indenture regarding the Wal-Mart Notes, which failure or breach continues for 90 days after notice is given to the Company by the Trustee or the Holders of at least 25% in principal amount of the then outstanding Wal-Mart Notes, (4) the entry of a decree or order by a court granting relief in respect to the Company under the U.S. federal bankruptcy code or any other applicable bankruptcy, insolvency or similar law, adjudging the company as a bankrupt or approving as properly filed a petition seeking the reorganization, arrangement, adjustment or composition of or in respect to the Company or appointing a receiver, liquidator,	Events of default are: (1) a failure to pay interest or principal that continues for 14 days, (2) a failure to perform a covenant that, unless the trustee determines the default cannot be cured, continues for 30 days after notice, (3) any indebtedness of Asda or one of its principal subsidiaries of (Pounds)5,000,000 or more becomes payable as a result of the acceleration of its maturity or Asda or one of its principal subsidiaries fails to pay any indebtedness of (Pounds)5,000,000 or more by its due date (as extended by any grace period) or fails to honour any guaranty of any indebtedness of (Pounds)5,000,000 or more that it has given, (4) an order is given by a competent court or a resolution is passed for the winding-up or dissolution of Asda or one of its principal subsidiaries except for purposes of (a) in the case of Asda, an amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms approved by the	Events of default are: (1) a failure to pay interest or principal that continues for 14 days, (2) a failure to perform a covenant that, unless the trustee determines the default cannot be cured, continues for 30 days after notice, (3) any indebtedness of Asda or one of its principal subsidiaries of (Pounds)15,000,000 or more becomes payable as a result of the acceleration of its maturity, or Asda or one of its principal subsidiaries fails to pay any indebtedness of (Pounds)15,000,000 or more by the later of its due date and the expiry of any applicable grace period or fails to pay when due any amount payable by it under any guarantee of, or indemnity in respect of, any indebtedness for or in respect of moneys borrowed or raised of (Pounds)15,000,000 or more, (4) a distress attachment, execution, sequestration or other legal process is levied, enforced or sued out on or put in force against the whole or any substantial part of the property, assets or	Events of default (1) a failure to interest or that continues for days, (2) a perform a covenant that, unless the determines the cannot be cured, continues for 30 after notice, (3) indebtedness of or one of its subsidiaries of (Pounds)30,000,000 becomes payable as result of the acceleration of maturity, or Asda one of its subsidiaries fails any indebtedness (Pounds)30,000,000 by the later of date and the any applicable period or fails to when due any payable by it guarantee of, or indemnity in any indebtedness in respect of borrowed or raised (Pounds)30,000,000 (4) a distress, attachment, sequestration or legal process is enforced or sued or put in force the whole or any substantial part property, assets

or				
	custodian, assignee,	trustee or (b) in the	revenues of Asda or	revenues of Asda
or				
	trustee, sequestrator of	case of a principal	any of its principal	any of its
principal				
	the Company or of	subsidiary, an	subsidiaries and is not	subsidiaries and
is not				
	substantially all of its	amalgamation, merger,	discharged or stayed	discharged or
stayed				
	properties or ordering	consolidation,	within 21 days or such	within 45 days or
such				
	the winding up or	reorganisation or other	longer period as the	longer period as
the				
	liquidation of its affairs	similar arrangement	trustee permits, or any	trustee permits,
or any				
	and such decree or order is unstayed and in	(not involving its insolvency) under	encumbrancer takes possession of the whole	encumbrancer takes possession of the
whole				
	effect for a period of 60	which all of its assets	or a substantial part of	or a substantial
part of				

Term	Wal-Mart Notes	2010 Bonds	2007 Notes	2015 Notes
<S>	<C>	<C>	<C>	<C>
	consecutive days, and (5) the Company institutes proceedings to be adjudicated as a bankrupt or consents to the institution of bankruptcy proceedings against it or files a petition, answer or consent seeking reorganization or relief under the U.S. federal bankruptcy code or other applicable bankruptcy, insolvency or similar law or the Company consents to the filing of any such petition or the appointment of a receiver, liquidator, custodian, assignee, trustee, sequestrator of the Company or of substantially all of its properties.	are transferred to Asda or another of Asda's subsidiaries or on terms approved by the trustee, (5) if Asda or a principal subsidiary of Asda ceases to carry on the whole or substantially the whole of its business, except, in the case of a principal subsidiary, for the purposes of an amalgamation, merger, consolidation, reorganisation or other similar arrangement (not involving the insolvency of the principal subsidiary) under which all of its assets are transferred to Asda or another of Asda's subsidiaries or on terms approved by the trustee, (6) Asda or one of its principal subsidiaries suspends payment of its debts generally, shall be unable to, or admits its inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent or enters into any composition or other similar arrangement with its creditors generally, or (7) if a receiver, administrative receiver, administrator, or other similar official is appointed in relation to Asda or any of its principal subsidiaries or in relation to all or a substantial part of its business or assets or a distress, execution or other process shall be levied or enforced upon or sued out against or an encumbrancer takes	the property, assets or revenues of Asda or one of its principal subsidiaries and order is not removed, paid out or discharged within 21 days or such longer period as the trustee permits, (5) Asda or one of its principal subsidiaries (a) is unable to, or admits its inability to, pay its debts as they fall due, (b) is deemed unable to pay its debts for purposes of Section 123 (2) of the Insolvency Act 1986 or stops payment of its debts or stops or suspends or threatens to stop or suspend carrying on all or a substantial part of its business (other than for purposes of an amalgamation, merger, consolidation, reorganisation of the type described in clause (6) below) or unless approved by the trustee or an extraordinary resolution of the Holders of the 2007 Notes, or (d) makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or a moratorium is agreed or declared in respect or affecting all or any part or a particular type of its debts, or (6) an administrative receiver, administrator, or other similar official is appointed in relation to Asda or any of its principal subsidiaries or in relation to the	the property, assets or revenues of Asda or one of its principal subsidiaries and order is not removed, paid out or discharged within 45 days or such longer period as the trustee permits, (5) Asda or one of its principal subsidiaries (a) is unable to, or admits its inability to, pay its debts as they fall due, (b) is deemed unable to pay its debts for purposes of Section 123 (2) of the Insolvency Act 1986 or stops payment of its debts or stops or suspends or threatens to stop or suspend carrying on all or a substantial part of its business (other than for purposes of an amalgamation, merger, consolidation, reorganisation of the type described in clause (6) below) or unless approved by the trustee or an extraordinary resolution of the Holders of the 2007 Notes, or (d) makes a general assignment or an arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect or affecting all or any part or a particular type of its debts, or (6) an administrative receiver, administrator, or other similar official is appointed in relation to Asda or any of its principal subsidiaries or in relation to the

		possession of the whole or a substantial part of the assets of any of them and the case or he is not discharged within 14 days.	whole or a substantial part of the undertaking or assets of any of them and is not discharged within 21 days or an order of a court of	whole or a substantial part of the undertaking or assets of any of them and is not discharged within 45 days or an order of a court of

</TABLE>

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Term	Wal-Mart Notes	2010 Bonds	2007 Notes	2015 Notes
<S>	<C>	<C>	<C> competent jurisdiction is made and not discharged or stayed within a period of 30 days or such longer period as the trustee may period or an effective resolution is passed for the winding up or dissolution of Asda or any of its principal subsidiaries, except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidated on terms approved by the trustee or an extraordinary resolutions of the Holders of the 2007 Notes or, in the case of a principal subsidiary, where its undertaking and assets are transferred to or vested in Asda or another of its subsidiaries.	<C> competent jurisdiction is made and not discharged or stayed within a period of 30 days or such longer period as the trustee may period or an effective resolution is passed for the winding up or dissolution of Asda or any of its principal subsidiaries, except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidated on terms approved by the trustee or an extraordinary resolutions of the Holders of the 2007 Notes or, in the case of a principal subsidiary, where its undertaking and assets are transferred to or vested in Asda or another of its subsidiaries.
Acceleration	Upon the occurrence of an event of default, the trustee or the holders of not less than 25 per cent. of the outstanding Wal-Mart Notes may accelerate the payment of the debt.	Upon the occurrence of an event of default, the trustee may and, upon the written request of the Holders of not less than one-quarter of the outstanding 2010 Bonds (subject to certain limitations when the event of default is caused by an event relating to a principal subsidiary) or upon the adoption of an extraordinary resolution by the Holders of the 2010 Bonds, shall, accelerate the payment of the 2010 Bonds.	Upon the occurrence of an event of default, the trustee may and, upon the written request of the Holders of not less than one-fifth of the outstanding 2007 Notes (subject to certain limitations when the event of default is caused by an event relating to a principal subsidiary) or upon the adoption of an extraordinary resolution by the Holders of the 2007 Notes, shall, accelerate the payment of the 2005 Notes.	Upon the occurrence of an event of default, the trustee may and, upon the written request of the Holders of not less than one-quarter of the outstanding 2015 Notes (subject to certain limitations when the event of default is caused by an event relating to a principal subsidiary) or upon the adoption of an extraordinary resolution by the Holders of the 2015 Notes, shall, accelerate the payment of the 2015 Notes.
Trading	Tradable on the London Stock Exchange and through the Clearing Systems	Tradable on The London Stock Exchange and through the Clearing Systems	Tradable on The London Stock Exchange and through the Clearing Systems	Tradable on The London Stock Exchange and through the Clearing Systems
Listing	Official List of the U.K. Listing Authority	Official List of the U.K. Listing Authority	Official List of the U.K. Listing Authority	Official List of the U.K. Listing Authority
Governing Law	New York	England	England	England

</TABLE>

ANNUAL REPORT ON FORM 10-K FOR THE FISCAL
YEAR ENDED JANUARY 31, 2002,
SECTIONS OF THE ANNUAL REPORT
TO SHAREHOLDERS AND THE PROXY STATEMENT FOR THE COMPANY'S 2002 ANNUAL
MEETING OF SHAREHOLDERS THAT ARE INCORPORATED THEREIN BY REFERENCE
AND CERTAIN OTHER EXHIBITS THERETO

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Annual Report on Form 10-K for its Fiscal Year Ended January 31, 2002..... 10K-1

Sections from the Company's Annual Report to Shareholders for its Fiscal Year Ended January 31, 2002 incorporated by Reference Into the Annual Report on Form 10-K..... 10K-28

Sections from the Proxy Statement of the Company for its Annual Shareholders Meeting held June 7, 2002..... 10K-64
</TABLE>

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended January 31, 2002, or

[_] Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 1-6991.

WAL-MART STORES, INC.
(Exact name of registrant as specified in its charter)

Delaware	71-0415188
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
Bentonville, Arkansas	72716
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (479) 273-4000

Securities registered pursuant to Section 12(b) of the Act:

<TABLE>
<CAPTION>

Title of each class	Name of each exchange on which registered
<S>	<C>
Common Stock, par value $.10 per share	New York Stock Exchange Pacific Stock Exchange

</TABLE>

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days. Yes [X] No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

The aggregate market value of the voting common stock of the registrant held by non-affiliates of the registrant, based on the closing price of these shares on the New York Stock Exchange on March 28, 2002, was $165,992,346,506. For the purposes of this disclosure only, the registrant has assumed that its directors, officers and beneficial owners of 5% or more of the registrant's common stock are the affiliates of the registrant.

The registrant had 4,451,225,876 shares of common stock outstanding as of

March 31, 2002.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Annual Report to Shareholders for the fiscal year ended January 31, 2002, are incorporated by reference into Parts I and II of this Form 10-K.

Portions of the registrant's definitive Proxy Statement for the Annual Meeting of Shareholders to be held June 7, 2002, are incorporated by reference into Part III and IV of this Form 10-K.

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FORWARD-LOOKING STATEMENTS OR INFORMATION

This Form 10-K includes and incorporates by reference certain statements that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements included or incorporated by reference in this Form 10-K which address activities, events or developments that Wal-Mart Stores, Inc. (together with its subsidiaries hereinafter referred to as the "Company") expects or anticipates will or may occur in the future, including:

- future capital expenditures, including the amount and nature of those expenditures;
- expansion and other development trends of industry segments in which we and our subsidiaries are active;
- our business strategy;
- our financing strategy;
- expansion and growth of our business; and
- operations and other similar matters.

Although we believe the expectations expressed in the forward-looking statements are based on reasonable assumptions within the bounds of our knowledge of our business, a number of factors could cause actual results to differ materially from those expressed in any forward-looking statements, whether oral or written, made by us or on our behalf. Many of these factors have previously been identified in filings or statements made by us or on our behalf.

Our business operations are subject to factors outside our control. Any one, or a combination, of these factors could materially affect our financial performance. These factors include:

- the costs of goods;
- the cost of electricity and other energy requirements;
- competitive pressures;
- inflation;
- consumer debt levels;
- currency exchange fluctuations;
- trade restrictions;
- changes in tariff and freight rates;
- unemployment levels;
- interest rate fluctuations; and
- other capital market and economic conditions.

Forward-looking statements that we make or that are made by others on our behalf are based on a knowledge of our business and the environment in which we operate, but because of the factors listed above, actual results may differ from those in the forward-looking statements. Consequently, these cautionary statements qualify all of the forward-looking statements we make herein. We cannot assure you that the results or developments anticipated by us will be realized or, even if substantially realized, that those results or developments will result in the expected consequences for us or affect us, our business or our operations in the way we expect. We caution readers not to place undue reliance on these forward-looking statements, which speak only as of their

dates. We assume no obligation to update any of the forward-looking statements.

WAL-MART STORES, INC.
ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED JANUARY 31, 2002

PART I

ITEM 1. BUSINESS

General.

We are the world's largest retailer as measured by total revenues. During the fiscal year ended January 31, 2002, we had net sales of $217.8 billion. We maintain our principal offices at 702 S.W. 8/th/ Street, Bentonville, Arkansas 72716.

Although Wal-Mart Stores, Inc. was incorporated in Delaware in October 1969, the businesses conducted by our predecessors began in 1945 when Sam M. Walton opened a franchise Ben Franklin variety store in Newport, Arkansas. In 1946, his brother, James L. Walton, opened a similar store in Versailles, Missouri. Until 1962, our predecessors' business was devoted entirely to the operation of variety stores. In that year, the first Wal-Mart Discount City, which was a discount store, was opened. In fiscal 1984, we opened our first three SAM'S Clubs, and in fiscal 1988, our first Wal-Mart Supercenter, a format that combines a full-line supermarket with a general merchandise discount store. We currently operate in all 50 states in the United States.

In fiscal 1992, we began our first international initiative when we entered into a joint venture in Mexico, in which we had a 50% interest, with Cifra S.A. de C.V. In fiscal 1998, we acquired the controlling interest in Cifra as described below, and in February 2000, Cifra officially changed its name to Wal-Mart de Mexico, S.A. de C.V. Since fiscal 1992, our international presence has continued to expand and at January 31, 2002, we had international operations in Argentina, Brazil, Canada, Germany, South Korea, Mexico, Puerto Rico and the United Kingdom and, through joint venture agreements, in China.

The Development of Our Company in Recent Years.

At January 31, 2002, we operated in the United States, 1,647 discount stores, 1,066 Supercenters, 500 SAM'S Clubs and 31 Neighborhood Markets. Internationally, at January 31, 2002, the Company operated units in Argentina (11), Brazil (22), Canada (196), Germany (95), South Korea (9) Mexico (551), Puerto Rico (17) and the United Kingdom (250), and, under joint venture agreements, in China (19). Our growth, measured both by our net sales and net income, occurs in large measure as a result of the increase in the number of stores we have, both in the United States and internationally, and the increase from year to year of the sales in our existing stores. The following tables provide summary information concerning the additions of units and square footage for domestic discount stores, Supercenters, SAM'S Clubs, Neighborhood Markets and international units in each of our fiscal years from 1997 through 2002.

WAL-MART STORES SEGMENT STORE COUNT
YEARS ENDED JANUARY 31, 1997 THROUGH 2002

STORE COUNT

<TABLE>
<CAPTION>

Fiscal Year Ended January 31	Wal-Mart Discount Stores				Wal-Mart Supercenters	
	Opened	Closed	Conversions (1)	Total	Opened (2)	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance Forward.....				1,995		239
1997.....	59	2	92	1,960	105	344
1998.....	37	1	75	1,921	97	441
1999.....	37	1	88	1,869	123	564
2000.....	29	1	96	1,801	157	721
2001.....	41	2	104	1,736	167	888
2002.....	33	1	121	1,647	178	1,066

</TABLE>

<TABLE>
<CAPTION>

Fiscal Year Ended January 31	Neighborhood Markets	Total

	Opened	Total Opened (3)	Closed	Ending Balance
Balance Forward.....				2,234
1997.....	0	0 72	2	2,304
1998.....	0	0 59	1	2,362
1999.....	4	4 76	1	2,437
2000.....	3	7 93	1	2,529
2001.....	12	19 116	2	2,643
2002.....	12	31 102	1	2,744

(1)Wal-Mart discount store locations relocated or expanded as Wal-Mart Supercenters.
(2)Includes conversions or relocations of Wal-Mart discount stores to Wal-Mart Supercenters.
(3)Total opened net of conversions of Wal-Mart discount stores to Wal-Mart Supercenters.

WAL-MART STORES SEGMENT NET SQUARE FOOTAGE GROWTH
YEARS ENDED JANUARY 31, 1997 THROUGH 2002

NET SQUARE FOOTAGE

Fiscal Year Ended January 31	Wal-Mart Discount Stores		Wal-Mart Supercenters	
	Net Additions (1)	Total	Net Additions (1)	Total
Balance Forward.....		181,850,071		43,593,103
1997.....	(103,486)	181,746,585	19,661,948	63,255,051
1998.....	(2,411,149)	179,335,436	17,076,582	80,331,633
1999.....	(3,062,418)	176,273,018	21,892,838	102,224,471
2000.....	(5,486,901)	170,786,117	28,488,737	130,713,208
2001.....	(5,411,272)	165,374,845	31,884,669	162,597,877
2002.....	(7,689,137)	157,685,708	34,844,470	197,442,347

Fiscal Year Ended January 31	Neighborhood Markets		Total	
	Net Additions	Total	Net Additions	Total
Balance Forward.....				225,443,174
1997.....			19,558,462	245,001,636
1998.....			14,665,433	259,667,069
1999.....	176,407	176,407	19,006,827	278,673,896
2000.....	144,083	320,490	23,145,919	301,819,815
2001.....	577,662	898,152	27,051,059	328,870,874
2002.....	519,838	1,417,990	27,675,171	356,546,045

(1)Includes the square footage of new discount stores opened, net of discount stores closed or converted or expanded into Supercenters.
(2)Includes square footage of Wal-Mart Supercenters created by the conversion or relocation of Wal-Mart discount stores.

SAM'S CLUB SEGMENT CLUB COUNT
AND NET SQUARE FOOTAGE GROWTH
YEARS ENDED JANUARY 31, 1997 THROUGH 2002

CLUB COUNT

Fiscal Year Ended January 31	SAM'S Clubs		
	Opened	Closed	Total
Balance Forward.			433
1997.....	9	6	436

1998.....	8	1	443
1999.....	8	0	451
2000.....	12	1	462
2001.....	13	0	475
2002.....	25	0	500

NET SQUARE FOOTAGE

Fiscal Year Ended January 31	SAM'S Clubs	
	Net Additions	Total
Balance Forward.		52,535,444
1997.....	298,692	52,834,136
1998.....	716,150	53,550,286
1999.....	1,099,144	54,649,430
2000.....	1,577,678	56,227,108
2001.....	1,773,830	58,000,938
2002.....	3,777,865	61,778,803

INTERNATIONAL SEGMENT UNIT COUNT
YEARS ENDED JANUARY 31, 1997 THROUGH 2002

STORE COUNT

	Argentina			Brazil				Canada
Fiscal Year	Wal-Mart Supercenters	SAM'S Clubs	Total	Wal-Mart Supercenters	SAM'S Clubs	Todo Dia	Total	Wal-Mart Stores
1997....	3	3	6	2	3	--	5	136
1998....	6	3	9	5	3	--	8	144
1999....	10	3	13	9	5	--	14	154
2000....	10	3	13	9	5	--	14	166
2001....	11	0	11	12	8	--	20	174
2002....	11	0	11	12	8	2	22	196

	China				Germany	South Korea
Fiscal Year	Wal-Mart Supercenters	SAM'S Clubs	Neighborhood Market	Total	Supercenters	Wal-Mart Supercenters
1997....	1	1	--	2	0	0
1998....	2	1	--	3	21	0
1999....	4	1	--	5	94	4
2000....	5	1	--	6	94	5
2001....	10	1	--	11	93 **	6
2002....	15	3	1	19	95	9

	Mexico				Puerto Rico			
Fiscal Year	Wal-Mart Supercenters	SAM'S Clubs	Other*	Total	Wal-Mart Stores	Wal-Mart Supercenters	SAM'S Clubs	Total
1997....	18	28	0	46	7	--	4	11
1998....	27	28	330	385	9	--	5	14
1999....	27	31	358	416	9	--	6	15
2000....	27	34	397	458	9	--	6	15
2001....	32	38	429	499	9	--	6	15
2002....	62	46	443	551	9	1	7	17

Fiscal Year	United Kingdom	
	ASDA Stores	ASDA Supercenters
<S>	<C>	<C>
1997....	0	0
1998....	0	0
1999....	0	0
2000....	231	1
2001....	238	3
2002....	244	6

Fiscal Year	United Kingdom
	Total
<S>	<C>
1997....	0
1998....	0
1999....	0
2000....	232
2001....	241
2002....	250

</TABLE>

* At January 31, 2002, includes 106 Bodegas (discount stores), 51 Suburbias (specialty department stores), 44 Superamas (traditional supermarkets), and 242 Vips (restaurants). During fiscal 2002 all of the Aurrera format stores were converted to either Supercenters or Bodegas.

** One Germany unit was damaged by fire and closed in fiscal 2001.

INTERNATIONAL NET SQUARE FOOTAGE GROWTH
YEARS ENDED JANUARY 31, 1997 THROUGH 2002

NET SQUARE FOOTAGE

<TABLE>
<CAPTION>

Fiscal Year	Argentina		Brazil		Canada	
	Net Additions	Total	Net Additions	Total	Net Additions	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1997....	625,369	1,069,990	0	761,581	578,508	16,053,906
1998....	506,884	1,576,874	540,056	1,301,637	914,365	16,968,271
1999....	663,986	2,240,860	914,618	2,216,255	981,261	17,949,532
2000....	0	2,240,860	0	2,216,255	1,510,890	19,460,422
2001....	(165,885)	2,074,975	818,833	3,035,088	1,019,999	20,480,421
2002....	0	2,074,975	108,351	3,143,439	2,487,837	22,968,258

Fiscal Year	China		Germany		South Korea	
	Net Additions	Total	Net Additions	Total	Net Additions	Total
1997....	316,656	316,656	0	0	0	0
1998....	145,558	462,214	2,449,369	2,449,369	0	0
1999....	224,827	687,041	6,845,491	9,294,860	553,683	553,683
2000....	125,150	812,191	0	9,294,860	71,042	624,725
2001....	836,701	1,648,892	(92,636)	9,202,224	223,425	848,150
2002....	1,266,251	2,915,143	4,216,679	13,418,903	849,631	1,697,781

Fiscal Year	Mexico		Puerto Rico		United Kingdom	
	Net Additions	Total	Net Additions	Total	Net Additions	Total
1997....	1,032,603	7,015,810	0	1,305,452	0	0
1998....	10,292,640	17,308,450	342,888	1,648,340	0	0
1999....	714,459	18,022,909	100,250	1,748,590	0	0
2000....	1,696,475	19,719,384	0	1,748,590	18,825,234	18,825,234
2001....	2,310,043	22,029,427	35,084	1,783,674	452,787	19,278,021
2002....	6,904,068	28,933,495	320,555	2,104,229	942,165	20,220,186

</TABLE>

Fiscal 2002 net additions contain an adjustment to the previously reported square footage based on a reassessment of the various foreign country totals. This adjustment has been made to state the total square footage amounts at January 31, 2002. The adjustments made on an individual country basis are: for Canada a reduction of 21,506 square feet, for China an increase of 27,849 square feet, for Germany an increase of 4,419,932 square feet, for South Korea an increase of 300,645 square feet, for Mexico an increase of 4,293,932 square feet and for the United Kingdom an increase of 134,088 square feet. No adjustments were made to the square footage previously reported in Argentina, Brazil and Puerto Rico as a result of the reassessment.

Much of our growth internationally in recent years has resulted from our acquisition of existing operations in various countries. In the third quarter of fiscal 1998, we acquired approximately 51% of the voting shares in Wal-Mart de Mexico, which was formerly known as "Cifra," by means of a tender offer pursuant to which we acquired a total of 593,100,000 shares of Wal-Mart de

Mexico's voting stock and a merger of certain joint ventures between us and Wal-Mart de Mexico into Wal-Mart de Mexico. We acquired another 1,609,000,000 shares of Wal-Mart de Mexico's voting stock pursuant to that merger. We paid a total of approximately US$1.2 billion for the shares of Cifra voting stock acquired in the tender offer. In fiscal 2001, we purchased an additional 271.3 million shares of stock in Wal-Mart de Mexico from other shareholders of Wal-Mart de Mexico at a cost of approximately $587 million. As a result of that acquisition and Wal-Mart de Mexico's share repurchase program, we hold approximately 61.4% of the outstanding voting shares of Wal-Mart de Mexico at the end of fiscal 2002.

In the third quarter of fiscal, 2000, we acquired all of the stock of ASDA Group PLC, the third largest retailer in the United Kingdom, for a purchase price of approximately US$11 billion. ASDA had 229 stores at the time of the acquisition. The acquisition of ASDA marked our entry into the United Kingdom.

We announced on March 14, 2002, that we intend to acquire 6.1% of the stock of The Seiyu Ltd., a Japanese retail chain, for 6 billion yen, or approximately $46 million based on an exchange rate of 130 yen per United States dollar. Under the terms of the proposed acquisition, we will also have the right to contribute up to 260 billion yen, or approximately $2 billion, based on the exchange rate discussed above, for additional shares of stock in Seiyu. If we contribute the full 260 billion yen to Seiyu, we will own approximately 66.7% of the stock of Seiyu. This transaction is subject to the approval of Seiyu's stockholders and other approvals. In addition, in February 2002, we also announced that we intend to acquire 35 Supermercado Amigo supermarkets in Puerto Rico. That acquisition is subject to the receipt of certain regulatory approvals.

We have provided additional information regarding the accounting treatment of certain of the acquisitions discussed above in Note 6 of Notes to Consolidated Financial Statements, which appear in our Annual Report to Shareholders, are incorporated by reference herein and have been included as an exhibit to this annual report.

Our Industry Segments

Our mass merchandising operations serve our customers primarily through the operation of three segments. We identify those segments based on management responsibility within the United States and geographically for all international units. The Wal-Mart Stores segment includes our discount stores, Supercenters and Neighborhood Markets in the United States. The SAM'S Club segment includes the warehouse membership clubs in the United States. The International segment includes all of our operations in Argentina, Brazil, Canada, China, Germany, Korea, Mexico, Puerto Rico and the United Kingdom. We do not treat the operations of our subsidiary, McLane Company, Inc. ("McLane"), as a separate operating segment as a result of the size of its operations relative to the other segments of our business, but show its results of operations under the heading "Other" in our segment financial data. McLane provides products and distribution services to retail industry and institutional food services customers. You will find information concerning the financial results of our operating segments and the total assets of each of those segments in Note 9 of the Notes to Consolidated Financial Statements. We have incorporated our Consolidated Financial Statements as of January 31, 2002 and for the year then ended and the Notes to the Consolidated Financial Statements by reference herein to our Annual Report to our Shareholders and included them as an exhibit to this annual report.

Wal-Mart Stores Operating Segment. The Wal-Mart Stores segment had net sales of $139.1 billion, $121.9 billion and $108.7 billion for the three fiscal years ended January 31, 2002, 2001, and 2000, respectively. During the most recent fiscal year, no single discount store or Supercenter location accounted for as much as 1% of total Company sales or net income. We have provided additional information about the Wal-Mart Stores segment in Management's Discussion and Analysis of Results of Operations, which we have incorporated by reference herein and has been included as an exhibit to this annual report. In addition, you should read Note 9 of the Notes to Consolidated Financial Statements, which we have incorporated by reference herein and which contain additional information regarding our operating segments.

General. The Company operates Wal-Mart discount stores in all 50 states. Discount stores range in size from 30,000 square feet to 158,000 square feet, with the average size of a discount store being approximately 95,741 square feet. Wal-Mart Supercenters are located in 43 states. Supercenters range in size from 90,000 square feet to 246,000 square feet, with the average size of a Supercenter being approximately 185,218 square feet The Company operates Neighborhood Market stores in Arkansas, Oklahoma and Texas. Neighborhood Market stores range in size from 40,000 square feet to 64,000 square feet, with the average size being 45,742 square feet.

Merchandise. Wal-Mart discount stores and the general merchandise area of the Supercenters are generally organized with 40 departments and offer a wide variety of merchandise, including apparel for women, girls, men, boys and infants. Each store also carries domestics, fabrics and notions, stationery and books, shoes, housewares, hardware, electronics, home furnishings, small appliances, automotive accessories, horticulture and accessories, sporting goods, toys, pet food and accessories, cameras and supplies, health and beauty aids, pharmaceuticals and jewelry. In addition, the stores offer an assortment of grocery merchandise, with the grocery assortment in Supercenters being broader and including meat, produce, deli, bakery, dairy, frozen foods and dry grocery.

Nationally advertised merchandise accounts for a majority of sales in the stores. We market lines of merchandise under store brands including "Sam's American Choice," "One Source," "Great Value," "Ol' Roy," "Puritan," and "Equate." The Company also markets lines of merchandise under licensed brands, some of which include "Faded Glory," "General Electric," "Stanley," "White Stag," "Catalina" and "McKids."

During the fiscal year ended January 31, 2002, sales in discount stores and Supercenters (which are subject to seasonal variance) by product category were as follows:

<TABLE>
<CAPTION>

Category	Percentage of Sales
<S>	<C>
Grocery, candy and tobacco	22
Hardgoods	21
Softgoods/domestics	18
Pharmaceuticals	9
Electronics	9
Sporting goods and toys	7
Health and beauty aids	7
Stationery	3
One-hour photo	2
Jewelry	1
Shoes	1
	100%

</TABLE>

Operations. Hours of operation for nearly all Supercenters and an increasing number of discount stores are 24 hours each day. Hours of operation for the remaining discount stores vary by location, but generally range from 7:00 a.m. to 11:00 p.m., six days a week, and from 10:00 a.m. to 8:00 p.m. on Sundays. Wal-Mart discount stores and Supercenters maintain uniform prices, except where lower prices are necessary to meet local competition. Sales are primarily on a self-service, cash-and-carry basis with the objective of maximizing sales volume and inventory turnover while minimizing expenses. Bank credit card programs, operated without recourse to the Company, are available in all stores.

Seasonal Aspects of Operations. The Wal-Mart Stores operating segment's business is seasonal to a certain extent. Generally, our highest volume of sales occurs in our fourth fiscal quarter, which includes the holiday season, and the lowest volume occurs during its first fiscal quarter.

Competition. Our Wal-Mart discount stores compete with other discount, department, drug, variety and specialty stores, many of which are national chains. Our Wal-Mart Supercenters compete with other supercenter-type stores, discount stores, supermarkets and specialty stores, many of which are national or regional chains. We also compete with others for new store sites. As of January 31, 2002, based on net sales, the Wal-Mart Stores segment ranked first among all retail department store chains and among all discount department store chains.

Our ability to offer value and service to our customers largely determines our competitive position within the retail industry. We employ many programs designed to meet the competitive pressures within our industry. These include our "Everyday Low Price", "Item Merchandising", "Store-Within-a-Store" "Price Rollbacks", and "Store of the Community" programs. Although we believe we have had a major influence in most of the retail markets in which our stores are located, we cannot assure you that this influence will continue.

Distribution. During fiscal 2002, approximately 84% of the Wal-Mart discount stores' and Supercenters' purchases of merchandise were shipped from Wal-Mart's 72 distribution centers of which 32 are general merchandise

distribution centers, 20 are grocery distribution centers, eight are clothing distribution centers, and nine are specialty distribution centers. The specialty distribution centers ship items such as jewelry, tires and optical. The balance of merchandise purchased was shipped directly to the stores from suppliers. Additionally, the Company operates three import distribution centers in the United States. The 72 distribution centers are located throughout the continental United States. Eight distribution centers are located in each of Arkansas and Georgia; seven in Texas; five in Indiana; four in California; three in each of New York and South Carolina; two in each of Alabama, Florida, Illinois, Louisiana, Mississippi, Montana, Pennsylvania, Tennessee, Utah, Wisconsin; and one in each of Arizona, Colorado, Iowa, Kansas, Kentucky, Maryland, Michigan, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon and Virginia. During fiscal 2002, Wal-Mart.com utilized two third-party distribution centers and one located in Utah and one in Ohio to fulfill orders for goods placed through its website.

Sam's Club Operating Segment. The SAM'S Club segment had net sales of $29.4 billion, $26.8 billion and $24.8 billion for the three fiscal years ended January 31, 2002, 2001, and 2000, respectively. During the most recent fiscal year, no single club location accounted for as much as 1% of total Company sales or net income. We have provided additional information the SAM'S Club segment in Management's Discussion and Analysis of Results of Operations, which appears in our Annual Report to Shareholders, is incorporated by reference herein and has been included as an exhibit to this annual report. In addition, you should read Note 9 of the Notes to Consolidated Financial Statements, which we have incorporated by reference herein, which contain additional information regarding each of our operating segments.

General. We operate SAM'S Clubs in 48 states. SAM'S Clubs facility sizes generally range between 90,000 and 190,000 square feet of building area, with the average SAM'S Club facility being approximately 123,558 square feet.

Merchandise. SAM'S Clubs offer bulk displays of name brand hardgood merchandise, some softgoods and institutional size grocery items, and selected items under the "Member's Mark" store brand. Generally, each SAM'S Club also carries software, electronic goods, jewelry, sporting goods, toys, tires, stationery and books. Most clubs have fresh food departments, which include bakery, meat and produce. In addition, some clubs offer one-hour photo, embroidery departments, pharmaceuticals, optical departments and gasoline stations.

During the fiscal year ended January 31, 2002, sales in the SAM'S Clubs segment, which are subject to seasonal variance, by product category were as follows:

<TABLE>
<CAPTION>

Category	Percentage of Sales
<S>	<C>
Sundries	32
Food	30
Hardlines	20
Service Businesses	11
Softlines	7
	100%

</TABLE>

Operations. Operating hours vary among SAM'S Clubs, but are generally Monday through Friday from 10:00 a.m. to 8:30 p.m., Saturday from 9:30 a.m. to 8:30 p.m. and Sunday from 11:00 a.m. to 6:00 p.m.

SAM'S Clubs are membership only, cash-and-carry operations. However, a financial service credit card program, the Discover Card, is available in all clubs and we make the "SAM'S Direct" commercial finance program and "Business Revolving Credit" available to qualifying business members. Also, we make a "Personal Credit" program available to qualifying club members. All credit extended to members under these programs is without recourse to us. Club members include businesses and those individuals who are members of certain qualifying organizations, such as federal and state government employees and credit union members. In fiscal 2002, business members paid an annual membership fee of $30 for the primary membership card with a spouse card available at no additional cost. The annual membership fee for an individual member is $35 for the primary membership card with a spouse card available at no additional cost. SAM'S Clubs Elite Membership program offers additional benefits and services such as automotive extended service contracts, roadside assistance, home improvement, auto brokering, and pharmacy discounts in addition to the regular suite of benefits including SAM'S CLUB Travel Services, Boat and RV Program and Mail Order Pharmacy. The annual membership fee for an

Elite Member is $100.

Seasonal Aspects of Operations. The SAM'S Club operating segment's business is seasonal to a certain extent. Generally, its highest volume of sales occurs in the Company's fourth fiscal quarter, which includes the holiday season, and the lowest volume occurs during its first fiscal quarter.

Competition. SAM'S Clubs compete with other warehouse clubs, as well as with discount retailers, wholesale grocers and general merchandise wholesalers and distributors. We also compete with others for new club sites. As of January 31, 2002, based on domestic U.S. net sales, the SAM'S Club segment ranked first among all warehouse clubs. Our ability to offer low prices and quality merchandise determines our competitive position in the warehouse club industry.

Distribution. During fiscal 2002, approximately 62.2% of the SAM'S Club purchases were shipped from the SAM'S Clubs segment's dedicated distribution facilities. Suppliers shipped the balance of the SAM'S Club purchases directly to the SAM'S Clubs' locations. The principal focus of our SAM'S Clubs' distribution operations is on crossdocking product, while stored inventory is minimized. A combination of six Company owned and operated facilities and 13 third-party owned and operated facilities constitute the overall distribution structure for the SAM'S Club segment. Two of the Company owned and operated facilities are located in Texas with one located in each of Arkansas, Colorado, Minnesota and Indiana. Of the third party owned and operated facilities, one of each is located in each of Arizona, California, Florida, Georgia, Illinois, Maryland, Michigan, Missouri, New Hampshire, North Carolina, Ohio, Pennsylvania and Washington. Additionally, the SAM'S Club segment is serviced by 12 Wal-Mart owned freezer/cooler facilities which service both Wal-Mart stores and SAM'S Clubs, two Wal-Mart owned specialty distribution facilities which service both Wal-Mart stores and SAM'S Clubs and one third-party owned freezer/cooler facility.

International Operating Segment. Our International Segment comprises our operations through wholly-owned subsidiaries in Argentina, Canada, Germany, South Korea, Puerto Rico and the United Kingdom; our operations through majority-owned subsidiaries in Brazil and Mexico and our operations through joint ventures in China. The International segment's net sales for the three fiscal years ended January 31, 2002, 2001 and 2000, were $35.5 billion, $32.1 billion and $22.7 billion, respectively. During the most recent fiscal year, no single location accounted for as much as 1% of total Company sales or net income. We have provided additional information about the International segment in Management's Discussion and Analysis of Results of Operations, which appears in our Annual Report to Shareholders, is incorporated by reference herein and has been included as an exhibit to this annual report. In addition, you should read Note 9 of Notes to Consolidated Financial Statements, which we have incorporated by reference herein, which contains additional information regarding our operating segments.

General. Operating formats vary by country, but include Wal-Mart discount stores in Canada and Puerto Rico; Supercenters in Argentina, Brazil, China, Germany, South Korea, Mexico and the United Kingdom; SAM'S Clubs in Brazil, China, Mexico, and Puerto Rico; Superamas (traditional supermarket), Bodegas (discount store), Suburbias (specialty department store) and Vips (restaurant) in Mexico; Todo Dias (traditional supermarket) in Brazil; Neighborhood Markets (traditional supermarkets) in South Korea and ASDA stores (combination grocery and apparel store) in the United Kingdom.

Merchandise. The merchandising strategy for the International operating segment is similar to that of domestic segments in the breadth and scope of merchandise offered for sale. While brand name merchandise accounts for a majority of sales, several store brands not found in the United States have been developed to serve customers in the different markets in which the International segment operates. In addition, steps have been taken to develop relationships with local suppliers in each country to ensure reliable sources of quality merchandise.

Operations. The hours of operation for operating units in the International segment vary by country and by individual markets within countries, depending upon local and national ordinances governing hours of operation. While sales are primarily on a cash-and-carry basis, credit cards or other consumer finance programs exist in certain markets to facilitate the purchase of goods by the customer.

Seasonal Aspects of Operations. The International operating segment's business is seasonal to a certain extent. Generally, the highest volume of sales occurs in the Company's fourth fiscal quarter. The seasonality of the business varies by country due to different national and religious holidays, festivals and customs, as well as different climatic conditions.

Competition. The International operating segment competes with a variety of local, national and international chains in the discount, department, drug, variety, specialty and wholesale sectors of the retail market in each of the

countries in which we operate and, in Mexico, with local, national and international restaurant chains. Our ability to offer our customers low prices on quality merchandise that offers exceptional value in the international segment determines, to a large extent, our competitive position. In our international Supercenters, our ability to effectively operate the food departments has a major impact on the segment's competitive position in the markets where we operate.

Distribution. The International segment operates export consolidation facilities in Los Angeles, California; Jacksonville, Florida; and Laredo, Texas in support of product flow to its Mexican, Asian, and Latin American markets. We operate a total of 35 distribution facilities that are located in Argentina, Brazil, Canada, China, Germany, Puerto Rico, the United Kingdom and Mexico. Through these facilities, we process and distribute both imported and domestic product to the operating units. During fiscal 2002, approximately 71% of the International merchandise purchases flowed through these distribution facilities. Suppliers ship the balance of the International segment's merchandise purchases directly to our stores in the various countries in which we operate. A combination of Company owned and operated facilities and third-party facilities makes up the overall distribution structure for International logistics.

Other Operations. The sales reported in the "Other" category result from sales to third parties by McLane. McLane, which is a wholly-owned subsidiary of Wal-Mart Stores, Inc., is a wholesale distributor that sells its merchandise to a variety of retailers, primarily in the convenience store and food service industries. McLane also services Wal-Mart discount stores, Supercenters, Neighborhood Markets and SAM'S Clubs. McLane offers a wide variety of grocery and non-grocery products, including perishable and non-perishable items. The non-grocery products consist primarily of tobacco products, general merchandise, health and beauty aids, toys and stationery. McLane's net sales for the three fiscal years ended January 31, 2002, 2001 and 2000 were $13.8 billion, $10.5 billion and $8.8 billion, respectively.

During fiscal 2002, McLane operated 18 grocery distribution facilities, 17 of which we owned and one of which we leased. These grocery distribution facilities are located as follows: two in each of California and Texas,

and one each in Arizona, Alabama, Colorado, Florida, Georgia, Illinois, Indiana, Kentucky, Mississippi, New Hampshire, New York, North Carolina, Virginia and Washington. Additionally, McLane operated 17 foodservice distribution facilities, one of which we owned and 16 of which we leased. These foodservice distribution facilities are located as follows: two or each in California and Texas and one in each of Arizona, Colorado, Florida, Georgia, Kansas, Kentucky, New Jersey, New York, North Carolina, Oregon, Tennessee, Virginia and Wisconsin.

Employees (Associates).

As of January 31, 2002, the Company employed approximately 1,383,000 associates worldwide, with approximately 1,080,000 associates in the United States and 303,000 associates in foreign countries. Most associates participate in incentive programs, which provide the opportunity to receive additional compensation based upon the Company's productivity or profitability.

ITEM 2. PROPERTIES

The number and location of domestic and international Wal-Mart discount stores, Supercenters and SAM'S Clubs is incorporated by reference to the table under the caption "Fiscal 2002 End-of-Year Store Count" on page 5 of the Annual Report to Shareholders for the year ended January 31, 2002, which information we have included as an exhibit to this annual report.

We own 1,680 of the properties on which our domestic discount stores, Neighborhood Markets and Supercenters are located and 331 of the properties on which our domestic SAM'S Clubs are located. In some cases, we own the land associated with leased buildings in which our discount stores, Neighborhood Markets, Supercenters and SAM'S Clubs are located.

We either lease the remaining buildings in which our present domestic locations are located from a commercial property developer, pursuant to a sale/leaseback arrangement or from a local governmental entity in connection with an industrial revenue bond financing arrangement. All of our leases of our stores provide for fixed annual rentals and, in many cases, the leases provide for additional rent based on sales volume.

We use independent contractors to construct the new buildings, both leased and owned, that we build.

Domestically, we operated 72 Wal-Mart distribution facilities and 35 McLane distribution facilities as of January 31, 2002. With the exception of the 16 leased McLane foodservice distribution facilities, we primarily own these

distribution facilities, several of which are subject to mortgages granted to secure loans obtained to finance their development. We also lease some of the distribution facilities under industrial development bond financing arrangements that provide us with the option to purchase those facilities at the end of the lease term for nominal amounts.

We own the office facilities in Bentonville, Arkansas that serve as our home office and corporate headquarters and an office facility in Temple, Texas that serves as the home office for McLane. We lease an office facility in Brisbane, California that serves as the home office for Wal-Mart.com

We operate our International segment stores and restaurants in a combination of owned and leased properties in each country in which our International segment operates. We own 9 properties in Argentina, 14 properties in Brazil, 23 properties in Canada, one property in China through joint venture, 19 properties in Germany, 9 properties in South Korea, 247 properties in Mexico, five properties in Puerto Rico and 165 properties in the United Kingdom in which the operating units are located, with the remaining units in each country being leased. We utilize both owned and leased properties for office facilities in each country in which we are conducting business. Outside the United States, we utilized 35 distribution facilities as of January 31, 2002. Of these 35 distribution facilities, we owned nine and leased 17. Third parties own the remaining nine distribution facilities.

ITEM 3. LEGAL PROCEEDINGS

We are not a party to nor are any of our properties subject to any material pending legal proceeding other than routine litigation incidental to the Company's business.

We recently opened a Supercenter in Honesdale, Pennsylvania. In February 1999, we settled claims made by the Pennsylvania Department of Environmental Protection (PDEP) that a subcontractor's acts and omissions relating to the construction of the Supercenter led to excess erosion and sedimentation of a nearby creek. In the settlement, we agreed to pay a fine of $25,000 and to perform a $75,000 community environmental project in the Honesdale area. We are negotiating a settlement of a claim by the United States Army Corps of Engineers that the construction resulted in the filling of approximately 0.76 acres in excess of the permitted fill area of waters and wetlands at the site. The proposed settlement with the Corps of Engineers would require us to pay $200,000 to a non-profit corporation for the purchase of local wetlands conservation areas and easements. The contractor on the project has reimbursed us for the amounts we have paid in connection with this matter.

During fiscal 2001, the State of Connecticut filed suit against us in the State of Connecticut Superior Court for the Judicial District of Hartford alleging various violations of state environmental laws and alleging that we failed to obtain the appropriate permits or maintain required records relating to storm water management practices at 12 stores. The suit seeks to ensure our compliance with the general permit for the discharge of stormwater associated with those stores. We intend to vigorously defend against these allegations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's security holders during the last quarter of the year ended January 31, 2002.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The information required by this item is incorporated by reference to the information "Number of Shareholders of record" under the caption "11-Year Financial Summary" on pages 14 and 15, and all the information under the captions "Market Price of Common Stock," "Listings--Stock Symbol: WMT" and "Dividends Paid Per Share" on page 41 of the Annual Report to Shareholders for the year ended January 31, 2002. Such information is included in an exhibit to this annual report.

ITEM 6. SELECTED FINANCIAL DATA

The information required by this item is incorporated by reference to all information under the caption "11-Year Financial Summary" on pages 14 and 15 of the Annual Report to Shareholders for the year ended January 31, 2002. Such information is included in an exhibit to this annual report.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this item is furnished by incorporation by reference to all information under the caption "Management's Discussion and Analysis" on pages 16 through 23 of the Annual Report to Shareholders for the year ended January 31, 2002. Such information is included in an exhibit to this annual report.

ITEM 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The information required by this item is furnished by incorporation by reference to all information under the sub-caption "Market Risk" of the caption "Management's Discussion and Analysis" on pages 20 through 23 of the Annual Report to Shareholders for the year ended January 31, 2002. Such information is included in an exhibit to this annual report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is furnished by incorporation by reference to all information under the captions "Consolidated Statements of Income," "Consolidated Balance Sheets," "Consolidated Statements of Shareholders' Equity," "Consolidated Statements of Cash Flows," "Notes to Consolidated Financial Statements" and "Report of Independent Auditors" on pages 24 through 40 of the Annual Report to Shareholders for the year ended January 31, 2002. Such information is included in an exhibit to this annual report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required by this item with respect to the Company's directors and compliance by the Company's directors, executive officers and certain beneficial owners of the Company's Common Stock with Section 16(a) of the Securities Exchange Act of 1934 is furnished by incorporation by reference to all information under the captions entitled "Nominees for Directors" on pages 2 and 3 and "Section 16(a) Beneficial Ownership Reporting Compliance" on page 14 of the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held on Friday, June 7, 2002 (the "Proxy Statement").

EXECUTIVE OFFICERS OF THE REGISTRANT

The following chart names each of the executive officers of the Company, each of whom is elected by and serves at the pleasure of the Board of Directors. The business experience shown for each officer has been his principal occupation for at least the past five years.

<TABLE>
<CAPTION>

Name	Business Experience	Current Position Held Since	Age
<S>	<C>	<C>	<C>
S. Robson Walton	Chairman of the Board.	1992	57
David D. Glass	Chairman, Executive Committee of the Board. Prior to January 2000, he served as President and Chief Executive Officer of the Company.	2000	66
H. Lee Scott, Jr.	President and Chief Executive Officer. From January 1999 to January 2000, he served as Vice Chairman and Chief Operating Officer of the Company. From January 1998 to January 1999, he served as President and Chief Executive Officer of our Wal-Mart Stores Division. Prior to January 1998, he served as Executive Vice President--Merchandising of the Company.	2000	53
Thomas M. Coughlin	Executive Vice President and President and Chief Executive Officer of Wal-Mart Stores Division. From January 1998 to January 1999, he served as Executive Vice President and Chief Operating Officer of our Wal-Mart Stores Division. Prior to January 1998, he served as Executive Vice President--Store Operations of the Company.	1999	52
Michael T. Duke	Executive Vice President, Administration. From March 2000 to July 2000, he served as Executive Vice President of Logistics. From March 1996 to March 2000, he served as Senior Vice President of Logistics. Prior to March 1996, he served as Senior Vice President of Distribution.	2000	52
Thomas R. Grimm	Executive Vice President and President and Chief Executive Officer of SAM'S Club Division. Prior to October 1998, he was retired, but served as a consultant to various organizations.	1998	57
Thomas D. Hyde	Executive Vice President, Legal and Corporate Affairs. Prior to July	2001	53

	2001, he served as Senior Vice President and General Counsel of Raytheon Company since 1992.		
John B. Menzer	Executive Vice President and President and Chief Executive Officer of our Wal-Mart International Division. Prior to June 1999, he served as Executive Vice President and Chief Financial Officer of the Company.	1999	51
Thomas M. Schoewe	Executive Vice President and Chief Financial Officer. From February 1997 to January 2000, he served as Senior Vice President and Chief Financial Officer of Black & Decker Corporation. Prior to February 1997, he served as Vice President and Chief Financial Officer of Black & Decker Corporation.	2000	49
James A. Walker, Jr.	Senior Vice President and Controller of the Company.	1995	55

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is furnished by incorporation by reference to all information under the caption entitled "Compensation of Directors" on page 4, "Compensation and Nominating Committee Report on Executive Compensation" on pages 6 through 8, and "Summary Compensation," "Option Grants In Last Fiscal Year," and "Option Exercises and Fiscal Year End Option Values" on pages 9 through 11 of the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is furnished by incorporation by reference to all information under the caption entitled "Stock Ownership", subcaptions "Holdings of Major Shareholders" and "Holdings of Officers and Directors" on pages 11 through 13 of the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is furnished by incorporation by reference to all information under the caption "Related-Party Transactions with Wal-Mart" on page 5 of the Proxy Statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. & 2. Consolidated Financial Statements [and Financial Statement Schedules]

The financial statements listed in the Index to Consolidated Financial Statements, which appears on page 19 of this annual report, are incorporated by reference herein or filed as part of this Form 10-K.

3. Exhibits

The following documents are filed as exhibits to this Form 10-K:

3(a)	Restated Certificate of Incorporation of the Company is incorporated herein by reference to Exhibit 3(a) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1989, the Certificate of Amendment to the Restated Certificate of Incorporation is incorporated herein by reference to Registration Statement on Form S-8 (File Number 33-43315) and the Certificate of Amendment to the Restated Certificate of Incorporation is incorporated hereby by reference to the Current Report on Form 8-K dated June 27, 1999.
3(b)	By-Laws of the Company, as amended June 3, 1993, are incorporated herein by reference to Exhibit 3(b) to the Company's Annual Report on Form 10-K for the year ended January 31, 1994. This document is located in the Securities and Exchange Commission's Public Reference Room in Washington, D.C. in the Securities and Exchange Commission's file no. 1-6991.
4(a)	Form of Indenture dated as of June 1, 1985, between the Company and Bank of New York, Trustee, (formerly Boatmen's Trust Company and Centerre Trust Company) is incorporated herein by reference to Exhibit 4(c) to Registration Statement on Form S-3 (File Number 2-97917).
4(b)	Form of Indenture dated as of August 1, 1985, between the Company and Bank of New York, Trustee, (formerly Boatmen's Trust Company and Centerre Trust Company) is incorporated herein by reference to Exhibit 4(c) to Registration Statement on Form S-3 (File Number 2-99162).
4(c)	Form of Amended and Restated Indenture, Mortgage and Deed of Trust, Assignment of Rents and Security Agreement dated as of December 1, 1986, among the First National Bank of Boston and James E. Mogavero, Owner Trustees, Rewal Corporation I, Estate for Years Holder, Rewal Corporation II, Remainderman, the Company and the First National Bank of Chicago and R.D. Manella, Indenture Trustees, is incorporated herein by reference to Exhibit 4(b) to Registration Statement on Form S-3 (File Number 33-11394).

4(d) Form of Indenture dated as of July 15, 1990, between the Company and Harris Trust and Savings Bank, Trustee, is incorporated herein by reference to Exhibit 4(b) to Registration Statement on Form S-3 (File Number 33-35710).

4(e) Indenture dated as of April 1, 1991, between the Company and The First National Bank of Chicago, Trustee, is incorporated herein by reference to Exhibit 4(a) to Registration Statement on Form S-3 (File Number 33-51344).

4(f) First Supplemental Indenture dated as of September 9, 1992, to the Indenture dated as of April 1, 1991, between the Company and The First National Bank of Chicago, Trustee, is incorporated herein by reference to Exhibit 4(b) to Registration Statement on Form S-3 (File Number 33-51344).

4(g) Indenture dated as of July 5, 2001, between the Company and Bank One Trust Company, NA, is incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-3 (File Number 333-64740)

+10(a) Form of individual deferred compensation agreements is incorporated herein by reference to Exhibit 10(b)from the Annual Report on Form 10-K of the Company, as amended, for the year ended January 31, 1986. This document is located in the Securities and Exchange Commission's Public Reference Room in Washington, D.C. in the Securities and Exchange Commission's file no. 1-6991.

</TABLE>

<TABLE>
<C> <S>

+10(b) Wal-Mart Stores, Inc. Stock Option Plan of 1984 is incorporated herein by reference to Registration Statement on Form S-8 (File Number 2-94358).

+10(c) 1991 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1984 is incorporated herein by reference to Exhibit 10(h) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1992. This document is located in the Securities and Exchange Commission's Public Reference Room in Washington, D.C. in the Securities and Exchange Commission's file no. 1-6991.

+10(d) 1993 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1984 is incorporated herein by reference to Exhibit 10(i) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1993. This document is located in the Securities and Exchange Commission's Public Reference Room in Washington, D.C. in the Securities and Exchange Commission's file no. 1-6991.

+10(e) Wal-Mart Stores, Inc. Stock Option Plan of 1994 is incorporated herein by reference to Exhibit 4(c) to Registration Statement on Form S-8 (File Number 33-55325).

+10(f) Wal-Mart Stores, Inc. Director Compensation Plan is incorporated herein by reference to Exhibit 4(d) to Registration Statement on Form S-8 (File Number 333-24259).

+10(g) Wal-Mart Stores, Inc. Officer Deferred Compensation Plan is incorporated herein by reference to Exhibit 10(i) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1996. This document is located in the Securities and Exchange Commission's Public Reference Room in Washington, D.C. in the Securities and Exchange Commission's file no. 1-6991.

+10(h) Wal-Mart Stores, Inc. Restricted Stock Plan is incorporated herein by reference to Exhibit 10(j) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1997.

+10(i) 1996 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1994 is incorporated herein by reference to Exhibit 10(j) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1998.

+10(j) 1997 Amendment to the Wal-Mart Stores, Inc. Stock Option Plan of 1994 is incorporated herein by reference to Exhibit 10(k) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1998.

+10(k) Wal-Mart Stores, Inc. Stock Incentive Plan of 1998 is incorporated herein by reference to Exhibit 10(l) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1999.

+10(l) Wal-Mart Stores, Inc. Management Incentive Plan of 1998 is incorporated herein by reference to Exhibit 10(m) from the Annual Report on Form 10-K of the Company for the year ended January 31, 1999.

*12 Statement re computation of ratios

*13 All information incorporated by reference in Items 1, 2, 5, 6, 7 and 8 of this Annual Report on Form 10-K from the Annual Report to Shareholders for the year ended January 31, 2001.

*21 List of the Company's Subsidiaries

*23 Consent of Independent Auditors

</TABLE>
* Filed herewith as an Exhibit.
+ Management contract or compensatory plan or arrangement.

(b)Reports on Form 8-K

None.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

	Annual Report to Shareholders (page)
<S>	<C>
Covered by Report of Independent Auditors:	
Consolidated Statements of Income for each of the three years in the period ended January 31, 2002	42
Consolidated Balance Sheets at January 31, 2002 and 2001	43
Consolidated Statements of Shareholders' Equity for each of the three years in the period ended January 31, 2002	44
Consolidated Statements of Cash Flows for each of the three years in the period ended January 31, 2002	45
Notes to Consolidated Financial Statements, except Note 11	46
Not Covered by Report of Independent Auditors:	
Note 11--Quarterly Financial Data (Unaudited)	61

</TABLE>

All schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements, including the notes thereto.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

<TABLE>

<C>	<S>
DATE: April 15, 2002	/s/ H. LEE SCOTT --- H. Lee Scott President and Chief Executive Officer

</TABLE>

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<TABLE>

<C>	<S>
DATE: April 15, 2002	/s/ H. LEE SCOTT --- H. Lee Scott President, Chief Executive Officer and Director
DATE: April 15, 2002	/s/ S. ROBSON WALTON --- S. Robson Walton Chairman of the Board and Director
DATE: April 15, 2002	/s/ DAVID D. GLASS --- David D. Glass Chairman, Executive Committee of the Board and Director
DATE: April 15, 2002	/s/ THOMAS M. SCHOEWE --- Thomas M. Schoewe Executive Vice President and Chief

	Financial Officer (Principal Financial Officer)
DATE: April 15, 2002	/s/ JAMES A. WALKER, JR. --- James A. Walker, Jr. Senior Vice President and Controller (Principal Accounting Officer)
DATE: April 15, 2002	/s/ JAMES W. BREYER --- James W. Breyer Director
DATE: April 15, 2002	--- John T. Chambers Director
DATE: April 15, 2002	/s/ THOMAS M. COUGHLIN --- Thomas M. Coughlin Director

</TABLE>

<TABLE>
<C> <S>

DATE: April 15, 2002	/s/ STEPHEN FRIEDMAN --- Stephen Friedman Director
DATE: April 15, 2002	/s/ STANLEY C. GAULT --- Stanley C. Gault Director
DATE: April 15, 2002	--- Roland A. Hernandez Director
DATE: April 15, 2002	--- Dawn G. Lepore Director
DATE: April 15, 2002	/s/ J. PAUL REASON --- J. Paul Reason Director
DATE: April 15, 2002	--- Elizabeth A. Sanders Director
DATE: April 15, 2002	--- Jack C. Shewmaker Director
DATE: April 15, 2002	/s/ DONALD G. SODERQUIST --- Donald G. Soderquist Director
DATE: April 15, 2002	/s/ JOSE H. VILLARREAL --- Jose H. Villarreal Director
DATE: April 15, 2002	--- John T. Walton Director

</TABLE>

EXHIBIT 12

<TABLE>
<CAPTION>

Statement re computation of ratios

	Fiscal Years Ended				
	2002	2001	2000	1999	1998
<S>	<C>	<C>	<C>	<C>	<C>
Income before income taxes, minority interest, and cumulative effect of accounting change	10,751	10,116	9,083	7,323	5,719
Capitalized interest	(130)	(93)	(57)	(41)	(33)
Minority interest	(183)	(129)	(170)	(153)	(78)
Adjusted profit before tax*	10,438	9,894	8,856	7,129	5,608
Fixed Charges					
Debt interest	1,052	1,095	756	529	555
Capital lease interest	274	279	266	268	229
Capitalized interest	130	93	57	41	33
Interest component of rent	834	714	458	523	477
Total fixed expense	2,290	2,181	1,537	1,361	1,294
Profit before taxes and fixed expenses	12,728	12,075	10,393	8,490	6,902
Fixed charge coverage	5.56	5.54	6.76	6.24	5.33

* Does not include the cumulative effect of accounting change recorded by the Company in Fiscal 2000

EXHIBIT 21

SUBSIDIARIES OF WAL-MART STORES, INC.

SUBSIDIARY	ORGANIZED OR INCORPORATED	PERCENT OF EQUITY SECURITIES OWNED	NAME UNDER WHICH DOING BUSINESS OTHER THAN SUBSIDIARY'S
<S>	<C>	<C>	<C>
Wal-Mart Stores East, Inc.	Arkansas, U.S.	100%	Wal-Mart
Wal-Mart Property Company	Delaware, U.S.	100%	NA
Wal-Mart Real Estate Business Trust	Delaware, U.S.	100%	NA
ASDA Group Limited	England	100%	ASDA/ Wal-Mart

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Wal-Mart Stores, Inc. of our report dated March 22, 2002 included in the 2002 Annual Report to Shareholders of Wal-Mart Stores, Inc.

We also consent to the incorporation by reference of our report dated March 22, 2002, with respect to the consolidated financial statements of Wal-Mart Stores, Inc. incorporated by reference in this Annual Report (Form 10-K) for the year ended January 31, 2002, in the following registration statements and related prospectuses:

<S>	<C> <C>
Stock Option Plan of 1984 of Wal-Mart Stores, Inc., as amended	Form S-8 File No. 2-94358 and 1-6991
Stock Option Plan of 1994 of Wal-Mart Stores, Inc., as amended	Form S-8 File No. 33-55325
Debt Securities and Pass-Through Certificates of Wal-Mart Stores, Inc.	Form S-3 File No. 33-55725
Director Compensation Plan of Wal-Mart Stores, Inc.	Form S-8 File No. 333-24259
Debt Securities of Wal-Mart Stores, Inc.	Form S-3 File No. 33-53125
Dividend Reinvestment and Stock Purchase Plan of Wal-Mart Stores, Inc.	Form S-3 File No. 333-2089

401(k) Retirement Savings Plan of Wal-Mart Stores, Inc. Form S-8 File No. 333-29847

401(k) Retirement Savings Plan of Wal-Mart Puerto Rico, Inc. Form S-8 File No. 33-44659

Registration Statement Covering 14,710,000 Shares of Common Stock of Wal-Mart Stores, Inc. Form S-3 File No. 333-56993
</TABLE>

<TABLE>
<S> <C> <C>
27Associate Stock Purchase Plan of Wal-Mart Stores, Inc. Form S-8 File No. 333-62965

Stock Incentive Plan of Wal-Mart Stores, Inc. Form S-8 File No. 333-60329

The ASDA Colleague Share Ownership Plan 1 Form S-8 File No. 333-84027
The ASDA Group Long Term Incentive Plan 1
The ASDA Group PLC Sharesave Scheme 1
The ASDA 1984 Executive Share Option Scheme 1
The ASDA 1994 Executive Share Option Scheme 1

The ASDA Colleague Share Ownership Plan 1999 Form S-8 File No. 333-88501

Debt Securities of Wal-Mart Stores, Inc. Form S-3 File No. 333-64740
Debt Securities of Wal-Mart Cayman Canadian Finance Co. Form S-3 File No. 333-64740-01
Debt Securities of Wal-Mart Cayman Euro Finance Co. Form S-3 File No. 333-64740-02
Debt Securities of Wal-Mart Cayman Sterling Finance Co. Form S-3 File No. 333-64740-03
</TABLE>

Ernst & Young LLP (signature)

Tulsa, Oklahoma
April 15, 2002

EXHIBIT 13

Portions of the Company's Annual Report to Shareholders for the fiscal year ended January 31, 2002, that are incorporated by reference into Part I and II of the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2002.

11-YEAR FINANCIAL SUMMARY

<TABLE>
<CAPTION>

	2002	2001
<S>	<C>	<C>
Net sales	$ 217,799	$ 191,329
Net sales increase	14%	16%
Domestic comparative store sales increase	6%	5%
Other income-net	2,013	1,966
Cost of sales	171,562	150,255
Operating, selling and general and administrative expenses	36,173	31,550
Interest costs:		
Debt	1,052	1,095
Capital leases	274	279
Provision for income taxes	3,897	3,692
Minority interest and equity in unconsolidated subsidiaries	(183)	(129)
Cumulative effect of accounting change, net of tax	--	--
Net income	6,671	6,295
Per share of common stock:		
Basic net income	1.49	1.41
Diluted net income	1.49	1.40
Dividends	0.28	0.24

Financial Position

Current assets	$ 28,246	$ 26,555
Inventories at replacement cost	22,749	21,644
Less LIFO reserve	135	202
Inventories at LIFO cost	22,614	21,442
Net property, plant and equipment and capital leases	45,750	40,934
Total assets	83,451	78,130
Current liabilities	27,282	28,949
Long-term debt	15,687	12,501
Long-term obligations under capital leases	3,045	3,154
Shareholders' equity	35,102	31,343
Financial Ratios		
Current ratio	1.0	0.9
Inventories/working capital	23.5	(9.0)
Return on assets*	8.5%	8.7%
Return on shareholders' equity**	20.1%	22.0%
Other Year-End Data		
Number of U.S. Wal-Mart stores	1,647	1,736
Number of U.S. Supercenters	1,066	888
Number of U.S. SAM'S CLUBS	500	475
Number of U.S. Neighborhood Markets	31	19
International units	1,170	1,071
Number of Associates	1,383,000	1,244,000
Number of Shareholders of record (as of March 31).	324,000	317,000

</TABLE>
<TABLE>
<CAPTION>

	2000	1999	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales	$ 165,013	$137,634	$117,958	$104,859	$ 93,627	$ 82,494	$ 67,344
Net sales increase	20%	17%	12%	12%	13%	22%	21%
Domestic comparative store sales increase	8%	9%	6%	5%	4%	7%	6%
Other income-net	1,796	1,574	1,341	1,319	1,146	914	645
Cost of sales	129,664	108,725	93,438	83,510	74,505	65,586	53,444
Operating, selling and general and administrative expenses	27,040	22,363	19,358	16,946	15,021	12,858	10,333
Interest costs:							
Debt	756	529	555	629	692	520	331
Capital leases	266	268	229	216	196	186	186
Provision for income taxes	3,338	2,740	2,115	1,794	1,606	1,581	1,358
Minority interest and equity in unconsolidated subsidiaries	(170)	(153)	(78)	(27)	(13)	4	(4)
Cumulative effect of accounting change, net of tax	(198)	--	--	--	--	--	--
Net income	5,377	4,430	3,526	3,056	2,740	2,681	2,333
Per share of common stock:							
Basic net income	1.21	0.99	0.78	0.67	0.60	0.59	0.51
Diluted net income	1.20	0.99	0.78	0.67	0.60	0.59	0.51
Dividends	0.20	0.16	0.14	0.11	0.10	0.09	0.07
Financial Position							
Current assets	$ 24,356	$ 21,132	$ 19,352	$ 17,993	$ 17,331	$ 15,338	$ 12,114
Inventories at replacement cost	20,171	17,549	16,845	16,193	16,300	14,415	11,483
Less LIFO reserve	378	473	348	296	311	351	469
Inventories at LIFO cost	19,793	17,076	16,497	15,897	15,989	14,064	11,014
Net property, plant and equipment and capital leases	35,969	25,973	23,606	20,324	18,894	15,874	13,176

Total assets	70,349	49,996	45,384	39,604	37,541	32,819
26,441						
Current liabilities	25,803	16,762	14,460	10,957	11,454	9,973
7,406						
Long-term debt	13,672	6,908	7,191	7,709	8,508	7,871
6,156						
Long-term obligations under capital leases	3,002	2,699	2,483	2,307	2,092	1,838
1,804						
Shareholders' equity	25,834	21,112	18,503	17,143	14,756	12,726
10,753						
Financial Ratios						
Current ratio	0.9	1.3	1.3	1.6	1.5	1.5
1.6						
Inventories/working capital	(13.7)	3.9	3.4	2.3	2.7	2.6
2.3						
Return on assets*	9.5%***	9.6%	8.5%	7.9%	7.8%	9.0%
9.9%						
Return on shareholders' equity**	22.9%	22.4%	19.8%	19.2%	19.9%	22.8%
23.9%						
Other Year-End Data						
Number of U.S. Wal-Mart stores	1,801	1,869	1,921	1,960	1,995	1,985
1,950						
Number of U.S. Supercenters	721	564	441	344	239	147
72						
Number of U.S. SAM'S CLUBS	463	451	443	436	433	426
417						
Number of U.S. Neighborhood Markets	7	4	--	--	--	--
--						
International units	1,004	715	601	314	276	226
24						
Number of Associates	1,140,000	910,000	825,000	728,000	675,000	622,000
528,000						
Number of Shareholders of record (as of March 31).	307,000	261,000	246,000	257,000	244,000	259,000
258,000						

</TABLE>
<TABLE>
<CAPTION>

	1993	1992
<S>	<C>	<C>
Net sales	$ 55,484	$ 43,887
Net sales increase	26%	35%
Domestic comparative store sales increase	11%	10%
Other income-net	497	404
Cost of sales	44,175	34,786
Operating, selling and general and administrative expenses	8,321	6,684
Interest costs:		
Debt	143	113
Capital leases	180	153
Provision for income taxes	1,171	945
Minority interest and equity in unconsolidated subsidiaries	4	(1)
Cumulative effect of accounting change, net of tax	--	--
Net income	1,995	1,609
Per share of common stock:		
Basic net income	0.44	0.35
Diluted net income	0.44	0.35
Dividends	0.05	0.04
Financial Position		
Current assets	$ 10,198	$ 8,575
Inventories at replacement cost	9,780	7,857
Less LIFO reserve	512	473
Inventories at LIFO cost	9,268	7,384
Net property, plant and equipment and capital leases	9,793	6,434
Total assets	20,565	15,443
Current liabilities	6,754	5,004
Long-term debt	3,073	1,722
Long-term obligations under capital leases	1,772	1,556
Shareholders' equity	8,759	6,990
Financial Ratios		
Current ratio	1.5	1.7
Inventories/working capital	2.7	2.1
Return on assets*	11.1%	12.0%
Return on shareholders' equity**	25.3%	26.0%

Other Year-End Data		
Number of U.S. Wal-Mart stores	1,848	1,714
Number of U.S. Supercenters	34	10
Number of U.S. SAM'S CLUBS	256	208
Number of U.S. Neighborhood Markets	--	--
International units	10	--
Number of Associates	434,000	371,000
Number of Shareholders of record (as of March 31)	181,000	150,000

</TABLE>
- --------
* Net income before minority interest, equity in unconsolidated subsidiaries and cumulative effect of accounting change/average assets
** Net income/average shareholders' equity
*** Calculated giving effect to the amount by which a lawsuit settlement exceeded established reserves. If this settlement were not considered, the return would have been 9.8%.

Years prior to 1998 have not been restated for the effects of the change in accounting method for SAM'S CLUB membership revenue recognition as the effects of this change would not have a material impact on this summary. Therefore, pro forma information as if the accounting change had been in effect for all years presented has not been provided.

The acquisition of the ASDA Group PLC and the Company's related debt issuance had a significant impact on the fiscal 2000 amounts in this summary. See Note 7 to the Consolidated Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Wal-Mart is a large but straightforward business. In the United States, our operations are centered around retail stores and membership warehouse clubs. Internationally, our operations are centered on retail stores, warehouse clubs and restaurants. We have built our business by offering our customers quality merchandise at low prices. We are able to lower the cost of merchandise through our negotiations with suppliers and by efficiently managing our distribution network. The key to our success is our ability to grow our base business. In the U.S. we grow our base business by aggressively building new stores and by increasing sales in our existing stores. Internationally, we grow our business by building new stores, increasing sales in our existing stores and through acquisitions. We intend to continue to expand both domestically and internationally.

Because we are a large company, we do enter into some complex transactions. One complex area is our derivatives program. We do not use derivative instruments for speculation or for the purpose of creating additional revenues; however, we do enter into derivative transactions to limit our exposure to known business risks. Examples of these business risks include changes in interest rates and movements in foreign currency exchange rates. The discussion of our derivative transactions has been given a great deal of space in the financial section of this Annual Report. The Market Risk section of this Management's Discussion and Analysis and Note 4 to the Consolidated Financial Statements give you more information on these transactions. Please remember that the accounting and disclosure rules for derivative transactions are very specific and any discussion of them requires the use of technical terminology.

Net Sales

The Company and each of its operating segments had net sales (in millions) for the three fiscal years ended January 31, 2002 as follows:

<TABLE>
<CAPTION>

Fiscal Year	Wal-Mart Stores	SAM'S CLUB	International	Other	Total Company	Total Company Increase from Prior Fiscal Year
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2002....	$139,131	$29,395	$35,485	$13,788	$217,799	14%
2001....	121,889	26,798	32,100	10,542	191,329	16%
2000....	108,721	24,801	22,728	8,763	165,013	20%

</TABLE>

Our net sales grew by 14% in fiscal 2002 when compared with fiscal 2001. That increase resulted from our domestic and international expansion programs, and a domestic comparative store sales increase of 6% when compared with fiscal 2001. The sales increase of 16% in fiscal 2001, when compared with fiscal 2000, resulted from our domestic and international expansion programs, and a domestic comparative store sales increase of 5%. The Wal-Mart Stores and SAM'S CLUB segments include domestic units only. Wal-Mart stores and SAM'S CLUBS located outside the United States are included in the International segment.

Costs and Expenses

For fiscal 2002, our cost of sales increased as a percentage of total net sales when compared to fiscal 2001, resulting in an overall decrease of 0.24% in the Company's gross margin from 21.47% in the fiscal year 2001 to a gross margin of 21.23% in fiscal 2002. This decrease in gross margin occurred primarily due to a shift in customer buying patterns to products that carry lower margins and an increase in food sales as a percent of our total sales. Food products generally carry lower margins than general merchandise. Management expects our gross margins to continue to decrease as food sales continue to increase as a percentage of total Company sales both domestically and internationally. Management also expects the Company's program to convert many of our Wal-Mart discount stores to Supercenters, which have full-line food departments, and the opening of additional Neighborhood Markets to result in continuing increases in the percentage that food sales contribute to our total net sales. Partially offsetting the overall decrease in gross margin in fiscal 2002, the Company reduced cost of sales by $67 million as a result of a LIFO inventory adjustment. A LIFO inventory adjustment that reduces cost of sales indicates that the current economic environment is deflationary, meaning that on average, identical products that we sold in both fiscal 2002 and 2001 decreased in price from fiscal 2001 to 2002. The balance in

the LIFO reserve on the Company's balance sheet is attributable to food inventories and other inventories held by our subsidiary, McLane Company, Inc. Management believes that these categories will not be disinflationary in the near future and that future gross margins may not benefit from a LIFO adjustment, such as that which occurred in fiscal 2002.

Our total cost of sales as a percentage of our total net sales decreased for fiscal 2001 when compared to fiscal 2000, resulting in increases in gross margin of 0.05% for fiscal 2001 to 21.47% from 21.42% in fiscal 2000. This improvement in gross margin resulted primarily from a $176 million LIFO inventory adjustment that reduced our cost of sales. This LIFO adjustment was offset by continued price rollbacks and increased International sales and increased food sales.

Our operating, selling, general and administrative expenses increased 0.12% as a percentage of total net sales to 16.61% in fiscal 2002 when compared with fiscal 2001. This increase was primarily due to increased utility and insurance costs, including Associate medical, property and casualty insurance. Management believes that the trend of increasing insurance costs will continue for at least the near future. Operating, selling, general and administrative expenses increased 0.10% as a percentage of sales in fiscal 2001 when compared with fiscal 2000. This increase was primarily due to increased maintenance and repair costs and depreciation charges incurred during the year.

Interest Costs

Our interest costs for corporate debt decreased 0.09% as a percentage of net sales from 0.57% in fiscal 2001 to 0.48% in fiscal 2002. This decrease resulted from lower interest rates, less need for debt financing of the Company's operations due to the Company's inventory reduction efforts and the positive impacts of the Company's fixed rate to variable rate interest rate swap program. For fiscal 2002, total Company inventory increased approximately 5% on a total Company sales increase of 14%. Interest costs increased 0.11% as a percentage of sales from 0.46% in fiscal 2000 to 0.57% in fiscal 2001. This increase resulted from additional debt issuances made to finance a part of the ASDA acquisition costs, but was somewhat offset by reductions in debt resulting from the Company's inventory control efforts. See the Market Risk section of this discussion for further detail regarding the Company's fixed to floating interest rate swaps.

Net Income

In fiscal 2002, we earned net income of $6,671 billion, a 6.0% increase over the aggregate net income of the Company in fiscal 2001. Our net income did not grow in fiscal 2002 by the same percentage as our total net sales grew in fiscal 2002 largely as a result of the reduction in the overall gross margin and increased costs and expenses of the Company in fiscal 2002 as discussed above. In fiscal 2001, we earned net income of $6,295 billion, a 17.1% increase over the Company's net income in 2000. This increase resulted primarily from the growth in the Company's total net sales and a slight improvement in the Company's overall gross margin.

During July 2001, we acquired the outstanding minority interest in Wal-Mart.com, Inc. from Accel Partners and a small group of other investors. A reorganization resulting from the acquisition resulted in a charge against the earnings of the Company during fiscal 2002 of slightly less than $0.01 per share.

Wal-Mart Stores Segment

<TABLE>
<CAPTION>

Fiscal year	Segment sales increase from prior fiscal year	Segment operating income (in billions)	Segment operating income increase from prior year	Operating income as a percentage of segment sales
<S>	<C>	<C>	<C>	<C>
2002....	14.1%	$10.3	6.0%	7.4%
2001....	12.1%	9.7	11.5%	8.0%
2000....	14.0%	8.7	20.2%	8.0%

</TABLE>

The Wal-Mart Stores segment sales amounted to 63.9% of total Company sales in fiscal 2002, which compares to 63.7% and 65.9% in fiscal 2001 and 2000, respectively.

The segment sales increases in fiscal 2002 and fiscal 2001 from the prior fiscal years resulted from comparative store sales increases and our expansion program in the Wal-Mart Stores segment. Segment expansion during fiscal 2002 included the opening of 33 Wal-Mart stores, 12 Neighborhood Markets and 178 Supercenters (including the conversion of 121 existing Wal-Mart stores into Supercenters). Segment expansion during fiscal 2001 included the opening of 41 Wal-Mart stores, 12 Neighborhood Markets and 167 Supercenters (including the conversion of 104 existing Wal-Mart stores into Supercenters).

A reduction in gross margin and an increase in operating expenses caused the decrease in segment operating income as a percent of segment sales in fiscal 2002. The gross margin reduction was driven primarily by an increase in lower-margin food sales as a percentage of total segment sales, a change in customer buying patterns to lower-margin merchandise and competitive pressures. Segment expenses in fiscal 2002 as a percent of sales were higher than fiscal 2001 due primarily to increased Associate wages, utility, repairs and maintenance expenses and insurance costs. The increase in segment operating income for fiscal 2001 was driven by margin improvements that resulted from decreased markdowns and improved inventory shrinkage experience during the fiscal year. Offsetting these margin improvements were increased distribution costs, resulting from higher fuel, utility and payroll charges and overall payroll costs that were higher as a percentage of fiscal 2001 sales which were adversely affected by a fiscal 2001 holiday season with lower than anticipated sales. Operating income information for fiscal years 2000 and 2001 has been reclassified to conform to the current year presentation.

SAM'S CLUB Segment

<TABLE>
<CAPTION>

Fiscal year	Segment sales increase from prior fiscal year	Segment operating income (in billions)	Segment operating income increase from prior year	Operating income as a percentage of segment sales
<S>	<C>	<C>	<C>	<C>
2002....	9.7%	$1,028	9.1%	3.5%
2001....	8.1%	942	10.8%	3.5%
2000....	8.4%	850	22.7%	3.4%

</TABLE>

The SAM'S CLUB segment net sales amounted to 13.5% of total Company net sales in fiscal 2002, which compares to 14.0% and 15.0% in fiscal 2001 and 2000, respectively. The decrease in this segment's sales as a percent of total Company sales in fiscal 2002 and 2001 when compared to fiscal 2000 resulted primarily from the increased International segment sales generated by our ASDA subsidiary that we acquired in the third quarter of fiscal 2000, as well as, for fiscal 2002, domestic growth in the Wal-Mart Stores segment.

Growth in net sales and operating income for the SAM'S CLUB segment in fiscal 2002 and fiscal 2001 resulted from comparative club sales increases and our expansion program. Segment expansion during fiscal 2002 and 2001 consisted of the opening of 25 and 13 new clubs, respectively.

This segment gross margin increased slightly during fiscal 2002; however, an increase in operating expense as a percent of sales offset this margin increase, leaving segment operating income as a percent of sales unchanged from fiscal 2001. The main expense pressures in fiscal 2002 in the SAM'S CLUB segment occurred in the areas of utility and maintenance and repair costs. Operating income for the segment in fiscal 2001 increased slightly due to margin improvements.

International Segment

<TABLE>
<CAPTION>

Fiscal year	Segment sales increase from prior fiscal year	Segment operating income (in billions)	Segment operating income increase from prior year	Operating income as a percentage of segment sales

2002....	10.5%	$1,458	31.1%	4.1%
2001....	41.2%	1,112	36.1%	3.5%
2000....	85.6%	817	48.8%	3.6%

Our International segment is comprised of wholly-owned operations in Argentina, Canada, Germany, South Korea, Puerto Rico and the United Kingdom; operations through joint ventures in China; and operations through majority-owned subsidiaries in Brazil and Mexico. International sales accounted for approximately 16.3% of total Company sales in fiscal 2002 compared with 16.8% in fiscal 2001 and 13.8% in fiscal 2000.

The fiscal 2002 increase in international sales and operating income primarily resulted from both improved operating results and our international expansion program. In fiscal 2002, the International segment opened 107 units. Partially offsetting the impact of the expansion program, changes in foreign currency exchange rates negatively affected the translation of International segment sales into U.S. dollars by an aggregate of $1.1 billion in fiscal 2002. The largest portion of the increase in the International segment's net sales in fiscal 2001 primarily resulted from the International segment's expansion that consisted of the opening of 77 units. Also affecting the comparison between fiscal 2002 and 2001 and fiscal 2000 was the acquisition of the ASDA Group PLC, which consisted of 229 stores when its acquisition was completed during the third quarter of fiscal 2000. Sales included in the Company's consolidated income statement for ASDA during fiscal 2002, 2001 and 2000 were $15.3 billion, $14.5 billion and $7.2 billion, respectively. The positive effects of the expansion program on the International segment's net sales in fiscal 2001 were partially offset by changes in foreign currency exchange rates which negatively affected the translation of International segment sales into U.S. dollars by $1.3 billion in fiscal 2001.

The fiscal 2002 increase in segment operating profit as a percentage of segment sales resulted from an improvement in gross margin and a reduction in operating expenses as a percentage of segment sales in fiscal 2002. The decrease in the International segment's operating income as a percentage of segment sales in fiscal 2001 resulted primarily from the continued negative impact of store remodeling costs, costs related to the start-up of a new distribution system, excess inventory and transition related expenses in the Company's Germany units. Partially offsetting these negative effects were operating profit increases in Mexico, Canada and the United Kingdom in fiscal 2001 compared with fiscal 2000.

Our financial results from our foreign operations could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which the Company does business. The Company minimizes exposure to the risk of devaluation of foreign currencies by operating in local currencies and through buying forward currency contracts, where feasible, for certain known funding requirements. The economic environment in Argentina has deteriorated during the last fiscal year, including the devaluation of the Argentine peso. We will continue to monitor the economic situation but do not believe the Company's investment in operations in Argentina, which is not significant, has been impaired.

In fiscal 2002, the foreign currency translation adjustment changed from the fiscal 2001 level by $472 million to $2.2 billion in fiscal 2002 primarily due to a strengthening in the United States dollar against the local currencies of the countries in which the company has operations with the exception of Mexico where the peso strengthened against the dollar. In fiscal 2001, the foreign currency translation adjustment changed from the fiscal 2000 level by $1.1 billion, primarily due to the dollar strengthening against the British pound and the German mark.

Other

Fiscal year	Segment sales increase from prior fiscal year	Segment operating income (in billions)	Segment operating income increase from prior year	Operating income as a percentage of segment sales
2002....	30.8%	($ 714)	(147.9%)	(5.2%)
2001....	20.3%	(288)	(9.5%)	(2.7%)
2000....	23.2%	(263)	37.2%	(3.0%)

Sales in the Other category comprise sales to third parties by the Company's wholly-owned subsidiary McLane Company, Inc., a wholesale distributor. McLane offers a wide variety of grocery and non-grocery products, which it sells to a variety of retailers including the Company's Wal-Mart Stores and SAM'S CLUB segments. McLane's sales to other Wal-Mart companies are not included in the total sales of the Company.

McLane net sales to unaffiliated purchasers account for approximately 6.3% of total Company sales in fiscal 2002 compared with 5.5% in fiscal 2001 and 5.3% in fiscal 2000. The increase in McLane sales is the result of its acquisition of AmeriServe Food Distribution, Inc. (AmeriServe), which was completed late in fiscal 2001.

Losses for the segment in each of the fiscal years presented primarily resulted from corporate overhead expenses including insurance costs, corporate bonuses and various other expenses, which are partially offset by McLane operating income and the favorable impact of the LIFO adjustment of $67 and $176 million in fiscal 2002 and 2001, respectively. The segment operating loss increased from fiscal 2001 due to an increase in insurance costs, bonuses and a reduction in the LIFO benefit in comparison to the prior year.

Summary of Significant Accounting Policies

Management strives to report the financial results of the Company in a clear and understandable manner, even though in some cases accounting and disclosure rules are complex and require technical terminology. We follow generally accepted accounting principles in the U.S. in preparing our consolidated financial statements, which require us to make certain estimates and apply judgements that affect our financial position and results of operations. Management continually reviews its accounting policies, how they are applied and how they are reported and disclosed in the financial statements. Following is a summary of our more significant accounting policies and how they are applied in preparation of the financial statements.

Inventories

We use the retail last-in, first-out (LIFO) inventory accounting method for the Wal-Mart Stores segment, cost LIFO for the SAM'S CLUB segment and other cost methods, including the retail first-in, first-out (FIFO) and average cost methods, for the International segment. Inventories are not recorded in excess of market value. Historically, we have rarely experienced significant occurrences of obsolescence or slow moving inventory. However, future changes in circumstances, such as changes in customer merchandise preference or unseasonable weather patterns, could cause the Company's inventory to be exposed to obsolescence or slow moving merchandise.

Financial Instruments

We use derivative financial instruments for purposes other than trading to reduce our exposure to fluctuations in foreign currencies and to minimize the risk and cost associated with financial and global operating activities. Generally, the contract terms of a hedge instrument closely mirror those of the item being hedged providing a high degree of risk reduction and correlation. Contracts that are highly effective at meeting the risk reduction and correlation criteria are recorded using hedge accounting. On February 1, 2001, we adopted Financial Accounting Standards Board (FASB) Statements No. 133, 137 and 138 (collectively "SFAS 133") pertaining to the accounting for derivatives and hedging activities. SFAS 133 requires all derivatives, which are financial instruments used by the Company to protect (hedge) itself from certain risks, to be recorded on the balance sheet at fair value and establishes accounting treatment for hedges. If a derivative instrument is a hedge, depending on the nature of the hedge, changes in the fair value of the instrument will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitment through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of an instrument's change in fair value will be immediately recognized in earnings. All of the Company's fair value hedges qualify for the use of the "short-cut" method of accounting to assess hedge effectiveness. The Company uses the hypothetical derivative method to assess the effectiveness of its net investment and cash flow hedges. Instruments that do not meet the criteria for hedge accounting or contracts for which we have not elected hedge accounting are marked to fair value with unrealized gains or losses reported currently in earnings. Fair values are based upon management's expectation of future interest rate curves and may change based upon changes in those expectations.

Impairment of Assets

We periodically evaluate long-lived assets and acquired businesses for indicators of impairment. Management's judgements regarding the existence of impairment indicators are based on market conditions and operational performance. Future events could cause management to conclude that impairment indicators exist and that the value of long-lived assets and goodwill associated with acquired businesses is impaired.

Revenue Recognition

We recognize sales revenue at the time a sale is made to the customer, except for the following types of transactions. Layaway transactions are recognized when the customer satisfies all payment obligations and takes possession of the merchandise. We recognize SAM'S CLUB membership fee revenue over the 12-month term of the membership. Customer purchases of Wal-Mart/SAM'S CLUB shopping cards are not recognized until the card is redeemed and the customer purchases merchandise using the shopping card. Defective merchandise returned by customers is either returned to the supplier or is destroyed and reimbursement is sought from the supplier. Supplier allowances and discounts received by the Company are included in the income statement when the purpose for which those monies were designated is fulfilled.

Insurance/Self-Insurance

We use a combination of insurance, self-insured retention, and/or self-insurance for a number of risks including workers' compensation, general liability, vehicle liability and employee-related health care benefits, a portion of which is paid by the Associates. Liabilities associated with the risks that we retain are estimated in part by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions. The estimated accruals for these liabilities could be significantly affected if future occurrences and claims differ from these assumptions and historical trends.

For a complete listing of our significant accounting policies, please see Note 1 to our consolidated financial statements that appear after this discussion.

Liquidity and Capital Resources Cash Flows Information

Our cash flows from operating activities were $10.3 billion in fiscal 2002, up from $9.6 billion in fiscal 2001. In fiscal 2002, we invested $8.4 billion in capital assets, paid dividends of $1.2 billion, paid $1.2 billion to repurchase Company stock, received $1.1 billion from the termination of certain net investment hedges, received $4.6 billion from the issuance of long-term debt and paid $3.5 billion in the repayment of long-term debt at its maturity.

Company Stock Purchase and Common Stock Dividends

During fiscal 2001, the Company announced plans to increase its existing common stock repurchase program by $1 billion, resulting in a total authorization of $3 billion. During fiscal 2002, the Company repurchased 24.5 million of its common shares for a total approximate amount of $1.2 billion. In March 2002, the Company's Board of Directors reset the common stock repurchase program authorization so that the Company may make future repurchases of its stock of up to $3 billion. The Company paid dividends totaling $0.28 per share in fiscal 2002. In March 2002, the Company increased its dividend 7% to $0.30 per share for fiscal 2003. The Company has increased its dividend every year since it first declared a dividend in March 1974.

Contractual Obligations and Other Commercial Commitments

The following tables set forth certain information concerning our obligations and commitments to make future payments under contracts, such as debt and lease agreements, and under contingent commitments.

<TABLE>
<CAPTION>

	Payments due by period				
Contractual obligations	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
		(in millions)			
<S>	<C>	<C>	<C>	<C>	<C>
Long-term debt	$17,944	$2,257	$5,448	$2,939	$ 7,300
Commercial paper	743	743	0	0	0
Capital lease obligations	5,514	425	847	828	3,414
Non-cancelable operating leases	8,054	623	1,188	1,112	5,131
Total contractual cash obligations	$32,255	$4,048	$7,483	$4,879	$15,845

	Amount of commitment expiration per period				
Other commercial commitments	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
		(in millions)			
Lines of credit	$ 3,811	$1,561	$ 0	$2,250	$ 0
Informal lines of credit	694	694	0	0	0

Trade letters of credit.....	1,578	1,578	0	0	0
Standby letters of credit.....	743	743	0	0	0
Other.....	273	147	0	0	126
Total commercial commitments.....	$ 7,099	$4,723	$ 0	$2,250	$ 126

</TABLE>

The Company has entered into lease commitments for land and buildings for 20 future locations. These lease commitments with real estate developers provide for minimum rentals for 10 to 20 years, excluding renewal options, which, if consummated based on current cost estimates, will approximate $25 million annually over the lease terms.

Management believes that cash flows from operations and proceeds from the sale of commercial paper will be sufficient to finance any seasonal buildups in merchandise inventories and meet other cash requirements. If the operating cash flow we generate is not sufficient to pay dividends and to fund all capital expenditures, the Company anticipates funding any shortfall in these expenditures with a combination of commercial paper and long-term debt. We plan to refinance existing long-term debt as it matures. We may also desire to obtain additional long-term financing for other corporate purposes. We anticipate no difficulty in obtaining long-term financing in view of an excellent credit rating and favorable experiences in the debt market in the recent past. During fiscal 2002, the Company issued $4.6 billion of long-term debt. The proceeds from the issuance of this debt were used to reduce short-term borrowings, to refinance existing debt, financing expansion activities and other corporate purposes.

At January 31, 2002, the Company's ratio of debt to total capitalization, including commercial paper borrowings, was 38.4%. This is in line with management's objective to maintain a debt to total capitalization ratio of approximately 40%.

In March 2002, the Company sold notes totaling $500 million under its existing shelf registration statement. These notes bear interest at 4.15% and are due in June 2005. The proceeds from the sale of these notes will be used for general corporate purposes, which could include financing the repurchase of shares of our common stock pursuant to our existing stock repurchase program. After consideration of this debt issuance and the debt issued in fiscal 2002, the Company is permitted to sell up to $2 billion of public debt under a shelf registration statement previously filed with the United States Securities and Exchange Commission.

Expansion

In the United States, we plan to open approximately 50 new Wal-Mart stores and approximately 180 to 185 new Supercenters in fiscal 2003. Relocations or expansions of existing discount stores will account for 110 to 115 of the new Supercenters, with the balance being new locations. We also plan to further expand our Neighborhood Market concept by adding 15 to 20 units during fiscal 2003. The SAM'S CLUB segment plans to open 50 to 55 Clubs during fiscal 2003, approximately half of which will be relocations or expansions of existing clubs. The SAM'S CLUB segment will also continue its remodeling program, with approximately 100 projects expected to be completed during fiscal 2003. In order to serve these and future developments, the Company plans to construct seven new distribution centers in the next fiscal year. Internationally, the Company plans to open 120 to 130 new units. Projects are scheduled to open within the international operating group and will include new stores and clubs as well as relocations of a few existing units. The units also include several restaurants, department stores and supermarkets in Mexico. In addition, the Company's German operation will continue to remodel its supercenter units. Total planned growth represents approximately 46 million square feet of net additional retail space. Not included in the planned expansion discussed above is the Company's recently announced Puerto Rico supermarket chain acquisition. In February 2002, we announced our intent to purchase 35 Supermercado Amigo supermarkets in Puerto Rico. The transaction is scheduled to be completed once necessary regulatory approval is obtained. Also not included in the above discussion is the Company's planned acquisition of 6.1% of the stock of The Seiyu Ltd. (Seiyu), a Japanese retail chain. Under the terms of the proposed purchase agreement, which was announced in March 2002, Wal-Mart will pay 6 billion yen or $46 million for an initial 6.1% ownership interest and will have the ability to invest up to 260 billion yen or $2 billion in Seiyu which would increase our ownership to 66.7% over time. The transaction is subject to approval from Seiyu's shareholders and other approvals. Total planned capital expenditures for fiscal 2003 approximate $10.2 billion. We plan to finance expansion primarily with a combination of commercial paper and the issuance of long-term debt.

Market Risk

Market risks relating to our operations include changes in interest rates

and changes in foreign exchange rates. We enter into interest rate swaps to minimize the risk and costs associated with financing activities, as well as to attain an appropriate mix of fixed and floating rate debt. The swap agreements are contracts to exchange fixed or variable rates for variable or fixed interest rate payments periodically over the life of the instruments. The following tables provide information about our derivative financial instruments and other financial instruments that are sensitive to changes in interest rates. For debt obligations, the table presents principal cash flows and related weighted-average interest rates by expected maturity dates. For interest rate swaps, the table presents notional amounts and interest rates by contractual maturity dates. The applicable floating rate index is included for variable rate instruments. All amounts are stated in United States dollar equivalents.

INTEREST RATE SENSITIVITY AS OF JANUARY 31, 2002
Principal (Notional) Amount by Expected Maturity
Average Interest (Swap) Rate

<TABLE>
<CAPTION>

	2003	2004	2005	2006	2007	Thereafter	Total	Fair value 1/31/02
				(Amounts in millions)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Liabilities								
U.S. dollar denominated long-term debt including current portion								
Fixed rate debt	$2,164	$3,445	$1,874	$704	$2,235	$5,850	$16,272	$17,201
Average interest rate - USD rate	6.3%	6.0%	6.7%	6.7%	6.7%	7.2%	6.8%	
Great Britain pound denominated long-term debt including current portion								
Fixed rate debt	93	129	--	--	--	1,450	1,672	1,718
Average interest rate	9.6%	3.8%				7.3%	6.9%	

</TABLE>

INTEREST RATE SENSITIVITY AS OF JANUARY 31, 2002
Principal (Notional) Amount by Expected Maturity
Average Interest (Swap) Rate

<TABLE>
<CAPTION>

	2003	2004	2005	2006	2007	Thereafter	Total	Fair value 1/31/02
				(Amounts in millions)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Interest Rate Derivative Financial Instruments Related to Debt								
Interest rate swap - Pay variable/receive fixed	$500	--	--	--	--	--	$ 500	$28
Average rate paid - Rate A minus 0.15%								
Fixed rate received - USD rate	6.9%	--	--	--	--	--	6.9%	
Interest rate swap - Pay variable/receive fixed.	--	--	$500	--	--	--	500	17
Average rate paid - Rate B plus 2.35%								
Fixed rate received - USD rate	--	--	7.5%	--	--	--	7.5%	
Interest rate swap - Pay variable/receive fixed.	--	--	--	$597	--	--	597	29
Average rate paid - Rate B plus 0.32%								
Fixed rate received - USD rate	--	--	--	5.9%	--	--	5.9%	
Interest rate swap - Pay variable/receive fixed.	--	--	--	--	$ 250	--	250	14
Average rate paid - Rate B plus 2.27%								
Fixed rate received - USD rate	--	--	--	--	8.0%	--	8.0%	
Interest rate swap - Pay variable/receive fixed.	--	--	--	--	--	$445	445	18
Average rate paid - Rate B plus 1.01%								
Fixed rate received - USD rate	--	--	--	--	--	7.3%	7.3%	
Interest rate swap - Pay variable/receive fixed.	--	--	--	--	1,500	--	1,500	66
Average rate paid - Rate B plus 0.63%								
Fixed rate received - USD rate	--	--	--	--	5.5%	--	5.5%	
Interest rate basis swap	--	--	--	--	--	500	500	1
Average rate paid - Rate C								
Average rate received - Rate A minus 0.06%								

</TABLE>

Rate A - one-month U.S. LIBOR
Rate B - three-month U.S. LIBOR
Rate C - U.S. commercial paper

INTEREST RATE SENSITIVITY AS OF JANUARY 31, 2001
Principal (Notional) Amount by Expected Maturity
Average Interest (Swap) Rate

<TABLE>
<CAPTION>

	2002	2003	2004	2005	2006	Thereafter	Total	Fair value 1/31/01
				(Amounts in millions)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Liabilities								
U.S. dollar denominated long-term debt including current portion								
Fixed rate debt	$4,223	$1,126	$809	$1,926	$750	$6,229	$15,063	$15,596
Average interest rate - USD rate	6.8%	6.8%	6.9%	6.9%	6.9%	6.9%	6.9%	
Great Britain pound denominated Long-term debt including current portion								
Fixed rate debt	11	236	--	--	--	1,425	1,672	1,670
Average interest rate	8.4%	8.4%				7.2%	7.2%	
Interest Rate Derivative Financial Instruments Related to Debt								
Interest rate swap - Pay variable/receive fixed.		500	--	--	--	--	500	28
Average rate paid - Rate A								
Fixed rate received - USD rate		6.9%	--	--	--	--	6.9%	
Interest rate swap - Pay variable/receive fixed.	59	63	68	72	78	41	381	17
Average rate paid - Rate B								
Fixed rate received - USD rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	
Interest rate basis swap						500	500	0
Average rate paid - Rate C								
Average rate received - Rate A minus 0.06%								

Rate A - one-month U.S. LIBOR minus 0.15%
Rate B - 30-day U.S. dollar commercial paper non-financial
Rate C - U.S. commercial paper

The Company holds currency swaps to hedge its net investment in the United Kingdom. The following tables provide information about our cross-currency interest rate swap agreements by functional currency, and presents the information in United States dollar equivalents. For these instruments the tables present notional amounts, exchange rates and interest rates by contractual maturity date.

FOREIGN CURRENCY EXCHANGE RATE SENSITIVITY AS OF JANUARY 31, 2002
Principal (Notional) Amount by Expected Maturity

	2003	2004	2005	2006	2007	Thereafter	Total	Fair value 1/31/2002
				(Amounts in millions)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Currency Swap Agreements								
Payment of Great Britain pounds								
Notional amount	--	--	--	--	--	$1,250	$1,250	$192
Average contract rate	--	--	--	--	--	0.6	0.6	
Fixed rate received--USD rate	--	--	--	--	--	7.4%	7.4%	
Fixed rate paid--Great Britain pound rate	--	--	--	--	--	5.8%	5.8%	
Payment of Canadian dollars								
Notional amount	--	--	--	--	--	325	325	8
Average contract rate	--	--	--	--	--	1.5	1.5	
Fixed rate received--USD rate	--	--	--	--	--	5.6%	5.6%	
Fixed rate paid--Canadian dollar rate	--	--	--	--	--	5.7%	5.7%	

FOREIGN CURRENCY EXCHANGE RATE SENSITIVITY AS OF JANUARY 31, 2001
Principal (Notional) Amount by Expected Maturity

	2002	2003	2004	2005	2006	Thereafter	Total	Fair value 1/31/2001
				(Amounts in millions)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Currency Swap Agreements								
Payment of German Deutschemarks								
Notional amount	--	$1,101	--	--	--	--	$1,101	$186
Average contract rate	--	1.8	--	--	--	--	1.8	
Fixed rate received--USD rate	--	5.8%	--	--	--	--	5.8%	
Fixed rate paid--DEM rate	--	4.5%	--	--	--	--	4.5%	
Payment of German Deutschemarks								
Notional amount	--	--	$809	--	--	--	809	180
Average contract rate	--	--	1.7	--	--	--	1.7	
Fixed rate received--USD rate	--	--	5.2%	--	--	--	5.2%	
Fixed rate paid--DEM rate	--	--	3.4%	--	--	--	3.4%	

Payment of Great Britain pounds								
Notional amount	--	--	--	--	--	$4,750	4,750	659
Average contract rate	--	--	--	--	--	0.6	0.6	
Fixed rate received--USD rate	--	--	--	--	--	7.0%	7.0%	
Fixed rate paid--Great Britain pound rate	--	--	--	--	--	6.1%	6.1%	
Payment of Canadian dollars								
Notional amount	--	--	--	$1,250	--	--	1,250	57
Average contract rate	--	--	--	1.5	--	--	1.5	
Fixed rate received--USD rate	--	--	--	6.6%	--	--	6.6%	
Fixed rate paid--Canadian dollar rate	--	--	--	5.7%	--	--	5.7%	

</TABLE>

During the fourth quarter of fiscal 2002, the Company terminated certain cross currency instruments that hedged portions of the Company's investments in Canada, Germany and the United Kingdom. The instruments terminated had notional amounts of $6.7 billion. The Company received $1.1 billion in cash related to the fair value of the instruments at the time of the terminations. Prior to the terminations, these instruments were classified as net investment hedges and were recorded at fair value as current assets on the balance sheet with a like amount recorded in the shareholders' equity section of the balance sheet in line "other accumulated comprehensive income." No gain related to the terminations was recorded in the Company's income statement.

We routinely enter into forward currency exchange contracts in the regular course of business to manage our exposure against foreign currency fluctuations on cross-border purchases of inventory. These contracts are generally for durations of six months or less. At January 31, 2002 and 2001, we held contracts to purchase and sell various currencies with notional amounts of $118 million and $292 million, respectively, and net fair values of $0 and $6 million, respectively. The fair values of the currency swap agreements are recorded in the consolidated balance sheets within the line "other assets and deferred charges."

On February 1, 2001, we adopted SFAS 133 pertaining to the accounting for derivatives and hedging activities. SFAS 133 requires all derivatives to be recorded on the balance sheet at fair value and establishes accounting treatment for three types of hedges: hedges of changes in the fair value of assets, liabilities, or firm commitments; hedges of the variable cash flows of forecasted transactions; and hedges of foreign currency exposures of net investments in foreign operations. At the date of adoption, the majority of our derivatives were hedges of net investments in foreign operations, and as such, the fair value of these derivatives had been recorded on the balance sheet as either assets or liabilities and on the balance sheet in other accumulated comprehensive income under the previous accounting guidance. As the majority of our derivative portfolio had already been recorded on the balance sheet, adoption of SFAS 133 did not materially impact our Consolidated Financial Statements taken as a whole. However, certain swap cash flows amounting to $86 million in fiscal 2002, which would have been recorded in the income statement under the previous accounting guidance, were recorded on the balance sheet in other accumulated comprehensive income. In fiscal 2001, prior to the adoption of SFAS 133, the Company recorded $112 million of earnings benefit in the income statement from the receipt of similar cash flows. Under Statement 133, cash flows from fixed to variable interest rate swaps continue to be recorded in the interest expense line of the income statement. For fiscal 2002, the effects of fixed to variable interest rate swaps reduced interest expense by $62 million. Management is uncertain of the future impacts of the Company's fixed to variable interest rate swaps on interest expense.

With the adoption of SFAS 133 and the termination of a significant portion of Company's net investment hedges, the Company is currently reevaluating its hedging strategy regarding its net investment in overseas operations.

New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets, effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with those Statements. Other intangible assets will continue to be amortized over their useful lives.

We will apply the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of fiscal 2003. Application of the nonamortization provisions of the Statement is expected to result in an increase in net income of approximately $250 million for fiscal 2002. Prior to the completion of the second quarter of fiscal 2003, we will complete a transitional impairment review for goodwill and indefinite lived intangible assets as of the date of adoption. Subsequently, we will perform similar impairment reviews on an annual basis. Management does not believe that the adoption of the impairment review provisions of the statement will have a material effect on the earnings and financial position of the Company.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS 144), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, and the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations for a Disposal of a Segment of a Business. SFAS 144 is effective for fiscal years beginning after December 15, 2001, with earlier application encouraged. We will adopt SFAS 144 as of February 1, 2002 and do not believe that the adoption of SFAS 144 will have a material impact on our financial position or results of operations.

In May 2000, the Emerging Issues Task Force (EITF) reached a consensus on Issue 00-14, Accounting for Certain Sales Incentives. This issue involves the accounting and income statement classification for sales subject to rebates and revenue sharing arrangements as well as coupons and discounts. The EITF concluded that sales incentives offered to customers to buy a product should be classified as a reduction of sales. This issue is effective for fiscal quarters beginning after December 15, 2001. We anticipate implementing this issue in the first quarter of fiscal 2003; however, we do not expect any reclassification because of our Every Day Low Price Strategy and because rebates and coupons accepted by the Company's stores are offered by the product supplier and not by the Company. As a result, the adoption of this guidance is not expected to have a significant impact on the Company's financial position or results of operations.

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of the Company. Certain statements contained in this Management's Discussion and Analysis, in other parts of this report and in our other filings are forward-looking statements. These statements discuss, among other things, expected growth, future revenues, future cash flows and future performance, the anticipation and expectations of the Company and its management for future occurrences. The forward-looking statements are subject to risks, uncertainties and other factors, including: the cost of goods, competitive pressures, inflation, consumer debt levels, currency exchange fluctuations, trade restrictions, changes in tariff and freight rates, interest rate fluctuations and other capital market conditions, and other risks that the Company discusses more fully in its filings with the SEC, including the Company's Annual Report on Form 10-K. We filed our Annual Report on Form 10-K for our fiscal year 2002 with the SEC on or about April 15, 2002. Actual results may materially differ from anticipated results described in these statements as a result of changes in facts, assumptions not being realized or other circumstances.

CONSOLIDATED STATEMENTS OF INCOME

<TABLE>
<CAPTION>

	Fiscal years ended January 31,		
	2002	2001	2000
	(Amounts in millions except per share data)		
<S>	<C>	<C>	<C>
Revenues			
Net sales	$ 217,799	$ 191,329	$ 165,013
Other income--net	2,013	1,966	1,796
	219,812	193,295	166,809
Costs and Expenses			
Cost of sales	171,562	150,255	129,664
Operating, selling and general and administrative expenses	36,173	31,550	27,040
Interest Costs			
Debt	1,052	1,095	756
Capital leases	274	279	266
	209,061	183,179	157,726
Income Before Income Taxes, Minority Interest and Cumulative Effect of Accounting Change	10,751	10,116	9,083
Provision for Income Taxes			
Current	3,712	3,350	3,476
Deferred	185	342	(138)
	3,897	3,692	3,338
Income Before Minority Interest and Cumulative Effect of Accounting Change	6,854	6,424	5,745
Minority Interest	(183)	(129)	(170)

Income Before Cumulative Effect of Accounting Change.....	6,671	6,295	5,575
Cumulative Effect of Accounting Change, net of tax benefit of $119.....	--	--	(198)
Net Income.....	$ 6,671	$ 6,295	$ 5,377
Net Income Per Common Share:			
Basic Net Income Per Common Share:			
Income before cumulative effect of accounting change.....	$ 1.49	$ 1.41	$ 1.25
Cumulative effect of accounting change, net of tax.....	--	--	(0.04)
Net Income Per Common Share.....	$ 1.49	$ 1.41	$ 1.21
Average Number of Common Shares.....	4,465	4,465	4,451
Diluted Net Income Per Common Share:			
Income before cumulative effect of accounting change.....	$ 1.49	$ 1.40	$ 1.25
Cumulative effect of accounting change, net of tax.....	--	--	(0.04)
Net Income Per Common Share.....	$ 1.49	$ 1.40	$ 1.20
Average Number of Common Shares.....	4,481	4,484	4,474

See accompanying notes.

CONSOLIDATED BALANCE SHEETS

	January 31,	
	2002	2001
	(Amounts in millions)	
Assets		
Current Assets		
Cash and cash equivalents.....	$ 2,161	$ 2,054
Receivables.....	2,000	1,768
Inventories.....		
At replacement cost.....	22,749	21,644
Less LIFO reserve.....	135	202
Inventories at LIFO cost.....	22,614	21,442
Prepaid expenses and other.....	1,471	1,291
Total Current Assets.....	28,246	26,555
Property, Plant and Equipment, at Cost		
Land.....	10,241	9,433
Building and improvements.....	28,527	24,537
Fixtures and equipment.....	14,135	12,964
Transportation equipment.....	1,089	879
	53,992	47,813
Less accumulated depreciation.....	11,436	10,196
Net property, plant and equipment.....	42,556	37,617
Property Under Capital Lease		
Property under capital lease.....	4,626	4,620
Less accumulated amortization.....	1,432	1,303
Net property under capital leases.....	3,194	3,317
Other Assets and Deferred Charges		
Net goodwill and other acquired intangible assets.....	8,595	9,059
Other assets and deferred charges.....	860	1,582
Total Assets.....	$83,451	$78,130
Liabilities and Shareholders' Equity		
Current Liabilities		
Commercial paper.....	$ 743	$ 2,286
Accounts payable.....	15,617	15,092
Accrued liabilities.....	7,174	6,355
Accrued income taxes.....	1,343	841
Long-term debt due within one year.....	2,257	4,234
Obligations under capital leases due within one year.....	148	141
Total Current Liabilities.....	27,282	28,949
Long-Term Debt.....	15,687	12,501
Long-Term Obligations Under Capital Leases.....	3,045	3,154
Deferred Income Taxes and Other.....	1,128	1,043
Minority Interest.....	1,207	1,140
Shareholders' Equity		
Preferred stock ($0.10 par value; 100 shares authorized, none issued)		
Common stock ($0.10 par value; 11,000 shares authorized, 4,453 and 4,470 issued and outstanding in 2002 and 2001, respectively).....	445	447
Capital in excess of par value.....	1,484	1,411
Retained earnings.....	34,441	30,169
Other accumulated comprehensive income.....	(1,268)	(684)
Total Shareholders' Equity.....	35,102	31,343
Total Liabilities and Shareholders' Equity.....	$83,451	$78,130

See accompanying notes.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

	Number of shares	Common Stock	Capital in excess of par value	Retained Earnings	Other accumulated comprehensive Income	Total
			(Amounts in millions)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance--January 31, 1999	4,448	$445	$ 435	$20,741	$ (509)	$21,112
Comprehensive Income						
Net income				5,377		5,377
Other accumulated comprehensive income						
Foreign currency translation adjustment					(182)	(182)
Hedge accounting adjustment					236	236
Total Comprehensive Income						5,431
Cash dividends ($.20 per share)				(890)		(890)
Purchase of Company stock	(2)		(2)	(99)		(101)
Stock options exercised and other	11	1	281			282
Balance--January 31, 2000	4,457	446	714	25,129	(455)	25,834
Comprehensive Income						
Net income				6,295		6,295
Other accumulated comprehensive income						
Foreign currency translation adjustment					(1,126)	(1,126)
Hedge accounting adjustment					897	897
Total Comprehensive Income						6,066
Cash dividends ($.24 per share)				(1,070)		(1,070)
Purchase of Company stock	(4)		(8)	(185)		(193)
Issuance of Company stock	11	1	580			581
Stock options exercised and other	6		125			125
Balance--January 31, 2001	4,470	447	1,411	30,169	(684)	31,343
Comprehensive Income						
Net income				6,671		6,671
Other accumulated comprehensive income						
Foreign currency translation adjustment					(472)	(472)
Hedge accounting adjustment					(112)	(112)
Total Comprehensive Income						6,087
Cash dividends ($.28 per share)				(1,249)		(1,249)
Purchase of Company stock	(24)	(2)	(62)	(1,150)		(1,214)
Stock options exercised and other	7		135			135
Balance--January 31, 2002	4,453	$445	$1,484	$34,441	$(1,268)	$35,102

</TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Fiscal years ended January 31,		
	2002	2001	2000
	(Amounts in millions)		
<S>	<C>	<C>	<C>
Cash flows from operating activities			
Net Income	$ 6,671	$ 6,295	$ 5,377
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	3,290	2,868	2,375
Cumulative effect of accounting change, net of tax	--	--	198
Increase in accounts receivable	(210)	(422)	(255)
Increase in inventories	(1,235)	(1,795)	(2,088)
Increase in accounts payable	368	2,061	1,849
Increase in accrued liabilities	1,125	11	1,015
Deferred income taxes	185	342	(138)
Other	66	244	(139)
Net cash provided by operating activities	10,260	9,604	8,194
Cash flows from investing activities			
Payments for property, plant and equipment	(8,383)	(8,042)	(6,183)
Investment in international operations (net of cash acquired, $195 million in Fiscal 2000)	--	(627)	(10,419)
Proceeds from termination of net investment hedges	1,134	--	--
Other investing activities	103	(45)	(244)
Net cash used in investing activities	(7,146)	(8,714)	(16,846)
Cash flows from financing activities			
Increase/(decrease) in commercial paper	(1,533)	(2,022)	4,316
Proceeds from issuance of long-term debt	4,591	3,778	6,000
Purchase of Company stock	(1,214)	(193)	(101)

Dividends paid	(1,249)	(1,070)	(890)
Payment of long-term debt	(3,519)	(1,519)	(863)
Payment of capital lease obligations	(167)	(173)	(133)
Proceeds from issuance of Company stock	--	581	--
Other financing activities	113	176	224
Net cash provided by (used in) financing activities	(2,978)	(442)	8,553
Effect of exchange rate changes on cash	(29)	(250)	76
Net increase/(decrease) in cash and cash equivalents	107	198	(23)
Cash and cash equivalents at beginning of year	2,054	1,856	1,879
Cash and cash equivalents at end of year	$ 2,161	$ 2,054	$ 1,856
Supplemental disclosure of cash flow information			
Income tax paid	$ 3,196	$ 3,509	$ 2,780
Interest paid	1,312	1,319	849
Capital lease obligations incurred	225	576	378
Property, plant and equipment acquired with debt	--	--	65
ASDA acquisition cost satisfied with debt	--	--	264
ASDA acquisition cost satisfied with Company stock	--	--	175

</TABLE>

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 Summary of Accounting Policies

Consolidation

The consolidated financial statements include the accounts of subsidiaries. Significant intercompany transactions have been eliminated in consolidation.

Cash and cash equivalents

The Company considers investments with a maturity of three months or less when purchased to be cash equivalents.

Inventories

The Company uses the retail last-in, first-out (LIFO) method for the Wal-Mart Stores segment, cost LIFO for the SAM'S CLUB segment, and other cost methods, including the retail first-in, first-out (FIFO) and average cost methods, for the International segment. Inventories are not recorded in excess of market value.

Financial Instruments

The Company uses derivative financial instruments for purposes other than trading to reduce its exposure to fluctuations in foreign currencies and to minimize the risk and cost associated with financial and global operating activities. Generally, contract terms of a hedge instrument closely mirror those of the item it hedges providing a high degree of risk reduction and correlation. Contracts that are highly effective at meeting the risk reduction and correlation criteria are recorded using hedge accounting. On February 1, 2001, the Company adopted Financial Accounting Standards Board (FASB) Statements No. 133, 137 and 138 (collectively "SFAS 133") pertaining to accounting for derivatives and hedging activities. SFAS 133 requires all derivatives to be recorded on the balance sheet at fair value and establishes accounting treatment for hedges. If a derivative instrument is a hedge, depending on the nature of the hedge, changes in the fair value of the instrument will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitment through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion, if any, of an instrument's change in fair value will be immediately recognized in earnings. All of the Company's fair value hedges qualify for the use of the "short-cut" method of accounting to assess hedge effectiveness. The Company uses the hypothetical derivative method to assess the effectiveness of its net investment and cash flow hedges. Instruments that do not meet the criteria for hedge accounting and contracts for which the Company has not elected hedge accounting are marked to fair value with unrealized gains or losses reported currently in earnings. At February 1, 2001, the majority of the Company's derivatives were hedges of net investments in foreign operations. As such, the fair value of these derivatives had already been recorded on the balance sheet as either assets or liabilities and in other comprehensive income under the previous accounting guidance. As the majority of the Company's derivative portfolio was already recorded on the balance sheet, the adoption of SFAS 133 did not have a material impact on the Company's consolidated financial statements.

Interest during construction

For interest costs to properly reflect only that portion relating to current operations, interest on borrowed funds during the construction of property,

plant and equipment is capitalized. Interest costs capitalized were $130 million, $93 million and $57 million in 2002, 2001 and 2000, respectively.

Long-lived assets

The Company periodically reviews long-lived assets. If indicators of impairments exist and if the value of the assets is impaired, an impairment loss would be recognized.

Goodwill and other acquired intangible assets

Goodwill and other acquired intangible assets are amortized on a straight-line basis over the periods that expected economic benefits will be provided. These amortization periods range from 20 to 40 years. Management estimates these periods of economic benefit using factors such as entry barriers in certain countries, operating rights and estimated lives of other operating assets acquired. The realizability of goodwill and other intangibles is evaluated periodically when events or circumstances indicate a possible inability to recover the carrying amount. These evaluations are based on undiscounted cash flow and profitability projections that incorporate the impact of existing Company businesses. The analyses require significant management judgment to evaluate the capacity of an acquired business to perform within projections. Historically, the Company has generated sufficient returns from acquired businesses to recover the cost of the goodwill and other intangible assets.

Foreign currency translation

The assets and liabilities of all foreign subsidiaries are translated at current exchange rates. Related translation adjustments are recorded as a component of other accumulated comprehensive income.

Revenue Recognition

The Company recognizes sales revenue at the time it sells merchandise to the customer, except for layaway transactions. The Company recognizes layaway transactions when the customer satisfies all payment obligations and takes possession of the merchandise. The Company recognizes SAM'S CLUB membership fee revenue over the 12-month term of the membership. Customer purchases of Wal-Mart/SAM'S CLUB shopping cards are not recognized until the card is redeemed and the customer purchases merchandise by using the shopping card. Defective merchandise returned by customers is either returned to the supplier or is destroyed and reimbursement is sought from the supplier.

Supplier rebates and discounts received by the Company are included in the income statement when the purpose for which those monies were designated is fulfilled.

Operating, selling and general and administrative expenses

Buying, warehousing and occupancy costs are included in operating, selling and general and administrative expenses.

Advertising costs

Advertising costs are expensed as incurred and were $618 million, $574 million and $523 million in 2002, 2001 and 2000, respectively. Advertising costs consist primarily of expenditures for print and television advertisements.

Pre-opening costs

The costs of start-up activities, including organization costs, are expensed as incurred.

Insurance/Self-Insurance

The Company uses a combination of insurance, self-insured retention, and self-insurance for a number of risks including workers' compensation, general liability, vehicle liability and employee related health care benefits, a portion of which is paid by the Associates. Liabilities associated with these risks are estimated in part by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions.

Depreciation and amortization

Depreciation and amortization for financial statement purposes are provided on the straight-line method over the estimated useful lives of the assets. Depreciation expense, including amortization of properties under capital leases, for the years 2002, 2001 and 2000 was $2.7 billion, $2.4 billion and $2.0 billion, respectively. For income tax purposes, accelerated methods are used with recognition of deferred income taxes for the resulting temporary differences. Estimated useful lives for financial statements purposes are as follows:

```
Building and improvements. 5 - 50 years
Fixtures and equipment.... 5 - 12 years
Transportation equipment.. 2 - 5 years
Internally developed
  software................ 3 years
```

Net income per share

Basic net income per share is based on the weighted average outstanding common shares. Diluted net income per share is based on the weighted average outstanding shares adjusted for the dilutive effect of stock options (16 million, 19 million and 23 million shares in 2002, 2001 and 2000, respectively). The Company had approximately 3.5 million, 2.0 million and 0.5 million option shares outstanding at January 31, 2002, 2001 and 2000, respectively, that were not included in the dilutive earnings per share calculation because the effect would have been antidilutive.

Estimates and assumptions

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities. They also affect the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Accounting principle change

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" (SAB 101). SAB 101 dealt with revenue recognition issues, several of which are common within the retail industry. As a result of the issuance of SAB 101, the Company changed its method of accounting for SAM'S CLUB membership fee revenue both domestically and internationally in fiscal 2000. Previously, the Company had recognized membership fee revenues when received. Under the new accounting method, the Company recognizes membership fee revenues over the term of the membership, which is 12 months. The Company recorded a non-cash charge of $198 million (after reduction for income taxes of $119 million), or $.04 per share, to reflect the cumulative effect of the accounting change as of the beginning of the fiscal year. The effect of this change on the year ended January 31, 2000, before the cumulative effect of the accounting change was to decrease net income $12 million.

The following table provides unearned revenues, membership fees received from members and the amount of revenues recognized in earnings for each of the fiscal years ended 2000, 2001 and 2002 as if the accounting change had been in effect for each of those years (in millions):

<TABLE>

<S>	<C>
Deferred revenue January 31, 1999	$ 317
Membership fees received.....	646
Membership revenue recognized.	(626)
Deferred revenue January 31, 2000	337
Membership fees received.....	706
Membership revenue recognized.	(674)
Deferred revenue January 31, 2001	369
Membership fees received.....	748
Membership revenue recognized.	(730)
Deferred revenue January 31, 2002	$ 387

</TABLE>

The Company's deferred revenue is included in accrued liabilities in the consolidated balance sheet. The Company's analysis of historical membership fee refunds indicates that refunds have been minimal. Accordingly, no reserve exists for membership fee refunds at January 31, 2002.

An additional requirement of SAB 101 is that layaway transactions be recognized upon delivery of the merchandise to the customer rather than at the time that the merchandise is placed on layaway. The Company offers a layaway program that allows customers to make payments on items over a specific period. Until the first quarter of fiscal 2001, the Company recognized revenues from these layaway transactions at the time that the merchandise was placed on layaway. During the first quarter of fiscal 2001, the Company changed its accounting method for layaway transactions so that the revenue from these transactions is not recognized until the customer satisfies all payment obligations and takes possession of the merchandise. Layaway transactions are a small portion of the Company's revenue. Due to the minimal impact of this accounting change, prior fiscal year results have not been restated.

New accounting pronouncements

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets, effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized, but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives.

The Company will apply the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of fiscal 2003. Application of the nonamortization provisions of the Statement is expected to result in an increase in net income of approximately $250 million for fiscal 2003. Prior to the completion of the second quarter of fiscal 2003, the Company will complete a transitional impairment review for goodwill and indefinite lived intangible assets as of the date of adoption. Subsequently, the Company will perform similar impairment reviews annually. Management does not believe that the adoption of the impairment review provisions of the standard will have a material effect on the Company's financial position or results of operations.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (FAS 144), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. FAS 144 supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, and the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations for a

Disposal of a Segment of a Business. The Company will adopt FAS 144 as of February 1, 2002 and does not believe that the adoption of FAS 144 will have a material impact on the Company's financial position or results of operations.

In May 2000, the Emerging Issues Task Force (EITF) reached a consensus on Issue 00-14, Accounting for Certain Sales Incentives. This issue involves the accounting and income statement classification for sales subject to rebates and revenue sharing arrangements as well as coupons and discounts. The EITF concluded that sales incentives offered to customers to buy a product should be classified as a reduction of sales. The Company will implement Issue 00-14 in the first quarter of fiscal 2003. The Company does not expect any reclassification because of its Every Day Low Price strategy and because rebates and coupons accepted by the Company's stores are offered by the product's supplier and not by the Company. As a result, the adoption of this guidance is not expected to have a significant impact on the Company's financial position or results of operations.

Reclassifications

Certain reclassifications have been made to prior periods to conform to current presentations.

2 Defined Contribution Plans

In the United States, the Company maintains a Profit Sharing Plan under which most full-time and many part-time Associates become participants following one year of employment and 401(k) retirement savings plans to which Associates may elect to contribute a percentage of their earnings. During fiscal 2002 most participants could contribute up to 15% of their pretax earnings, but not more than statutory limits.

The Company made annual contributions in cash to these plans on behalf of all eligible Associates, including those who did not elect to contribute to the 401(k) plan. During fiscal 2002, eligible Associates could choose to receive a cash payout equal to one-half of the Company contribution that otherwise would have been made into the 401(k) plan. Those who did not choose a cash option had their money contributed into their 401(k) plan. Associates may choose from among 14 different 401(k) investment options. For Associates who do not make

any election, their 401(k) balance is placed in a conservative balanced fund. Associates are immediately vested in their 401(k) funds and may change their investment options at any time.

Additionally, the Company maintains various plans internationally. These plans are administered based upon the legislative and tax requirements in the country in which they are established.

Annual contributions to the 401(k) and profit sharing plans and the various international plans are made at the sole discretion of the Company, and were $555 million, $486 million and $429 million in 2002, 2001 and 2000, respectively. In addition, in fiscal 2002 the Company paid $34 million in cash to Associates in lieu of Company contributions to the 401(k) plan.

3 Commercial Paper and Long-term Debt

Information on short-term borrowings and interest rates is as follows (dollar amounts in millions):

<TABLE>
<CAPTION>

	Fiscal years ended January 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Maximum amount outstanding at month-end	$4,072	$6,732	$6,588
Average daily short-term borrowings....	2,606	4,528	2,233
Weighted average interest rate.....	3.7%	6.4%	5.4%

</TABLE>

At January 31, 2002 and 2001, short-term borrowings consisting of $743 million and $2,286 million of commercial paper were outstanding, respectively. At January 31, 2002, the Company had committed lines of $3,811 million with 70 firms and banks and informal lines of credit with various banks totaling an additional $694 million, which were used to support commercial paper.

Long-term debt at January 31, consisted of (amounts in millions):

<TABLE>
<CAPTION>

		2002	2001
<C>	<S>	<C>	<C>
6.875%	Notes due August 2009.....	$ 3,500	$ 3,500
4.375%	Notes due August 2003.....	1,500	--
5.450%	Notes due August 2006.....	1,500	--
6.550%	Notes due August 2004.....	1,250	1,250
5.750%	Notes due December 2030.....	714	714
5.875%	Notes due October 2005.....	597	597
7.500%	Notes due May 2004.....	500	500
7.550%	Notes due February 2030.....	500	500
7.550%	Notes due February 2030.....	500	500
4.625%	Notes due April 2003.....	500	-
3.250%	Notes due September 2003.....	500	-
6.875%	Notes due August 2002.....	--	500
6.500%	Notes due June 2003.....	454	454
7.250%	Notes due June 2013.....	445	445
7.800%-8.250%	Obligations from sale/leaseback transactions due 2014.....	343	373
6.750%	Notes due May 2002.....	--	300
7.000%-8.000%	Obligations from sale/leaseback transactions due 2013.....	237	257
8.500%	Notes due September 2024.....	250	250
6.750%	Notes due October 2023.....	250	250
8.000%	Notes due September 2006.....	250	250
6.375%	Notes due March 2003.....	228	228
4.625%	Notes due April 2003.....	200	--
6.750%	Eurobond due May 2002.....	--	200
7.290%	Notes due July 2006.....	--	324
4.410%-10.880%	Notes acquired in ASDA acquisition due 2003-2015.....	865	948
5.580%	Wal-Mart Canada notes due May 2006.....	325	--
	Other, including adjustments to debt hedged by derivatives	279	161
		$15,687	$12,501

</TABLE>

The Company has two separate issuances of $500 million debt with embedded put options. For the first issuance, beginning June 2001, and each year thereafter, the holders of $500 million of the debt may require the Company to repurchase the debt at face value, in addition to accrued and unpaid interest. The holders of the other $500 million issuance may put the debt back to the

Company at any time. Both of these issuances have been classified as a current liability in the January 31, 2002 consolidated balance sheet.

Long-term debt is unsecured except for $161 million, which is collateralized by property with an aggregate carrying value of approximately $413 million. Annual maturities of long-term debt during the next five years are (in millions):

<TABLE>
<CAPTION>

Fiscal year ended January 31,	Annual maturity
<S>	<C>
2003.....	$2,257
2004.....	3,574
2005.....	1,874
2006.....	704
2007.....	2,235
Thereafter.....	7,300

</TABLE>

The Company has agreed to observe certain covenants under the terms of its note agreements, the most restrictive of which relates to amounts of additional secured debt and long-term leases.

The Company has entered into sale/leaseback transactions involving buildings while retaining title to the underlying land. These transactions were accounted for as financings and are included in long-term debt and the annual maturity schedule on the previous page. The resulting obligations are amortized over the lease terms. Future minimum lease payments for each of the five succeeding years as of January 31, 2002 are (in millions):

<TABLE>
<CAPTION>

Fiscal year ended January 31,	Minimum payments
<S>	<C>
2003.....	$ 98
2004.....	93
2005.....	130
2006.....	94
2007.....	92
Thereafter.....	408

</TABLE>

At January 31, 2002 and 2001, the Company had letters of credit outstanding totaling $1,578 million and $1,129 million, respectively. These letters of credit were issued primarily for the purchase of inventory.

In July 2001, the Company filed a shelf registration statement with the United States Securities and Exchange Commission under which it could issue up to a total of $6 billion in debt securities. During fiscal 2002 the Company issued $3.5 billion under this shelf registration statement. In March 2002, the Company sold notes totaling $500 million pursuant to the shelf registration statement. These notes bear interest at 4.15% and are due in June 2005. The proceeds from the sale of these notes will be used for general corporate purposes, which could include financing the repurchase of shares of the Company's stock pursuant to its existing stock repurchase program. After consideration of this debt issuance and the $3.5 billion debt issued during fiscal 2002, the Company is permitted to sell up to $2 billion of public debt under the shelf registration statement.

4 Financial Instruments

The Company uses derivative financial instruments for hedging and non-trading purposes to manage its exposure to interest and foreign exchange rates. Use of derivative financial instruments in hedging programs subjects the Company to certain risks, such as market and credit risks. Market risk represents the possibility that the value of the derivative instrument will change. In a hedging relationship, the change in the value of the derivative is offset to a great extent by the change in the value of the underlying hedged item. Credit risk related to derivatives represents the possibility that the counterparty will not fulfill the terms of the contract. Credit risk is monitored through established approval procedures, including setting concentration limits by counterparty, reviewing credit ratings and requiring collateral (generally cash) when appropriate. The majority of the Company's transactions are with counterparties rated A or better by nationally recognized credit rating agencies.

Adoption of FASB 133

On February 1, 2001, the Company adopted Financial Accounting Standards Board Statement No. 133, "Accounting for Derivative and Hedging Activities" (FASB 133), as amended. Because most of the derivatives used by the Company at the date of adoption were designated as net investment hedges, the fair value of these instruments was included in the balance sheet prior to adoption of the standard. As a result, the adoption of this standard did not have a significant effect on the consolidated financial statements of the Company.

Interest rate instruments

The Company enters into interest rate swaps to minimize the risks and costs associated with its financing activities. Under the swap agreements, the Company pays variable rate interest and receives fixed interest rate

payments periodically over the life of the instruments. The notional amounts are used to measure interest to be paid or received and do not represent the exposure due to credit loss. All of the Company's interest rate swaps are designated as fair value hedges. In a fair value hedge, the gain or loss on the derivative instrument as well as the offsetting gain or loss on the hedged item attributable to the hedged risk are recognized in earnings in the current period. Ineffectiveness results when gains and losses on the hedged item are not completely offset by gains and losses in the hedge instrument. No ineffectiveness was recognized in fiscal 2002 related to these instruments. The fair value of these contracts is included in the balance sheet in the line titled "Other assets and deferred charges."

Net Investment instruments

At January 31, 2002, the Company is a party to cross-currency interest rate swaps which hedge its net investment in the United Kingdom. The agreements are contracts to exchange fixed rate payments in one currency for fixed rate payments in another currency. During the fourth quarter of fiscal 2002, the Company terminated cross-currency instruments that hedged portions of the Company's net investments in Canada, Germany and the United Kingdom. These instruments had notional amounts of $6.7 billion. The Company received $1.1 billion in cash related to the fair value of the instruments at the time of the terminations. Prior to the terminations, these instruments were classified as net investment hedges and were recorded at fair value as current assets on the balance sheet with a like amount recorded on the balance sheet shareholders' equity section in the line "other accumulated comprehensive income." No gain related to the terminations was recorded in the Company's income statement. The fair value of these contracts is included in the balance sheet in the line titled "Other assets and deferred charges."

Cash Flow Hedge

The Company has entered into a cross-currency interest rate swap related to $325 million of U.S. dollar denominated debt securities issued by a Canadian subsidiary of the Company during fiscal 2002. The swap is designated as a cash flow hedge of foreign currency exchange risk. No ineffectiveness was recognized during fiscal 2002 related to this instrument. The Company expects that the amount of gain existing in other comprehensive income that is expected to be reclassified into earnings within the next 12 months will not be significant. Changes in the foreign currency spot exchange rate result in reclassification of amounts from other comprehensive income to earnings to offset transaction gains or loss on foreign denominated debt. The fair value of this hedge is included in the balance sheet in the line titled "Other assets and deferred charges."

Instruments Not Designated for Hedging

The Company enters into forward currency exchange contracts in the regular course of business to manage its exposure against foreign currency fluctuations on cross-border purchases of inventory. These contracts are generally for durations of six months or less. Although these instruments are economic hedges, the Company did not designate these contracts as hedges as required in order to obtain hedge accounting. As a result, the Company marks the contracts to market through earnings. The fair value of these contracts is included in the balance sheet in the line titled "Prepaid expenses and other."

Fair value of financial instruments

<TABLE>
<CAPTION>

Instrument	Notional Amount 1/31/2002	Notional Amount 1/31/2001	Fair Value 1/31/2002	Fair Value 1/31/2001
	(amounts in millions)			
<S>	<C>	<C>	<C>	<C>
Derivative financial instruments designated for hedging:				
Receive fixed rate, pay floating rate interest rate swaps designated as fair value hedges	$ 3,792	$ 500	$ 172	$ 28
Receive fixed rate, pay fixed rate cross-currency interest rate swaps designated as net investment hedges (Foreign exchange notional amount: GBP 795 and 2,165 at 1/31/2002 and 2001, respectively)	1,250	4,750	192	659
Receive fixed rate, pay fixed rate cross-currency interest rate swaps designated as net investment hedges (Foreign exchange notional amount: DEM 3,320 at 1/31/2001)	--	1,910	--	366
Receive fixed rate, pay fixed rate cross-currency interest rate swaps designated as net investment hedges (Foreign exchange notional amount: CAD 1,841 at 1/31/2001)	--	1,250	--	57
Receive fixed rate, pay fixed rate cross-currency interest rate swaps designated as cash flow hedge (Foreign exchange notional amount: CAD 503 at 1/31/2002)	325	--	8	--
	$ 5,367	$ 8,410	$ 372	$ 1,110
Derivative financial instruments not designated for hedging:				
Foreign currency exchange forward contracts (various currencies)	$ 117	$ 292	$ --	$ 6
Basis swap	500	500	1	--
	$ 617	$ 792	$ 1	$ 6
Non-derivative financial instruments:				
Long-term debt	$17,944	$16,735	$18,919	$17,266

</TABLE>

Cash and cash equivalents: The carrying amount approximates fair value due to the short maturity of these instruments.

Long-term debt: Fair value is based on the Company's current incremental borrowing rate for similar types of borrowing arrangements.

Interest rate instruments and net investment instruments: The fair values are estimated amounts the Company would receive or pay to terminate the agreements as of the reporting dates.

Foreign currency contracts: The fair value of foreign currency contracts are estimated by obtaining quotes from external sources.

5 Other Accumulated Comprehensive Income

Comprehensive income is net income plus certain other items that are recorded directly to shareholders' equity. The only items currently applicable to the Company are foreign currency translation adjustments and hedge accounting adjustments. The following table gives further detail regarding the changes in the composition of other accumulated comprehensive income during fiscal 2002, 2001 and 2000:

<TABLE>
<CAPTION>

	Currency Translation Adjustment	Net Investment Hedges	Cash Flow Hedges	Total
<S>	<C>	<C>	<C>	<C>
Balance at January 31, 1999	$ (458)	$ (51)	$--	$ (509)
Foreign currency translation adjustment	(182)	--	--	(182)
Change in fair value of hedging instruments	--	236	--	236
Balance at January 31, 2000	(640)	185	--	(455)
Foreign currency translation adjustment	(1,126)	--	--	(1,126)
Change in fair value of hedging instruments	--	897	--	897
Balance at January 31, 2001	(1,766)	1,082	--	(684)
Foreign currency translation adjustment	(472)	--	--	(472)
Change in fair value of hedging instruments	--	315	--	315
Reclassification of tax payable on terminated hedges	--	(426)	--	(426)
Change in fair value of cash flow hedges	--	--	7	7
Reclassification to earnings to offset transaction gain on debt	--	--	(8)	(8)
Balance at January 31, 2002	$(2,238)	$ 971	$(1)	$(1,268)

</TABLE>

6 Income Taxes

The income tax provision consists of the following (in millions):

<TABLE>
<CAPTION>

	Fiscal years ended January 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Current			
Federal	$3,021	$2,641	$2,920
State and local	310	297	299
International	381	412	257
Total current tax provision	3,712	3,350	3,476
Deferred			
Federal	230	457	(71)
State and local	17	34	(3)
International	(62)	(149)	(183)
Total deferred tax provision (benefit)	185	342	(257)
Total provision for income taxes	$3,897	$3,692	$3,219(a)

</TABLE>

- --------

(a)Total provision for income tax includes a provision on income before the cumulative effect of accounting change of $3,338 million and a tax benefit of $119 million resulting from the cumulative effect of the accounting change.

Earnings before income taxes are as follows (in millions):

<TABLE>
<CAPTION>

	Fiscal years ended January 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Domestic	$ 9,523	$ 9,203	$8,414
International	1,228	913	669
Total earnings before income taxes	$10,751	$10,116	$9,083

</TABLE>

Items that give rise to significant portions of the deferred tax accounts at January 31 are as follows (in millions):

<TABLE>
<CAPTION>

	2002	2001	2000
<S>	<C>	<C>	<C>
Deferred tax liabilities			
Property, plant, and equipment	$ 906	$ 751	$ 748
Inventory	368	407	393
International, principally asset basis difference	448	398	348
Acquired asset basis difference	53	65	314
Other	138	87	66
Total deferred tax liabilities	1,913	1,708	1,869
Deferred tax assets			
Amounts accrued for financial reporting purposes not yet deductible for tax purposes	832	865	1,098
Capital leases	26	74	193
International, asset basis and loss carryforwards	459	352	402
Deferred revenue	137	142	181
Other	159	153	215
Total deferred tax assets	1,613	1,586	2,089
Net deferred tax liabilities (assets)	$ 300	$ 122	$ (220)

</TABLE>

A reconciliation of the significant differences between the effective income tax rate and the federal statutory rate on pretax income follows:

<TABLE>
<CAPTION>

	Fiscal years ended January 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Statutory tax rate	35.00%	35.00%	35.00%
State income taxes, net of federal income tax benefit	1.98%	2.13%	2.18%
International	(1.01%)	(0.84%)	(0.74%)
Other	0.28%	0.21%	0.31%

		36.25%	36.50% 36.75%

</TABLE>

Federal and state income taxes have not been provided on accumulated but undistributed earnings of certain foreign subsidiaries aggregating approximately $1 billion at January 31, 2002, as such earnings have been reinvested in the business. The determination of the amount of the unrecognized deferred tax liability related to the undistributed earnings is not practicable.

7 Acquisitions

In fiscal 2001, the Company purchased 271.3 million shares of stock in Wal-Mart de Mexico S.A. de C.V. (formerly Cifra S.A. de C.V.) at a total cash cost of $587 million. This transaction increased the Company's ownership percentage by approximately 6% and resulted in goodwill of $422 million, which was amortized over a 40-year life. Beginning in the first quarter of fiscal 2003, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests under FASB Standard 142. See Note 1 of Notes to Consolidated Financial Statements for additional information on New Accounting Pronouncements.

In December 1999, the Company acquired most of the minority interest of its operation in South Korea from its joint venture partner with the remaining minority interest being acquired during the first quarter of fiscal 2001.

During the third quarter of fiscal 2000, the Company acquired ASDA Group PLC (ASDA), the third-largest retailer in the United Kingdom with 229 stores. The transaction was accounted for as a purchase. The results of operations are included in the consolidated Company results since the date of acquisition. The purchase price of

approximately $11 billion was allocated to the net assets acquired and liabilities assumed based on their estimated fair value. The resulting goodwill and other acquired intangible assets of approximately $7 billion are being amortized over 40 years prior to the adoption of FASB 142.

The following table presents unaudited pro forma results as if the ASDA acquisition had occurred at the beginning of the fiscal year ended January 31, 2000. Adjustments to net income are primarily related to the amortization of goodwill and other acquired intangible assets and additional interest expense on the debt incurred to finance the acquisition. The ASDA results were converted from Great Britain pounds to United States dollars at the average exchange rate for the period presented. The conversion rates range from 1.61 to 1.66. The aggregate impact of other acquisitions in this period are not presented due to the insignificant differences from historical results (amounts in millions except per share data):

<TABLE>
<CAPTION>

	Fiscal years ended January 31, 2000
<S>	<C>
Sales	$172,295
Net income	$ 5,551
Net income per share--basic	$ 1.25
Net income per share--diluted	$ 1.24

</TABLE>

8 Stock Option Plans

The Company follows Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations in accounting for its employee stock options because the alternative fair value accounting provided under FASB Statement 123, "Accounting for Stock-Based Compensation," (FAS No. 123) requires the use of option valuation models that were not developed for use in valuing employee stock options. Because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of the grant, no compensation expense is recognized. The options granted under the stock option plans generally expire ten years from the date of grant. Options granted prior to November 17, 1995, may be exercised in nine annual installments. Generally, options granted on or after November 17, 1995 and before fiscal 2001 may be exercised in seven annual installments. Options granted after fiscal 2001 may be exercised in five annual installments.

Pro forma information regarding net income and income per share is required by FAS No. 123 and has been determined as if the Company had accounted for its employee stock option plans under the fair value method of that statement. The fair value of these options was estimated at the date of the grant using the

Black-Scholes option pricing model with the following assumption ranges: risk-free interest rates between 4.4% and 7.2%, dividend yields between .4% and 1.3%, volatility factors between .23 and .41, and an expected life of the option of 7.4 years for the options issued prior to November 17, 1995, 5.8 years for options issued thereafter and 2.0 to 4.0 years for options converted from ASDA stock options.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation methods require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimates, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options. Using the Black-Scholes option evaluation model, the weighted average value of options granted during the years ending January 31, 2002, 2001, and 2000, were $24, $22, and $13, per option, respectively.

The effect of applying the fair value method of FAS No. 123 to the stock option grants subsequent to February 1, 1995, results in the following net income and net income per share (amounts in millions except per share data):

<TABLE>
<CAPTION>

	Fiscal years ended January 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Pro forma net income.....	$6,592	$6,235	$5,324
Pro forma earnings per share--basic...	$ 1.48	$ 1.40	$ 1.20
Pro forma earnings per share--dilutive	$ 1.47	$ 1.39	$ 1.19

</TABLE>

Pro forma disclosures are not likely to be representative of the effects on reported net income for future years.

The following table summarizes information about stock options outstanding as of January 31, 2002:

<TABLE>
<CAPTION>

Range of exercise prices	Number of outstanding options	Weighted average remaining life in years	Weighted average exercise price of outstanding options	Number of options exerciseable	Weighted average exercise price of exerciseable options
<S>	<C>	<C>	<C>	<C>	<C>
$ 4.24 to 7.25	64,000	1.6	$ 5.67	54,000	$ 5.95
10.81 to 15.41	16,128,000	3.8	11.89	8,616,000	12.05
17.53 to 23.33	6,894,000	6.0	19.29	3,409,000	19.39
24.72 to 34.53	1,258,000	8.6	26.40	218,000	30.30
39.88 to 45.75	5,815,000	7.1	40.84	2,183,000	40.99
46.00 to 54.56	17,629,000	8.5	48.30	2,299,000	46.60
55.38 to 63.44	1,937,000	9.2	55.87	44,000	58.85
$ 4.24 to 63.44	49,725,000	6.5	$31.28	16,823,000	$22.35

</TABLE>

Further information concerning the options is as follows:

<TABLE>
<CAPTION>

	Shares	Option price per share	Weighted Average per share	Total
<S>	<C>	<C>	<C>	<C>
January 31, 1999.....	56,158,000	$ 4.39-43.00	$16.32	$ 916,675,000
(12,357,000 shares exerciseable)				
Options granted.....	1,540,000	41.25-63.44	44.62	68,703,000
ASDA options converted to Wal-Mart options	4,250,000	46.17	46.17	196,244,000
Options canceled.....	(2,452,000)	5.33-43.00	17.27	(42,337,000)
Options exercised.....	(8,182,000)	4.39-39.88	11.44	(93,583,000)
January 31, 2000.....	51,314,000	$ 5.33-63.44	$20.39	$1,045,702,000
(12,967,000 shares exerciseable)				
Options granted.....	9,841,000	45.38-58.94	48.30	475,332,000
Options canceled.....	(3,444,000)	6.75 - 54.56	26.47	(92,274,000)
Options exercised.....	(7,865,000)	6.75 - 46.00	13.50	(106,145,000)
January 31, 2001.....	49,846,000	$ 5.33-63.44	$26.56	$1,322,615,000

(15,944,000 shares exerciseable)				
Options granted	11,281,000	4.24-56.80	47.71	538,182,000
Options canceled	(1,969,000)	11.13-54.56	34.02	(67,030,000)
Options exercised	(9,433,000)	4.24-47.56	22.37	(212,065,000)
January 31, 2002	49,725,000	$ 4.24-63.44	$30.53	$1,581,702,000
(16,823,000 shares exerciseable)				
Shares available for option:				
January 31, 2001	65,521,000			
January 31, 2002	56,209,000			

Income tax benefit recorded as a result of the tax deductions triggered by employee exercise of stock options amounted to $106 million, $118 million and $125 million in fiscal 2002, 2001 and 2000, respectively.

9 Commitments and Contingencies

The Company and its subsidiaries are involved from time to time in claims, proceedings and litigation arising from the operation of its business. The Company does not believe that any such claim, proceeding or litigation, either alone or in the aggregate, will have a material adverse effect on the Company's financial position or results of its operations.

The Company and certain of its subsidiaries have long-term leases for stores and equipment. Rentals (including, for certain leases, amounts applicable to taxes, insurance, maintenance, other operating expenses and contingent rentals) under all operating leases were $1,043 million, $893 million, and $762 million in 2002, 2001, and 2000, respectively. Aggregate minimum annual rentals at January 31, 2002, under non-cancelable leases are as follows (in millions):

Fiscal year	Operating leases	Capital leases
2003	$ 623	$ 425
2004	602	424
2005	586	423
2006	565	419
2007	547	409
Thereafter	5,131	3,414
Total minimum rentals	$8,054	5,514
Less estimated executory costs		63
Net minimum lease payments		5,451
Less imputed interest at rates ranging from 6.1% to 14.0%		2,258
Present value of minimum lease payments		$3,193

Certain of the leases provide for contingent additional rentals based on percentage of sales. The additional rentals amounted to $63 million, $56 million and $51 million in 2002, 2001 and 2000, respectively. Substantially all of the store leases have renewal options for additional terms of from 5 to 80 years at comparable rentals.

The Company has entered into lease commitments for land and buildings for 20 future locations. These lease commitments with real estate developers provide for minimum rentals for 10 to 20 years, excluding renewal options, which if consummated based on current cost estimates, will approximate $25 million annually over the lease terms.

10 Segments

The Company and its subsidiaries are principally engaged in the operation of mass merchandising stores located in all 50 states, Argentina, Canada, Germany, South Korea, Puerto Rico, and the United Kingdom; through joint ventures in China; and through majority-owned subsidiaries in Brazil and Mexico. The Company identifies segments based on management responsibility within the United States and geographically for all international units. The Wal-Mart Stores segment includes the Company's discount stores, Supercenters and Neighborhood Markets in the United States. The SAM'S CLUB segment includes the warehouse membership clubs in the United States. The Company's operations in Argentina, Brazil, China, Germany, South Korea, Mexico and the United Kingdom are consolidated using a December 31 fiscal year end, generally due to statutory reporting requirements. There were no significant intervening events which materially affected the financial statements. The Company's operations in Canada and Puerto Rico are consolidated using a January 31 fiscal year end. The Company measures segment profit as operating income, which is defined as income before interest expense, income taxes, minority interest and cumulative effect of accounting change. Information on segments

and a reconciliation to income, before income taxes, minority interest and cumulative effect of accounting change, are as follows (in millions):

<TABLE>
<CAPTION>

Fiscal year ended January 31, 2002	Wal-Mart Stores	SAM'S CLUB	International	Other	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Revenues from external customers.....	$139,131	$29,395	$35,485	$13,788	$217,799
Intercompany real estate charge (income)	1,993	411	--	(2,404)	--
Depreciation and amortization.....	1,091	177	595	1,427	3,290
Operating income (loss).....	10,305	1,028	1,458	(714)	12,077
Interest expense.....					(1,326)
Income before income taxes and minority interest.....					10,751
Total assets.....	$ 21,890	$ 3,958	$26,324	$31,279	$ 83,451

Fiscal year ended January 31, 2001	Wal-Mart Stores	SAM'S CLUB	International	Other	Consolidated
Revenues from external customers.....	$121,889	$26,798	$32,100	$10,542	$191,329
Intercompany real estate charge (income)	1,766	383	--	(2,149)	--
Depreciation and amortization.....	927	147	562	1,232	2,868
Operating income (loss).....	9,724	942	1,112	(288)	11,490
Interest expense.....					(1,374)
Income before income taxes and minority interest.....					10,116
Total assets.....	$ 20,286	$ 3,843	$25,742	$28,259	$ 78,130

Fiscal year ended January 31, 2000	Wal-Mart Stores	SAM'S CLUB	International	Other	Consolidated
Revenues from external customers.....	$108,721	$24,801	$22,728	$ 8,763	$165,013
Intercompany real estate charge (income)	1,542	366	--	(1,908)	--
Depreciation and amortization.....	812	124	402	1,037	2,375
Operating income (loss).....	8,701	850	817	(263)	10,105
Interest expense.....					(1,022)
Income before income taxes, minority interest and cumulative effect of accounting change.....					9,083
Total assets.....	$ 18,213	$ 3,586	$25,330	$23,220	$ 70,349

</TABLE>

Operating income information for fiscal years 2000 and 2001 has been reclassified to conform to current-year presentation. For this reclassification, certain corporate expenses have been moved from the "other" category to the operating segments.

Domestic long-lived assets excluding goodwill were $33,612 million, $29,741 million and $25,227 million in 2002, 2001 and 2000, respectively. Additions to domestic long-lived assets were $4,749 million, $6,374 million and $3,814 million in 2002, 2001 and 2000, respectively. International long-lived assets excluding goodwill were $12,138 million, $11,193 million and $10,742 million in 2002, 2001 and 2000, respectively. Additions to International long-lived assets were $1,436 million, $711 million and $7,070 million in 2002, 2001 and 2000, respectively. The International segment includes all international real estate. The operations of the Company's ASDA subsidiary are significant in comparison to the total operations of the International segment. ASDA sales during fiscal 2002, 2001 and 2000 were $15.3 billion, $14.5 billion and $7.2 billion, respectively. At January 31, 2002 and 2001, ASDA long-lived assets, including primarily net plant, property and equipment and net goodwill, totaled $12.4 billion in each year.

All of the real estate in the United States is included in the "Other" category and is leased to Wal-Mart Stores and SAM'S CLUB. The revenues in the "Other" category result from sales to third parties by McLane Company, Inc., a wholesale distributor.

McLane offers a wide variety of grocery and non-grocery products, which it sells to a variety of retailers including the Company's Wal-Mart Stores and SAM'S CLUB segments. McLane is not a significant segment and therefore, results are not presented separately.

11 Quarterly Financial Data (Unaudited)

<TABLE>
<CAPTION>

	Quarters ended			
	April 30,	July 31,	October 31,	January 31,
	Amounts in millions (except per share information)			
<S>	<C>	<C>	<C>	<C>
2002				
Net sales	$48,052	$52,799	$52,738	$64,210
Cost of sales	37,850	41,412	41,388	50,912
Net income	1,380	1,622	1,481	2,188
Net income per common share, basic and diluted	$ 0.31	$ 0.36	$ 0.33	$ 0.49
2001				
Net sales	$42,985	$46,112	$45,676	$56,556
Cost of sales	33,665	36,044	35,694	44,852
Net income	1,326	1,596	1,369	2,004
Net income per common share, basic and diluted	$ 0.30	$ 0.36	$ 0.31	$ 0.45

</TABLE>

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders,
Wal-Mart Stores, Inc.

We have audited the accompanying consolidated balance sheets of Wal-Mart Stores, Inc. as of January 31, 2002 and 2001, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended January 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wal-Mart Stores, Inc. at January 31, 2002 and 2001, and the consolidated results of its operations and its cash flows for each of the three years in the period ended January 31, 2002, in conformity with accounting principles generally accepted in the United States.

ERNST & YOUNG, LLP (Signature)

Tulsa, Oklahoma
March 22, 2002

Listings--Stock Symbol: WMT

Market Price of Common Stock

<TABLE>
<CAPTION>

	Fiscal years ended January 31,			
	2002		2001	
Quarter Ended	Hi	Low	Hi	Low
<S>	<C>	<C>	<C>	<C>
April 30	$55.70	$46.91	$63.56	$44.50
July 31	$55.88	$47.34	$62.00	$51.00
October 31	$55.99	$44.00	$57.63	$43.25
January 31	$59.86	$52.24	$58.44	$43.69

</TABLE>

Dividends Paid Per Share

<TABLE>
<CAPTION>

Fiscal years ended January 31,
Quarterly

2001		2000	
<S>	<C>	<C>	<C>
April 9..	$0.0700	April 10..	$0.0600
July 9...	$0.0700	July 10...	$0.0600
October 9	$0.0700	October 10	$0.0600
January 9	$0.0700	January 8.	$0.0600

</TABLE>

Portions of the Company's definitive Proxy Statement for the Annual Meeting of Shareholders held on June 7, 2002, that are incorporated by reference into Part III and IV of the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2002.

NOMINEES FOR DIRECTOR

The following candidates are nominated by the Board. They have held the positions shown for at least five years unless otherwise noted. They were selected on the basis of outstanding achievement in their careers, broad experience, wisdom, integrity, understanding of the business environment, willingness to devote adequate time to Board duties, and ability to make independent, analytical inquiries. The Board is committed to diversified membership. The Board does not discriminate on the basis of race, color, national origin, gender, religion or disability in selecting nominees.

James Breyer, 40

Managing Partner of Accel Partners, a leading venture capital firm. He is also a director of RealNetworks, Inc. and Lightspan, Inc. Member since 2001.

John T. Chambers, 52

President and CEO of Cisco Systems, Inc., a leading manufacturer of computer network equipment. Member since 2000.

Thomas M. Coughlin, 52

Executive Vice President of Wal-Mart Stores, Inc. President and Chief Executive Officer of Wal-Mart Stores Division since January 1999. Prior to this appointment, he held various executive positions with Wal-Mart Stores, Inc. Member since 2001.

Stephen Friedman, 64

Retired in 1994 as Chairman of Goldman Sachs & Co. From 1994 to 1998, he held the title of Senior Chairman of Goldman Sachs & Co. Since 1998, he has been a Senior Principal of Marsh & McLennan Capital Corp. He is also Chairman Emeritus of the Board of Columbia University and a director of Fannie Mae. Member since 1996.

Stanley C. Gault, 76

Retired Chairman of the Goodyear Tire & Rubber Company from June 1991 to June 1996 and Chief Executive Officer of the Goodyear Tire & Rubber Company from June 1991 to January 1996. Mr. Gault previously served as Chairman and Chief Executive Officer of Rubbermaid Incorporated. He is also a director of Avon Products, Inc. and The Timken Company. Member since 1996.

David D. Glass, 66

Chairman of the Executive Committee of the Board of Directors of Wal-Mart Stores, Inc. Mr. Glass served as Wal-Mart's President and Chief Executive Officer from January 1988 to January 2000. Member since 1977.

Roland A. Hernandez, 44

Retired Chief Executive Officer and Chairman of Telemundo Group, Inc., a Spanish-language television station company from August 1998 to December 2000. From March 1995 to August 1998, he served as President and

Chief Executive Officer of Telemundo Group, Inc. He was previously the President of Interspan Communications, Inc. He is also a director of The Ryland Group, Inc. Member since 1998.

Dawn G. Lepore, 48

Vice Chairman of Technology, Operations and Administration for The Charles Schwab Corporation since December 2001. From July 1999 to December 2001, she served as Vice Chairman and Chief Information Officer for The Charles Schwab Corporation and served as Executive Vice President and Chief Information Officer for The Charles Schwab Corporation from October 1993 to July 1999. She is also a director of eBay, Inc. Member since 2001.

J. Paul Reason, 61

President and Chief Operating Officer of Metro Machine Corporation, an employee owned ship repair company, since July 2000. From December 1999 to June 2000, he served as Vice President-Ship Systems for Syntek Technologies, Inc. He is a retired four-star Admiral in the U.S. Navy. He served as Commander-in-Chief of the U.S. Atlantic Fleet from December 1996 to September 1999. He served as Deputy Chief of Naval Operations from August 1994 to November 1996. He is also a director of AMGEN, Inc. and Norfolk Southern Corporation. Member since 2001.

Elizabeth A. Sanders, 56

Management consultant with The Sanders Partnership. She was previously a Vice President and General Manager for Nordstrom, Inc. She is also a director of Advantica Restaurant Group, Inc., Washington Mutual, Inc., and Wellpoint, Inc. Member since 1992.

H. Lee Scott, Jr., 53

President and CEO of Wal-Mart Stores, Inc. since January 2000. Prior to this appointment, Mr. Scott held various executive positions with Wal-Mart Stores, Inc. Mr. Scott is also a director of Cooper Industries, Inc. Member since 1999.

Jack C. Shewmaker, 64

International consultant, rancher and retired Wal-Mart executive. Member since 1977.

Jose H. Villarreal, 48

Partner in the San Antonio office of the law firm of Akin, Gump, Strauss, Hauer & Feld, L.L.P. Member since 1998.

John T. Walton,* 55

Chairman of True North Partners, L.L.C., which holds investments in technology companies. Member since 1992.

S. Robson Walton,* 57

Chairman of the Board of Wal-Mart. Member since 1978.

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* S. Robson Walton and John T. Walton are brothers.

COMPENSATION OF DIRECTORS

During the calendar year ended December 31, 2001, outside directors were paid $50,000. At least one-half of the retainer was paid in Wal-Mart stock or stock units. Chairpersons of board committees received an additional retainer of $3,000. Outside directors were paid $1,500 per day, not to exceed 30 days per year, for Board-related work outside of the scope of their regular director duties. Directors were not paid for meeting attendance but were reimbursed for expenses incurred in attending the meetings.

In June 2001, each outside director also received options to purchase 3,867 shares of Company stock to link more closely his or her compensation to the interests of shareholders. The grant vests one year from the date of grant and has a term of ten years.

During the fiscal year ended January 31, 2002, Jack Shewmaker received certain benefits available to Company executives, and a portion of his health insurance costs were paid by the Company.

RELATED-PARTY TRANSACTIONS

Frank Robson held various ownership interests in six store locations leased by Wal-Mart. Mr. Robson is the brother of Helen R. Walton, a beneficial owner of more than 5% of Wal-Mart stock. The Company paid rents and maintenance fees of $2,034,964 under the leases for the fiscal year ended January 31, 2002. The Company believes that the rents and maintenance fees paid under the leases are competitive with rents and maintenance fees that would be paid to a third party to lease similar space.

During the past fiscal year Manhattan Products, Inc., which is owned by members of director Steve Friedman's family, had sales to Wal-Mart of

$8,690,368. The Company believes that the amounts paid to Manhattan Products in these transactions were competitive with amounts that would be paid to third parties in similar transactions.

During the past fiscal year Springdale Card & Comic Wholesale, which is owned by the son of director David D. Glass, had sales to the Company of $363,492. The Company believes that the amounts paid to Springdale Card & Comic Wholesale in these transactions were competitive with amounts that would be paid to third parties in similar transactions.

COMPENSATION AND NOMINATING COMMITTEE REPORT ON EXECUTIVE COMPENSATION

Compensation Philosophy: Wal-Mart's executive compensation program is designed to: (1) provide fair compensation to executives based on their performance and contributions to Wal-Mart; (2) provide incentives to attract and retain key executives; and (3) instill a long-term commitment to Wal-Mart and develop pride and a sense of Company ownership, all in a manner consistent with shareholders' interests.

The Compensation and Nominating Committee set the salaries of Lee Scott, President and Chief Executive Officer, David Glass, Chairman of the Executive Committee of the Board of Directors and Rob Walton, Chairman of the Board of Directors. As a part of its oversight of the Company's compensation programs, the Committee also reviewed the salaries paid to certain other Wal-Mart executives.

The executive officers' compensation package has three main parts: (1) base salary, which is reviewed annually; (2) equity compensation consisting of stock options and, for certain executives, restricted stock; and (3) incentive payments under the Company's Management Incentive Plan, which may be earned annually depending on the Company's achievement of pre-established goals relating to increases in pre-tax profits. Wal-Mart has a

Deferred Compensation Plan under which executives may defer compensation, with interest accruing on amounts deferred. Incentive payments on the amounts deferred are accrued annually starting 10 years after the initial deferral. Company executives also participate in the Company's 401(k) Plan and its Profit Sharing Plan, which is a defined contribution retirement plan with its assets primarily invested in Wal-Mart stock.

Base Salary: Base salaries of Company executives are based on Wal-Mart's performance for the prior fiscal year and upon a subjective evaluation of each executive's contribution to that performance. In evaluating overall Company performance, the primary focus is on Wal-Mart's financial performance for the year as measured by net income, total sales, comparable store sales and return on shareholders' equity. Other criteria, including equal employment performance and whether Wal-Mart conducts its operations in accordance with the business and social standards expected by its associates, shareholders and the communities in which it operates are also considered.

Equity Participation: Stock options are generally granted annually under Wal-Mart's Stock Incentive Plan in order to link executives' compensation to the long-term financial success of Wal-Mart, as measured by stock performance. Options are generally priced at 100% of the closing price of Wal-Mart stock on the day of grant. They typically vest in equal annual increments, beginning one year from the date of grant. Options granted prior to November 17, 1995, vest in nine annual installments. Those granted between November 17, 1995, and January 27, 2000, are exercisable in seven annual installments. Options granted on or after January 28, 2000, are exercisable in five annual installments.

The total number of options awarded to each executive is generally based on an option grant dollar amount divided by the option's exercise price. The option grant dollar amount is the product of the executive's base salary multiplied by the appropriate stock option grant percentage. For example, if an executive makes $100,000 per year and the percentage applied is 150%, the option grant dollar amount for the executive is $150,000. This amount is divided by the stock price on the date of grant. In this example, $150,000 divided by a stock price of $50 will result in a grant of options to purchase 3,000 shares at $50 per share.

The Committee establishes the percentages for, and makes awards of options to, executive officers required to file reports with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Section 16 persons"). These percentages are based on a subjective evaluation of the performance of each executive without regard to the number of options held by or previously granted to the executive.

In addition to stock options, certain executives are from time to time granted restricted stock under Wal-Mart's Stock Incentive Plan. Any award of restricted stock to Section 16 persons will be made by the Committee, which sets the vesting criteria. Awards may be made to provide incentives to enhance

the job performance of certain executives or to induce them to remain with or to become associated with the Company.

Incentive Payments: Incentive payments are made under Wal-Mart's Management Incentive Plan upon achievement of pre-established performance criteria. For the 2002 fiscal year, the Committee set three levels of overall performance objectives for the Company: threshold, business plan and maximum.

Corresponding incentive levels for the 2002 fiscal year were assigned to participants in the plan by the Committee as percentages of base salary. These incentive levels are tied directly to the achievement of specific levels of performance objectives. Incentive percentages ranging from a low of 53.9% of base salary at the threshold performance level to a high of 250% at the maximum level were payable under the plan to an executive group including, among others, the Chief Executive Officer, the Chairman of the Executive Committee of the Board and Chief Financial Officer. For these officers, performance goals are based on overall corporate performance. For divisional executives, performance goals are based on a combination of corporate and divisional performance.

For the fiscal year ended January 31, 2002, excluding extraordinary expenses, corporate pre-tax profits represent 64.9% of the maximum profit improvement target set by the Committee. As a result, incentive payments were made under the Management Incentive Plan in March of 2002 for performance in the fiscal year ended January 31, 2002.

Compensation of the Chief Executive Officer: Lee Scott was appointed President and Chief Executive Officer of the Company, effective January 13, 2000. Mr. Scott's base salary as Chief Executive Officer was set at $1,100,000, effective March 24, 2001. On March 6, 2002, he was granted options to purchase 521,634 shares of Wal-Mart stock relating to performance under the Stock Incentive Plan of 1998 during the January 31, 2002 fiscal year. During the January 31, 2002 fiscal year, Mr. Scott received an award of 98,620 shares of restricted stock. On March 7, 2002, Mr. Scott also received an award of 107,527 shares of restricted stock. The Committee determined the amount of Mr. Scott's base salary as well as the number of restricted stock and stock options after considering the following: competitive levels of compensation for CEOs managing operations of similar size, complexity and performance level; Mr. Scott's general knowledge of the retail business and his contribution to the Company's past business success; and the Committee's belief that Mr. Scott has the vision and managerial capabilities to ensure the Company's continued growth into the foreseeable future.

Mr. Scott also received an incentive payment of $1,784,750 under Wal-Mart's Management Incentive Plan. The bonus was based on Wal-Mart's achievement of the pre-tax profit performance goals established by the Committee and was paid in the current fiscal year but relates to performance in the fiscal year ended January 31, 2002.

Deductibility of Compensation: Internal Revenue Code Section 162(m) provides that compensation in excess of $1 million paid to an executive officer is not deductible unless it is performance based. Base salary does not qualify as performance-based compensation under Section 162(m).

Mr. Scott deferred a portion of his compensation during the fiscal year ended January 31, 2002, so that during the year he actually received less than $1 million in compensation. Because his base salary for the fiscal year ending on January 31, 2003, will exceed $1 million, Mr. Scott has volunteered to defer receipt of that portion of his base salary in excess of $1 million until after his retirement. This allows Wal-Mart to deduct the deferred portion of his base salary when it is paid after his retirement.

During the fiscal year ended January 31, 2002, John Menzer was awarded an additional 15% incentive opportunity, effective August 1, 2001. This incentive was based on performance and the growing complexity of the position. Although this award was performance based, it was set more than 120 days after the beginning of the fiscal year, and is not deductible.

This report is submitted by the Compensation and Nominating Committee:

Stanley Gault, Chairperson
Betsy Sanders
Don Soderquist
Jose Villarreal

Summary Compensation

This table shows the compensation during each of the Company's last three fiscal years paid to Wal-Mart's Chief Executive Officer and the four other most

highly compensated executive officers based on compensation earned during the fiscal year ended January 31, 2002.

<TABLE>
<CAPTION>

		Annual compensation			Long-term compensation		
Name and position	Fiscal year ended Jan. 31,	Salary($)(1)	Incentive Payment($)(2)	Other annual compensation($)(3)	Restricted stock awards($)	Number of shares underlying options granted(4)	All other compensation($)(5)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
H. Lee Scott, Jr.	2002	1,123,077	1,784,750	94,682	5,000,000	521,634	133,328
President and CEO	2001	992,308	1,750,000	0	6,083,159	459,284	96,168
	2000	800,000	1,215,385	0	0	219,931	90,685
David D. Glass	2002	1,086,538	1,298,000	113,432	0	0	513,892
Chairman of the Executive	2001	1,122,308	1,778,000	96,802	797,203	39,448	394,263
Committee of the Board of	2000	1,406,154	2,540,000	91,419	0	93,104	475,300
Directors							
Thomas M. Coughlin	2002	885,769	935,929	45,410	875,000	220,175	152,193
Executive Vice President	2001	796,923	1,120,000	31,811	2,441,584	283,461	118,984
and President and CEO	2000	720,000	1,008,000	26,755	0	109,966	110,738
Wal-Mart Stores Division							
John B. Menzer	2002	717,308	838,927	0	1,000,000	179,212	72,928
Executive Vice President	2001	640,385	637,000	0	1,556,015	130,741	64,613
and President and CEO	2000	567,308	805,385	0	0	35,739	58,846
International Division							
Thomas R. Grimm	2002	648,462	596,232	0	900,000	102,407	50,362
Executive Vice President	2001	590,385	608,400	0	987,361	89,490	38,003
and President and CEO	2000	527,308	357,500	0	0	27,721	5,164
SAM'S Clubs							

</TABLE>

(1) This column includes compensation earned during the fiscal year, but deferred. This column also includes compensation for an additional pay period because fiscal year 2002 had 27 pay periods rather than the normal 26 pay periods.

(2) Incentive payments in this column were made under the Management Incentive Plan in connection with the Company's performance in the January 31, 2000, 2001 and 2002 fiscal years but were paid during the January 31, 2001, 2002 and 2003 fiscal years, respectively.

(3) The total amount of other annual compensation for H. Lee Scott, Jr. is for personal use of a Company aircraft. All amounts for the other named officers are incentive interest payments on amounts deferred under the Officer Deferred Compensation Plan. For these other officers, the amounts do not include the value of perquisites and other personal benefits because they do not exceed the lesser of $50,000 or 10% of any such officer's total annual salary and bonus.

(4) The options shown for 2002 were granted on March 6, 2002, after the end of the fiscal year but in respect of the prior fiscal year.

(5) "All other compensation" for the fiscal year ended January 31, 2002, includes Company contributions to Wal-Mart's Profit Sharing, Supplemental Executive Retirement and 401(k) plans, above-market interest credited on deferred compensation, and term life insurance premiums paid by Wal-Mart for the benefit of each officer. These amounts are shown in the following table:

<TABLE>
<CAPTION>

	Profit Sharing	SERP	401(k) Plan	Above-market	Life Insurance

Name	contributions	contributions	contributions	interest	premiums
<S>	<C>	<C>	<C>	<C>	<C>
H. Lee Scott, Jr..	$3,400	$108,134	$3,400	$ 18,306	$88
David D. Glass....	$3,400	$106,858	$3,400	$400,163	$71
Thomas M. Coughlin	$3,400	$ 73,162	$3,400	$ 72,143	$88
John B. Menzer....	$3,400	$ 46,943	$3,400	$ 19,097	$88
Thomas R. Grimm...	$3,400	$ 43,474	$3,400	$ 0	$88

</TABLE>

Option Grants in Last Fiscal Year

This table shows all options to acquire shares of Wal-Mart stock granted to the named executive officers during the fiscal year ended January 31, 2002.

<TABLE>
<CAPTION>

	Individual Grants				
Name	Number of Shares underlying options granted(1)	Percent of total options granted to associates in fiscal year	Exercise price/ share(2)	Expiration date	Grant date present value(3)
<S>	<C>	<C>	<C>	<C>	<C>
H. Lee Scott, Jr..	521,634	5.1%	$60.90	3/5/12	$13,604,215
David D. Glass....	0	0.0%	N/A	N/A	$ 0
Thomas M. Coughlin	220,175	2.2%	$60.90	3/5/12	$ 5,742,164
John B. Menzer....	179,212	1.8%	$60.90	3/5/12	$ 4,673,849
Thomas R. Grimm...	102,407	1.0%	$60.90	3/5/12	$ 2,670,775

</TABLE>

(1) These options were granted on March 6, 2002, after the end of the fiscal year but in respect of the prior fiscal year. Options were granted to other associates on January 10, 2002.

(2) The exercise price generally equals the closing price of Wal-Mart stock on the date of grant. The options are exercisable in five equal annual installments beginning one year after the date of the grant. They expire ten years after the date of the grant.

(3) The fair value of these options at the date of grant was estimated using a Black-Scholes option pricing model. The following weighted-average assumptions were used to estimate the value of options granted on March 6, 2002: a 6.00 year expected life of the options; a dividend yield of 0.73%; expected volatility for Wal-Mart stock of 0.393%; and a risk-free rate of return of 4.91%.

Option Exercises and Fiscal Year End Option Values: This table shows all stock options exercised by the named executives during the fiscal year ended January 31, 2002, and the number and value of options they held at fiscal year end.

<TABLE>
<CAPTION>

			Number of Shares underlying Unexercised Options at fiscal year end		Value of Unexercised In-the-Money Options at fiscal year end($)(2)	
Name	Shares acquired on exercise	Value realized($)(1)	Exercisable	Unexercisable	Exercisable	Unexercisable
<S>	<C>	<C>	<C>	<C>	<C>	<C>
H. Lee Scott, Jr..	183,058	7,419,961	162,954	734,327	3,114,854	10,250,276
David D. Glass....	165,390	6,343,431	642,711	410,469	26,850,010	12,993,997
Thomas M. Coughlin	68,008	2,259,738	142,002	473,835	3,905,732	7,666,079
John B. Menzer....	0	0	103,415	244,555	3,618,723	4,902,789
Thomas R. Grimm...	0	0	43,008	148,685	796,102	1,902,004

</TABLE>

(1) The value realized equals the difference between the option exercise price and the closing price of Wal-Mart stock on the date of exercise, multiplied by the number of shares to which the exercise relates.

(2) The value of unexercised in-the-money options equals the difference between the option exercise price and the closing price of Wal-Mart stock at fiscal year end, multiplied by the number of shares underlying the options. The closing price of Wal-Mart stock on Thursday, January 31, 2002, as reported in The Wall Street Journal, was $59.98.

The following tables set forth ownership of Wal-Mart stock by major shareholders, directors and executive officers of the Company.

Holdings of Major Shareholders(1)

There were 4,451,225,876 shares of Wal-Mart stock issued and outstanding on March 31, 2002. The following table lists the beneficial owners of 5% or more of Wal-Mart stock as of March 31, 2002.

<TABLE>
<CAPTION>

Name and Address of Beneficial Owner(1)	Direct or Indirect with Sole Voting and Investment Power	Indirect with Shared Voting and Investment Power	Total	Percent of Class
<S>	<C>	<C>	<C>	<C>
Alice L. Walton.....	6,976,420	1,695,749,864	1,702,726,284	38.25%
Helen R. Walton.....	3,299,428	1,695,746,480	1,699,045,908	38.17%
Jim C. Walton.....	10,476,462	1,697,557,112	1,708,033,574	38.37%
John T. Walton.....	11,956,561(2)	1,695,974,664	1,707,931,225	38.37%(4)
S. Robson Walton.....	2,837,247(3)	1,698,262,728	1,701,099,975	38.22%(4)

</TABLE>

(1) The shares listed as beneficially owned by each person include 1,695,746,480 shares held by Walton Enterprises, L.P. Helen R. Walton, S. Robson Walton, John T. Walton, Jim C. Walton and Alice L. Walton share voting and dispositive power, either individually as general partners or as trustees of trusts that are general partners of Walton Enterprises, L.P. The general partners have the power to sell and vote the shares. The business address of each partner is P.O. Box 1508, Bentonville, Arkansas 72712.

(2) The number includes 9,434 shares that John T. Walton had a right to acquire within 60 days after March 31, 2002, through the exercise of stock options. It also includes 7,799 phantom stock shares received as director compensation.

(3) The number includes 28,026 shares that S. Robson Walton had a right to acquire within 60 days after March 31, 2002, through the exercise of stock options. It also includes 57,360 shares held in the Company's Profit Sharing Plan on behalf of Mr. Walton. He has sole voting power, but no investment power, with respect to these shares.

(4) The percent of class held was calculated based on the number of shares outstanding plus those shares John T. Walton and S. Robson Walton had a right to acquire within 60 days of March 31, 2002, in the amounts of 9,434 shares and 28,026 shares, respectively.

Holdings of Officers and Directors

This table shows the amount of Wal-Mart stock held by each director, Wal-Mart's Chief Executive Officer, and the four other most highly compensated officers on March 31, 2002. It also shows the stock held by all of Wal-Mart's directors and executive officers as a group on that date.

<TABLE>
<CAPTION>

Name of Beneficial Owner	Direct or Indirect with Sole Voting and Investment Power(1)	Indirect with Shared Voting and Investment Power	Total	Percent of Class
<S>	<C>	<C>	<C>	<C>
James Breyer.....	45,808	0	45,808	*
John T. Chambers.....	28,993	0	28,993	*
Thomas M. Coughlin.....	559,282	162,581	721,863	*
Stephen Friedman(2).....	17,234	40,000	57,234	*
Stanley C. Gault.....	39,177	0	39,177	*
David D. Glass.....	1,689,076	986,003	2,675,079	*
Thomas R. Grimm.....	146,700	5,000	151,700	*
Roland A. Hernandez.....	19,872	0	19,872	*
Dawn G. Lepore.....	671	0	671	*
John B. Menzer.....	295,680	0	295,680	*
J. Paul Reason.....	4,328	0	4,328	*
Elizabeth A. Sanders.....	18,442	0	18,442	*
H. Lee Scott, Jr.....	804,931	3,148	808,079	*
Jack Shewmaker.....	3,400,301	0	3,400,301	*
Donald G. Soderquist.....	575,310	3,242,996	3,818,306	*
Jose H. Villarreal.....	13,718	0	13,718	*
John T. Walton(3).....	11,956,561	1,695,974,664	1,707,931,225	38.37%(4)
S. Robson Walton(3).....	2,837,247	1,698,262,728	1,701,099,975	38.22%(4)
Directors and Executive Officers as a Group (22 persons).....	23,299,084	1,702,970,640	1,726,269,724	38.78%

</TABLE>
- --------
 * Less than one percent
(1) These amounts include shares that the following persons had a right to acquire within 60 days after March 31, 2002, through the exercise of stock options and vested shares they hold in the Company's Profit Sharing Plan. These share numbers are shown in the following table:

<TABLE>
<CAPTION>

Name	Number of shares underlying stock options exercisable within 60 days	Shares held in the Profit Sharing Plan
<S>	<C>	<C>
Thomas M. Coughlin	186,124	39,075
David D. Glass	650,600	192,833
Thomas R. Grimm	60,906	35
John B. Menzer	129,563	755
H. Lee Scott, Jr.	254,810	25,336
S. Robson Walton	28,026	57,360
Directors and Officers as a Group	1,628,925	332,548

</TABLE>

The Holdings of Officers and Directors also include phantom stock received by Wal-Mart's outside directors as part of their compensation, as follows: Steve Friedman (7,800 shares), Stanley Gault (8,807 shares), Roland Hernandez (4,438 shares), Dawn Lepore (203 shares), Elizabeth Sanders (1,055 shares), Don Soderquist (209 shares), Jose Villarreal (4,284 shares) and John Walton (7,799 shares).

(2) Amounts shown for Stephen Friedman include 40,000 shares held by the Stephen and Barbara Friedman Foundation.
(3) Amounts shown for S. Robson Walton and John T. Walton in this column include 1,695,746,480 shares held by Walton Enterprises, L.P.
(4) The percent of class held was calculated based on the number of shares outstanding plus those shares John T. Walton and S. Robson Walton had a right to acquire within 60 days of March 31, 2002, in the amounts of 9,434 shares and 28,026 shares, respectively.

SECTION 16(a) BENEFICIAL OWNERSHIP
REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires Wal-Mart's executive officers, directors and persons who own more than 10% of the Company's stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). These reports are also filed with the New York Stock Exchange. A copy of each report is furnished to Wal-Mart.

SEC regulations require Wal-Mart to identify anyone who filed a required report late during the most recent fiscal year. Based solely on review of reports furnished to the Company and written representations that no other reports were required during the fiscal year ended January 31, 2002, all Section 16(a) filing requirements were met except that five of our executive officers filed late reports regarding transactions relating to shares of restricted stock. Thomas M. Coughlin filed one late report relating to two exchanges of restricted shares in connection with tax payments. David D. Glass filed two late reports, the first for conversion of restricted shares to cash in order to defer compensation and the second for two transactions, one relating to an exchange of restricted shares in connection with tax payments and another for the conversion of restricted shares to cash in order to defer compensation. Thomas R. Grimm filed one late report relating to an exchange of restricted shares in connection with tax payments. John B. Menzer filed two late reports, each relating to a conversion of restricted shares to cash in order to defer compensation. James A. Walker, Jr. filed one late report relating to the conversion of restricted shares to cash in order to defer compensation. All of these transactions were reported to the SEC in April 2002.

APPENDIX IV

QUARTERLY REPORT ON FORM 10-Q FOR THE
FISCAL QUARTER ENDED OCTOBER 31, 2002

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X]Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended October 31, 2002.

Or

[_]Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission file number 1-6991

WAL-MART STORES, INC.
(Exact name of registrant as specified in its charter)

Delaware	71-0415188
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
702 S.W. Eighth Street Bentonville, Arkansas (Address of principal executive offices)	72716 (Zip Code)

(479) 273-4000
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [_]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [_]

Applicable Only to Issuers Involved in Bankruptcy Proceedings During the Preceding Five Years

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by the court. Yes [_] No [_]

Applicable Only to Corporate Issuers

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $.10 Par Value--4,413,963,363 shares as of November 30, 2002.

==========

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

WAL-MART STORES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in millions)

<TABLE>
<CAPTION>

	October 31, 2002	January 31, 2002
	(Unaudited)	(*Note)
<S>	<C>	<C>
ASSETS		
Cash and cash equivalents	$ 2,095	$ 2,161

Receivables	1,937	2,000
Inventories	29,508	22,614
Prepaid expenses and other	1,238	1,471
Total current assets	34,778	28,246
Property, plant and equipment, at cost	60,440	53,992
Less accumulated depreciation	13,384	11,436
Net property, plant and equipment	47,056	42,556
Property under capital leases	4,562	4,626
Less accumulated amortization	1,546	1,432
Net property under capital leases	3,016	3,194
Net goodwill and other acquired intangible assets	9,173	8,595
Other assets and deferred charges	1,637	860
Total assets	$95,660	$83,451
LIABILITIES AND SHAREHOLDERS' EQUITY		
Commercial paper	$ 4,343	$ 743
Accounts payable	18,614	15,617
Accrued liabilities	8,887	7,174
Accrued income taxes	692	1,343
Long-term debt due within one year	4,513	2,257
Obligations under capital leases due within one year	160	148
Total current liabilities	37,209	27,282
Long-term debt	14,888	15,687
Long-term obligations under capital leases	2,842	3,045
Deferred income taxes and other	1,331	1,128
Minority interest	1,346	1,207
Common stock and capital in excess of par value	1,871	1,929
Retained earnings	36,771	34,441
Other accumulated comprehensive income	(598)	(1,268)
Total shareholders' equity	38,044	35,102
Total liabilities and shareholders' equity	$95,660	$83,451

</TABLE>

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* Note: The balance sheet at January 31, 2002, has been derived from the audited consolidated financial statements of the Company at that date, and condensed.

See accompanying notes to condensed consolidated financial statements.

WAL-MART STORES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(Amounts in millions except per share data)

<TABLE>
<CAPTION>

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>
Revenues:				
Net sales	$58,797	$52,738	$173,451	$153,588
Other income	533	448	1,488	1,349
	59,330	53,186	174,939	154,937
Costs and expenses:				
Cost of sales	45,893	41,388	135,591	120,650
Operating, selling and general and administrative expenses	10,330	9,113	29,931	26,149
Operating profit	3,107	2,685	9,417	8,138
Interest costs:				
Debt	204	264	619	846
Capital leases	61	66	189	201
Interest income	(35)	(35)	(100)	(131)
	230	295	708	916
Income before income taxes and minority interest	2,877	2,390	8,709	7,222

Provision for income taxes.....	1,014	872	3,070	2,636
Income before minority interest.....	1,863	1,518	5,639	4,586
Minority interest.....	(43)	(37)	(129)	(104)
Net income.....	$ 1,820	$ 1,481	$ 5,510	$ 4,482
Net income per common share:				
Basic net income per common share:				
Net income per common share.....	$ 0.41	$ 0.33	$ 1.24	$ 1.00
Average number of common shares.....	4,421	4,466	4,437	4,471
Diluted net income per common share:				
Net income per common share.....	$ 0.41	$ 0.33	$ 1.24	$ 1.00
Average number of common shares.....	4,434	4,481	4,452	4,487
Dividends per share.....	$ 0.075	$ 0.070	$ 0.225	$ 0.210

</TABLE>

See accompanying notes to condensed consolidated financial statements.

WAL-MART STORES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Amounts in millions)

<TABLE>
<CAPTION>

	Nine Months Ended October 31,	
	2002	2001
<S>	<C>	<C>
Cash flows from operating activities:		
Net income.....	$ 5,510	$ 4,482
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	2,447	2,288
Increase in inventories.....	(6,926)	(6,214)
Increase in accounts payable.....	3,217	2,769
Increase in accrued liabilities.....	836	487
Other.....	382	131
Net cash provided by operating activities.....	5,466	3,943
Cash flows from investing activities:		
Payments for property, plant & equipment.....	(6,902)	(6,051)
Disposal of assets.....	244	203
Other investing activities.....	(95)	(171)
Net cash used in investing activities.....	(6,753)	(6,019)
Cash flows from financing activities:		
Increase in commercial paper.....	3,601	1,789
Proceeds from issuance of long-term debt.....	2,042	4,604
Dividends paid.....	(997)	(937)
Payment of long-term debt.....	(1,221)	(2,510)
Purchase of Company stock.....	(2,293)	(834)
Other financing activities.....	(181)	(86)
Net cash provided by financing activities.....	951	2,026
Effect of exchange rates on cash.....	270	29
Net decrease in cash and cash equivalents.....	(66)	(21)
Cash and cash equivalents at beginning of year.....	2,161	2,054
Cash and cash equivalents at end of period.....	$ 2,095	$ 2,033
Supplemental disclosure of cash flow information:		
Income taxes paid.....	$ 3,483	$ 2,737
Interest paid.....	953	1,149
Capital lease obligations incurred.....	89	57

</TABLE>

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Basis of Presentation

The condensed consolidated balance sheet as of October 31, 2002, and the related condensed consolidated statements of income for the three and nine-month periods ended October 31, 2002, and 2001, and the condensed consolidated statements of cash flows for the nine-month periods ended October 31, 2002, and 2001, are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the financial statements have been included. Interim results are not necessarily indicative of results for a full year.

The financial statements and notes are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not contain certain information included in the Company's annual report to shareholders. Therefore, the interim statements should be read in conjunction with the Company's annual report to shareholders for the fiscal year ended January 31, 2002. Certain reclassifications have been made to prior periods in order to conform to current presentations.

NOTE 2. Net Income Per Share

Basic net income per share is based on the weighted average outstanding common shares. Diluted net income per share is based on the weighted average outstanding common shares and reflects basic net income per share reduced by the dilutive effect of stock options and restricted stock grants (a weighted average of 13 million and 15 million shares for the quarters ended October 31, 2002 and 2001, respectively, and 15 million and 16 million shares for the nine-month periods ended October 31, 2002 and 2001, respectively).

NOTE 3. Inventories

The Company uses the retail last-in, first-out (LIFO) method for the Wal-Mart Stores segment, cost LIFO for the Sam's Club segment, and other cost methods, including the retail first-in, first-out (FIFO) and average cost methods, for the International segment. Inventories are not in excess of market value. Quarterly inventory determinations under the LIFO method are partially based on assumptions as to projected inventory levels at the end of the fiscal year, sales for the year and the rate of inflation for the year. If the FIFO method of accounting had been used by the Company, inventories at October 31, 2002, would have been $165 million higher than reported, resulting in an increase in the LIFO reserve of $30 million from January 31, 2002, and an increase of $10 million from July 31, 2002. If the FIFO method had been used at October 31, 2001, inventories would have been $172 million higher than reported, resulting in a decrease in the LIFO reserve of $30 million from January 31, 2001, and a decrease of $10 million from July 31, 2001.

NOTE 4. Segments

The Company is principally engaged in the operation of mass merchandising stores that serve customers primarily through the operation of three segments. The Company identifies its segments based on management responsibility within the United States and geographically for all international units. The Wal-Mart Stores segment includes the Company's discount stores, Supercenters and Neighborhood Markets in the United States. The Sam's Club segment includes the warehouse membership clubs in the United States. The International segment includes all operations in Argentina, Brazil, Canada, China, Germany, South Korea, Mexico, Puerto Rico and the United Kingdom. The sales in the "Other" segment result from sales to third parties by the Company's wholly-owned subsidiary, McLane Company, Inc., ("McLane") a wholesale distributor. Operating losses in the "Other" category are the result of expenses recorded at the corporate level which are partially offset by McLane's operating profits.

Net sales by operating segment were as follows (in millions):

<TABLE>
<CAPTION>

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>
Wal-Mart Stores	$37,573	$33,601	$111,631	$ 98,222
Sam's Club.....	7,742	7,295	22,976	21,099
International..	9,926	8,678	28,609	24,676
Other.....	3,556	3,164	10,235	9,591
Total Net Sales	$58,797	$52,738	$173,451	$153,588

	-------	-------	--------	--------

</TABLE>

Operating profit and reconciliation to income before income taxes and minority interest are as follows (in millions):

<TABLE>
<CAPTION>

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>
Wal-Mart Stores	$2,681	$2,322	$8,281	$7,121
Sam's Club	240	246	733	731
International	447	314	1,277	754
Other	(261)	(197)	(874)	(468)
Operating profit	$3,107	$2,685	$9,417	$8,138
Interest expense, net	230	295	708	916
Income before income taxes and minority interest	$2,877	$2,390	$8,709	$7,222

</TABLE>

Interest income for the three and nine-month periods ending October 31, 2001, has been combined with interest expense to conform to current year presentation.

Goodwill is recorded on the balance sheet in the operating segments as follows (in millions):

<TABLE>
<CAPTION>

	October 31, 2002	January 31, 2002
<S>	<C>	<C>
International	$8,590	$8,028
Sam's Club	305	305
Other	231	233
Total Goodwill	$9,126	$8,566
Other Intangible Assets	47	29
Total Goodwill & Other Acquired Assets	$9,173	$8,595

</TABLE>

Changes in International segment goodwill are the result of foreign currency exchange rate fluctuations.

NOTE 5. Comprehensive Income

Comprehensive income is net income, plus certain other items that are recorded directly to shareholders' equity. The only such items currently applicable to the Company are currency translation adjustments and hedge accounting adjustments.

Comprehensive income was $2.0 billion for both of the quarters ended October 31, 2002 and 2001, respectively, and was $6.2 billion and $4.7 billion for the nine months ended October 31, 2002 and 2001, respectively.

NOTE 6. New Accounting Pronouncements

On February 1, 2002, the Company adopted Financial Accounting Standards Board Statements of Financial Accounting Standards No. 141, Business Combinations ("FAS 141"), and No. 142, Goodwill and Other Intangible Assets ("FAS 142"). Under FAS 142, goodwill and intangible assets deemed to have indefinite lives are no longer amortized but are subject to annual impairment reviews. The following tables adjust certain information for the three-month and nine-month periods ended October 31, 2001, as if the non-amortization provisions of FAS 142 had been in place at that time and compares that adjusted information to the comparable information for the three-month and nine-month periods ended October 31, 2002:

<TABLE>
<CAPTION>

	Net income	Basic earnings	Diluted earnings per

	(in millions)		per share		share	
Three months ended October 31,	2002	2001	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>	<C>	<C>
As reported	$1,820	$1,481	$0.41	$0.33	$0.41	$0.33
Add back: Goodwill amortization (net of $3 million tax impact)	--	56	0.00	0.01	0.00	0.01
As adjusted	$1,820	$1,537	$0.41	$0.34	$0.41	$0.34
Nine months ended October 31,	2002	2001	2002	2001	2002	2001
As reported	$5,510	$4,482	$1.24	$1.00	$1.24	$1.00
Add back: Goodwill amortization (net of $8 million tax impact)	--	168	0.00	0.04	0.00	0.04
As adjusted	$5,510	$4,650	$1.24	$1.04	$1.24	$1.04

</TABLE>

The Company has performed the goodwill impairment reviews required by FAS 142 and the results of these reviews did not require the Company's existing goodwill to be written down.

FAS 141 addresses the accounting and reporting for business combinations. The adoption of FAS 141 did not have a material impact on the Company's financial results for the three-month or nine-month periods ended October 31, 2002. On February 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets ("FAS 144"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The adoption of this standard did not have a material impact on the Company's financial results for the three-month or nine-month periods ended October 31, 2002.

NOTE 7. Contingencies

The Company is involved in a large number of legal proceedings, including antitrust, consumer, employment, tort, and other litigation. The following lawsuits are among the matters pending against the Company which, if decided adversely, may result in substantial liability:

The Company is a defendant in thirty-three putative class action lawsuits, in twenty-six states, in which the plaintiffs allege that the Company violated the Fair Labor Standards Act, corresponding state laws, or both. The plaintiffs are hourly associates who allege, among other things, that the Company forced them to work "off the clock" and failed to provide work breaks. The complaints generally seek unspecified actual damages, injunctive relief, or both. The complaints were filed between June 1998 and November 2002. Class certification has been addressed in four cases: in Texas, Ohio and Louisiana the state trial or appellate courts have denied class certification. In Oregon a Federal Court has denied statewide certification as to state contract claims but allowed a limited class of opt-in plaintiffs to proceed with Fair Labor Standards Act and state statutory claims.

The Company is a defendant in three putative class action lawsuits brought on behalf of pharmacists who allege, among other things, that the Company failed to pay overtime in violation of the Fair Labor Standards Act or in breach of contract. The complaints seek actual damages, injunctive relief, or both. Two of these cases are pending in the United States District Court for the District of Colorado (Presley, et al. v. Wal-Mart Stores, Inc. and Yates, et al. v. Wal-Mart Stores, Inc.)and one is pending in the District Court, County of Denver, Colorado (Culver, et al. v. Wal-Mart). In each of these cases, the trial court has certified a class.

The Company is a defendant in Dukes v. Wal-Mart Stores, Inc., a putative class action lawsuit commenced in June 2001 and pending in the United States District Court for the Northern District of California. The case was brought on behalf of all past, present and future female employees in all of the Company's retail stores in the United States. The complaint alleges that the Company has a pattern and practice of discriminating against women in promotions, pay, training, and job assignment. The complaint seeks, among other things, injunctive relief, compensatory damages including front pay and back pay, punitive damages, and attorney fees. Class certification has not yet been decided, and we cannot predict whether a class will be certified and, if a class is certified, the geographic or other scope of such a class. If the Court certifies a class in this action and there is an adverse verdict on the merits, the Company may be subject to, in addition to liability for damages that could be material to the Company, employment-related injunctive measures. Any injunctive measures could result in increased costs of operations on an ongoing basis.

The Company is a defendant in three putative class action lawsuits in Texas and one in New Hampshire. In each of the lawsuits, the plaintiffs seek a declaratory judgment that Wal-Mart and the other defendants who purchased Corporate Owned Life Insurance (COLI) policies lack an insurable interest in the lives of the class-members, who were the insureds under the policies, and seek to recover the proceeds of the policies under theories of unjust enrichment and constructive trust. The lead suit, Mayo, et al. v. Wal-Mart Stores, Inc. was filed on June 26, 2001, in the United States District Court, Southern District of Texas. The court in Mayo recently denied the Company's motion for summary judgment, and granted partial summary judgment in favor of the plaintiffs on certain issues. The litigation has been stayed while the Fifth Circuit Court of Appeals reviews these rulings. Class certification has not been decided in any of these cases.

The Company is a defendant in Lisa Smith Mauldin v. Wal-Mart Stores, Inc. a lawsuit that was filed on October 16, 2001, in the United States District Court for the Northern District of Georgia, Atlanta Division. The lawsuit was certified by the court as a class action on August 30, 2002. The class is composed of female Wal-Mart associates who were participants in the Associates Health and Welfare Plan from March 8, 2001 to the present and who were using prescription contraceptives during the relevant time period. The class seeks amendment of the Plan to include coverage for prescriptive contraceptives, back pay for all members in the form of reimbursement of the cost of prescription contraceptives (from no earlier than September 5, 1999), pre-judgment interest and attorney's fees and coverage of prescriptive contraceptives and attendant office visits. The complaint alleges that the Company's Health Plan violates Title VII's prohibition against gender discrimination in that the Reproductive Systems provision does not provide coverage for contraceptives.

The Company is a defendant in a lawsuit that was filed on August 31, 2001, in the United States District Court for the Eastern District of Kentucky. EEOC (Janice Smith) v. Wal-Mart Stores, Inc. is a Rule 23 class action brought by the EEOC on behalf of Janice Smith and all other females who made application/transfer requests at the London, KY Distribution Center from 1995 to the present and who were not hired. The class seeks back pay for those females not selected for hire or transfer into warehouse positions for the relevant time period. The class also seeks injunctive and prospective affirmative relief. The complaint alleges that the Company based hiring decisions on gender in violation of Title VII of the 1964 Civil Rights Act as amended. The EEOC is exempted from the requirements of Rule 23 and can maintain this action as a class without certification from the Court.

The Company is a defendant in four putative class action lawsuits brought by associates who allege that the Company failed to pay overtime in violation of the Fair Labor Standards Act. Two cases regarding Sam's Clubs managers are pending in California state court (Lewis v. Wal-Mart Stores, Inc. and Bartlett v. Sam's West, Inc.).

One case regarding Loss Prevention associates is pending in federal court in Texas (Michell v. Wal-Mart Stores, Inc.). One case regarding managers is pending in federal court in Arkansas (Freeman v. Wal-Mart Stores, Inc.). No determination has been made as to certification in these cases.

NOTE 8. Accounting Changes

In August 2002, the Company announced that on February 1, 2003, it will adopt the expense recognition provisions of the Financial Accounting Standards Board Statement No. 123 Accounting and Disclosure of Stock-Based Compensation ("FAS 123"). Under FAS 123, compensation expense is recognized based on the fair value of stock options granted. Under the accounting transition rules currently in place for adopting FAS 123, the impact on the Company's income statement will be less than $0.01 per share in the year of adoption. The accounting standard setters are currently reconsidering the transition provision for adopting FAS 123 and plan to provide alternative accounting methods when adopting FAS 123. Based on the Company's understanding of the accounting methods currently under consideration, it does not believe that the impact of changing the accounting method for the adoption of FAS 123 would have an impact of greater than $0.01 to $0.02 per share on earnings per share in the year of adoption.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Wal-Mart is a very large but straightforward business. In the United States, our operations are centered on retail stores and membership warehouse clubs. Internationally, our operations are centered on retail stores, warehouse clubs and restaurants. We have built our business by offering our customers quality merchandise at low prices. We are able to obtain lower merchandise costs and pass them on to our customers through our negotiations with suppliers and by efficiently managing our distribution network. The key to our success is our ability to grow our base business. In the United States, we grow our base

business by building new stores and by increasing sales in our existing stores, including offering new kinds of goods and services to our customers. Internationally, we grow our business by building new stores, increasing sales in our existing stores, through acquisitions and by offering new goods and services to our customers. We intend to continue to expand both in the United States and internationally.

At October 31, 2002, the Company had 1,567 Wal-Mart stores, 1,243 Supercenters, 39 Neighborhood Markets and 522 Sam's Clubs in the United States. Internationally, the Company operated units in Argentina(11), Brazil(22), Canada(201), Germany(95), South Korea (14), Mexico(587), Puerto Rico(19), the United Kingdom (256) and under joint venture agreements in China (22). During May 2002 we completed our acquisition of 6.1% of the stock of The Seiyu, Ltd., a Japanese retail chain for 6 billion yen, or approximately $46 million. Under the terms of the acquisition, we will also have the right to contribute up to 260 billion yen, or approximately $2 billion for additional shares of stock in Seiyu. If we contribute the full 260 billion yen to Seiyu, we will own approximately 66.7% of the stock of Seiyu. This investment represents our entry into the Japanese retail market.

Results of Operations

We had 11.5% and 12.9% sales increases for the quarter and the nine months ended October 31, 2002, respectively, when compared to the same periods in fiscal 2002. These sales increases were attributable to our U.S. and international expansion programs and our U.S. comparative store sales increases of 3.5% and 6.1% for the quarter and the nine months ended October 31, 2002, respectively, over the same periods in fiscal 2002. We consider comparative stores sales to be sales at stores that were open as of February 1st of the prior fiscal year and have not been expanded or relocated since February 1st of the prior fiscal year. Stores that have been expanded or relocated during that period are not included in the calculation of comparative store sales. Comparative store sales are also referred to as "same-store" sales within the retail industry.

Our gross profit as a percentage of sales (our "gross margin") increased from 21.5% in the third quarter of fiscal 2002 to 21.9% during the third quarter of fiscal 2003. For the nine-month period ended October 31, 2002,

gross margin was 21.8%, up from 21.5% in the same period in fiscal 2002. The improvement in gross margin resulted from lower markdowns, reduced shrinkage and improved merchandising which led to increased sales of items which carry higher margins. Additionally, the percentage of total sales generated by the Wal-Mart Stores and International segments increased for both the three-month and nine-month periods ended October 31, 2002, when compared to the same periods in the prior fiscal year. Because the Wal-Mart segment and International segment sales yield higher gross margins than does the Sam's Club segment, this change in sales mix increased the Company's total gross margin.

Operating, selling, general and administrative expenses, as a percentage of sales, were 17.6% and 17.3% for the third quarter and first nine months of fiscal 2003, up from 17.3% and 17.0% in the same periods in fiscal 2002, respectively. These increases were due primarily to an increase in our insurance, legal, benefits, and store pre-opening costs. The change in accounting for goodwill required by the Company's adoption of FAS 142 also affected the comparison of the third quarter and first nine months of fiscal 2003 with the third quarter and first nine months of fiscal 2002. FAS 142 requires that companies no longer amortize goodwill. Instead, an annual review is to be performed to determine if goodwill is impaired and should be written-off. The comparison of the third quarter and first nine months of this fiscal year to the same periods in the last fiscal year is positively impacted by this accounting change since we have not recorded any goodwill amortization expense since January 31, 2002. If our operating, selling, general and administrative expense for the third quarter and first nine months of fiscal year 2002 were adjusted to add back the goodwill amortization recorded for those periods (but which would not have been recorded had FAS 142 been in place during the prior year), operating expenses would have been reduced by $59 million for the third quarter of fiscal 2002 and $176 million for the first nine months of fiscal 2002. If the third quarter fiscal 2002 operating expenses were adjusted to remove that goodwill amortization, our operating expenses as a percent of sales would be reduced from 17.3% as disclosed above to 17.2%. If the operating expenses for the first nine months of fiscal 2002 were adjusted to remove that goodwill amortization, our operating expenses as a percent of sales for that period would be reduced from 17.0% as disclosed above to 16.9%.

Interest costs on debt and capital leases, net of interest income, as a percentage of sales decreased 0.17% and 0.19% for the third quarter and first nine months of fiscal 2003, respectively, when compared to the same periods in fiscal 2002. These decreases resulted from lower average interest rates on our outstanding indebtedness, less need for debt financing due to inventory reduction efforts and the positive impacts of our fixed to variable interest rate swap program. To better aid the reader in understanding our financial

statements, we have begun classifying interest income in the interest expense section of the income statement. Both our U.S. and international operating units generate interest income; however, the largest contributor of interest income is our operation in Mexico. Interest income was flat when comparing the third quarter of fiscal 2003 to the third quarter of fiscal 2002. For the first nine months of fiscal 2003, interest income decreased by $31 million in comparison to the first nine months of fiscal 2002, this decrease was caused primarily by a reduction in interest rates in Mexico.

In the third quarter of fiscal 2003, we earned net income of $1.820 billion, a 22.9% increase over our net income in the third quarter of fiscal 2002. As discussed above, the comparison of net income earned in the third quarter of fiscal 2003 with the net income earned in the third quarter of fiscal 2002 is positively impacted by an accounting change related to goodwill amortization. As the tax impact of not amortizing goodwill would have been minimal in dollars, increasing tax expense by only $3 million for the quarter, our prior year third quarter net income would have been increased by $56 million and basic earnings per share would have increased by $0.01 if we had not amortized goodwill in fiscal 2002. If the prior year third quarter is adjusted to add back goodwill amortization that would not have been recorded under the new accounting standard, our net income for the third quarter of fiscal 2003 would have increased by 18.4% over our net income in the third quarter of fiscal 2002.

The non-amortization provisions of FAS 142 had an overall positive impact on our effective income tax rate for the third quarter and first nine months of fiscal 2003. Our effective income tax rate for the third quarter of fiscal 2003 was 35.25% compared with an effective income tax rate of 36.5% for the third quarter of fiscal 2002. Had the accounting standard been in place for the third quarter of fiscal 2002, the effective income tax rate would have been reduced by 0.8% from 36.5% to 35.7% for that quarter. The remainder of the reduction in the effective income tax rate resulted from a variety of factors, but predominately from the changing mix of results of operations of our subsidiaries in foreign countries that have disparate tax rates.

For the first nine months of fiscal 2003, we earned net income of $5.510 billion, a 22.9% increase over our net income in the first nine months of fiscal 2002. As discussed above, the comparison of net income earned in the first nine months of fiscal 2003 with the net income earned in the first nine months of fiscal 2002 is positively impacted by the accounting change related to goodwill amortization. As the tax impact of not amortizing goodwill would have been minimal in dollars, increasing tax expense by only $8 million for the nine-month period ended October 31, 2001, our net income for that period would have been increased by $168 million and basic earnings per share would have increased by $0.04 if we had not amortized goodwill in fiscal 2002. If the prior year first nine months are adjusted to add back goodwill amortization that would not have been recorded under the new accounting standard, our net income for the first nine months of fiscal 2003 would have increased by 18.5% over our net income in the prior fiscal year's first nine months.

The non-amortization provisions of FAS 142 had an overall positive impact on our effective income tax rate for the first nine months of fiscal 2003. Our effective income tax rate for the first nine months of fiscal 2003 was 35.3% compared with an effective income tax rate of 36.5% for the first nine months of fiscal 2002. Had the accounting standard been in place for the third quarter of fiscal 2002, the effective income tax rate would have been reduced by 0.8% from 36.5% to 35.7% for that nine month period. The remainder of the reduction in the effective income tax rate resulted from a variety of factors, but predominately from the changing mix of results of operations of our subsidiaries in foreign countries that have disparate tax rates.

In mid-October, the German government proposed a number of tax law changes and spending cuts. The proposed tax changes include provisions which would place limitations on the utilization of tax loss carryforwards. We have previously recorded a deferred tax asset related to our tax loss carryforwards in Germany. However, depending upon the ultimate outcome of the proposed changes, it is possible that a non-cash charge to earnings would need to be taken to establish a valuation allowance for the deferred tax asset provided for Germany tax operating losses to date.

A labor dispute between the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) caused a work stoppage at west coast ports. This work stoppage disrupted trade between the United States and Asia causing some interruption in the flow of merchandise to Wal-Mart's distribution centers, stores and Sam's Clubs. Although the impact was not significant during the quarter ended October 31, a preliminary injunction issued at the request of President Bush will expire on December 27 following an 80-day cooling off period. Although a tentative agreement has been reached between the ILWU and the PMA, certain issues remain. While we do not believe that any further work stoppages would have a material impact on the flow of merchandise to Wal-Mart's stores, the actual effect of any future work stoppage on the Company would depend on the timing and duration of the stoppage.

Wal-Mart Stores Segment

Three months ended October 31, 2002

The following table gives selected financial information for the three months ended October 31, 2002 and 2001 (in million except for percentages):

<TABLE>
<CAPTION>

Fiscal Year	Segment sales	Segment sales increase from prior fiscal year third quarter	Segment operating income	Segment operating income increase from prior fiscal year third quarter	Operating income as a percentage of segment sales
<S>	<C>	<C>	<C>	<C>	<C>
2003	$37,573	11.8%	$2,681	15.5%	7.1%
2002	$33,601	15.0%	$2,322	5.3%	6.9%

</TABLE>

The third quarter fiscal 2003 sales increase resulted from our continued expansion activities within the Wal-Mart Stores segment and sales increases in comparable stores. Expansion during the third quarter of fiscal 2003 included the opening of 15 Wal-Mart stores, 5 Neighborhood Markets and 87 Supercenters (including the

conversion of 59 existing Wal-Mart stores into Supercenters) and added 13,726,000 (or 3.7%) of additional store square footage. The comparative store sales increase for the segment was 4.2% for the third quarter of fiscal 2003 over those in the comparable period in fiscal 2002. Segment sales as a percentage of our total sales increased from 63.7% in the quarter ended October 31, 2001, to 63.9% for the quarter ended October 31, 2002 as a result of the expansion in the Wal-Mart Stores segment and its greater increase in comparative store sales than the increases of the Sam's Clubs and International segments.

The increase in the Wal-Mart Stores segment's operating income for the third quarter of fiscal 2003 resulted primarily from gross margin improvements partially offset by an increase in operating expenses as a percentage of sales. Operating expenses as a percentage of segment sales increased by 0.2% when compared to the third quarter of the prior fiscal year. This increase was primarily a result of increased insurance, store pre-opening and property tax costs as a percentage of sales. Gross margin as a percentage of segment sales improved by 0.3% when compared to gross margin for the third quarter of the prior fiscal year. This improvement in gross margin resulted from a change in customer purchasing preferences to items which carry higher margins and improvements in shrinkage and markdowns as a percentage of sales when compared to the same period in the last fiscal year.

Nine months ended October 31, 2002

The following table gives selected financial information for the nine months ended October 31, 2002 and 2001 (in millions except for percentages):

<TABLE>
<CAPTION>

Fiscal Year	Segment sales	Segment sales increase from prior fiscal year first nine months	Segment operating income	Segment operating income increase from prior fiscal year first nine months	Operating income as a percentage of segment sales
<S>	<C>	<C>	<C>	<C>	<C>
2003	$111,631	13.7%	$8,281	16.3%	7.4%
2002	$ 98,222	13.7%	$7,121	3.0%	7.2%

</TABLE>

The sales increase for the first nine months of fiscal 2003 resulted from our continued expansion activities within the Wal-Mart Stores segment and sales increases in comparable stores. Expansion during the first nine months of fiscal 2003 included the opening of 36 Wal-Mart stores, 8 Neighborhood Markets and 177 Supercenters (including the conversion of 116 existing Wal-Mart stores into Supercenters) and added 28,155,000 (or 7.9%) of additional store square footage. The comparative store sales increase for the segment was 6.6% for the first nine months of fiscal 2003. Segment sales as a percentage of our total sales increased from 64.0% in the nine-month period ended October 31, 2001, to 64.4% for the nine-month period ended October 31, 2002.

The increase in the Wal-Mart Stores segment's operating profit as a percentage of segment sales for the first nine months of fiscal 2003 resulted primarily from gross margin improvements. Gross margin improved by 0.2% when compared to gross margin for the first nine months of the prior fiscal year.

This improvement in our gross margin resulted from a change in customer purchasing preferences to items which carry higher margins, and improvements in shrinkage and markdowns as a percentage of sales when compared to the same period in the last fiscal year. A 0.1% increase in operating expenses stated as a percentage of segment sales partially offset the improved margin. The increase in operating expenses as a percentage of sales was the result of increased insurance, store pre-opening and property tax costs as a percentage of sales.

Sam's Club Segment

Three months ended October 31, 2002

The following table gives selected financial information for the three months ended October 31, 2002 and 2001 (in millions except for percentages):

<TABLE>
<CAPTION>

Fiscal Year	Segment sales	Segment sales increase from prior fiscal year third quarter	Segment operating income	Segment operating income increase/(decrease) from prior fiscal year third quarter	Operating income as a percentage of segment sales
<S>	<C>	<C>	<C>	<C>	<C>
2003	$7,742	6.1%	$240	(2.4)%	3.1%
2002	$7,295	11.0%	$246	12.3%	3.4%

</TABLE>

The Sam's Clubs segment sales increase for the quarter ended October 31, 2002 resulted from the Sam's Clubs segment's continued expansion activities and sales increases in comparable clubs. Expansion during the third quarter of fiscal 2003 consisted of the opening of 10 new clubs and added 1,688,000 (or 2.7%) of additional club square footage. For the segment, the comparative sales increase was 0.4% for the quarter ended October 31, 2002. Segment sales as a percentage of our total Company sales decreased from 13.8% in the quarter ended October 31, 2001, to 13.2% for the quarter ended October 31, 2002. The reduction in the Sam's Clubs segment's sales as a percentage of total Company sales resulted from greater growth in the Wal-Mart Stores and International segments than the growth in the Sam's Clubs segment in the three months ended October 31, 2002.

The decrease in the segments operating income as a percentage of segment sales for the third quarter of fiscal 2003 is the result of an increase in operating expenses as a percentage of segment sales offset by an increase in other income as a percentage of sales. Operating expense as a percentage of sales increased by 0.4% for the quarter ended October 31, 2002 when compared to the prior fiscal year third quarter. This increase in operating expense was driven primarily by increased insurance, payroll and property tax costs. Other income, which consists mainly of club membership revenue, as a percentage of segment sales increased by 0.1%. Gross margin as a percentage of segment sales remained stable when compared to the prior year third quarter.

Nine months ended October 31, 2002

The following table gives selected financial information for the nine months ended October 31, 2002 and 2001 (in millions except for percentages):

<TABLE>
<CAPTION>

Fiscal Year	Segment sales	Segment sales increase from prior fiscal year first nine months	Segment operating income	Segment operating income increase from prior fiscal year first nine months	Operating income as a percentage of segment sales
<S>	<C>	<C>	<C>	<C>	<C>
2003	$22,976	8.9%	$733	0.3%	3.2%
2002	$21,099	9.2%	$731	12.8%	3.5%

</TABLE>

The Sam's Clubs segment sales increase for the nine months ended October 31, 2002 resulted from the Sam's Clubs segment's continued expansion activities and sales increases in comparable clubs. Expansion during the first nine months of fiscal 2003 consisted of the opening of 22 new clubs and added 3,534,000 (or 5.7%) of additional club square footage. For the segment, the comparative sales increase for the nine months ended October 31, 2002 was 3.4% over the comparable period in fiscal 2002. Segment sales as a percentage of our total Company sales decreased from 13.7% in the nine months ended October 31, 2001, to 13.3% for the nine months ended October 31, 2002. The reduction in the Sam's Clubs segment's sales as a percentage of total Company sales resulted from greater growth in the Wal-Mart Stores and International segments than the

growth in the Sam's Clubs segment.

The decrease in segment operating profit as a percentage of segment sales for the first nine months of fiscal 2003 is the result of an increase in operating expenses as compared to the results of the comparable period in fiscal 2002. Operating expense as a percentage of segment sales increased by 0.3% for the nine months ended October 31, 2002, when compared to the nine months ended October 31, 2001. The increase in operating expenses was driven primarily by increased insurance, payroll and property tax costs. Other income as a percentage of segment sales and gross margin as a percentage of segment sales both remained stable as compared to the prior year nine-month period.

International Segment

Three months ended October 31, 2002

The following table gives selected financial information for the three months ended October 31, 2002 and 2001 (in millions except for percentages):

<TABLE>
<CAPTION>

Fiscal Year	Segment sales	Segment sales increase from prior fiscal year third quarter	Segment operating income	Segment operating income increase from prior fiscal year third quarter	Operating income as a percentage of segment sales
<S>	<C>	<C>	<C>	<C>	<C>
2003	$9,926	14.4%	$447	42.4%	4.5%
2002	$8,678	16.7%	$314	55.5%	3.6%

</TABLE>

The International segment sales for the quarter ended October 31, 2002 when compared to segment sales in the same period in fiscal 2002 increased as a result of continued expansion activities within the segment, comparative store sales increases, and an expansion of the types of products and services offered. During the third quarter of fiscal 2003, expansion in the International segment added 23 units in 6 countries and 2,366,000 (or 2.3%) of additional square footage. Our strongest comparative stores sales increases were in the UK and Canada. International sales as a percentage of total Company sales increased from 16.5% in the quarter ended October 31, 2001, to 16.9% for the quarter ended October 31, 2002. This increase results from the comparative stores increase, the expansion program in the International segment, and a $98 million positive impact of currency conversion on segment sales.

The International segment operating income for the quarter ended October 31, 2002, increased as a percent of the segment's sales from quarter ended October 31, 2001, primarily as the result of a 0.4% increase in gross margin and a 0.5% reduction in operating expenses stated as a percentage of segment sales between those periods. The adoption of FAS 142 positively affected the comparison of operating income between the third quarter of fiscal 2003 and the third quarter of fiscal 2002 because, in accordance with FAS 142, the Company did not record any goodwill amortization expenses in the third quarter of fiscal 2003. If the International segment's expenses for the third quarter of fiscal 2002 were adjusted to remove the goodwill amortization expense recorded for that period (but which would not have been recorded if FAS 142 had been in place in the prior year), the reduction of operating expenses stated as a percentage of segment sales would have changed from the 0.5% reduction discussed above to a 0.1% increase and the International segment's operating income would have increased by $51 million to be $365 million for the third quarter of fiscal 2002. If FAS 142 had been effective in fiscal 2002 and that adjustment had been made, the segment's operating income increase from the prior fiscal year's third quarter would have been reduced from 42.4% to 22.5%.

Nine months ended October 31, 2002

The following table gives selected financial information for the nine months ended October 31, 2002 and 2001 (in millions except for percentages):

<TABLE>
<CAPTION>

Fiscal year	Segment sales	Segment sales increase from the prior fiscal year first nine months	Segment operating income	Segment operating income increase from prior fiscal year first nine months	Operating income as a percentage of segment sales
<S>	<C>	<C>	<C>	<C>	<C>
2003	$28,609	15.9%	$1,277	69.4%	4.5%
2002	$24,676	12.0%	$ 754	49.3%	3.1%

</TABLE>

The International segment sales for the nine-month period ended October 31, 2002, when compared to the sales in the same period in fiscal 2002 increased as a result of continued expansion activities within the segment, comparative store sales increases, and an expansion of the types of products and services offered. During the first nine months of fiscal 2003, expansion in the International segment added 60 units in 7 countries and 5,494,000 (or 5.6%) of additional square footage. Our strongest comparative store sales increases were in the United Kingdom and Canada. International sales as a percentage of total Company sales increased from 16.1% in the nine month period ended October 31, 2001, to 16.5% for the nine-month period ended October 31, 2002. This increase results from the comparative stores increase, the expansion program and was slightly offset by a $39 million negative impact of currency conversion on segment sales.

The International segment operating income increased as a percent of the segment's sales from the first nine months of fiscal 2002 to the first nine months of fiscal 2003 primarily as the result of a 0.5% increase in gross margin and a 0.8% reduction in operating expenses stated as a percentage of segment sales. The adoption of FAS 142 affected the comparison of operating income between the first nine months of fiscal 2003 and the first nine months of fiscal 2002 because, in accordance with FAS 142, the Company did not record any goodwill

amortization expenses in the first nine months of fiscal 2003. If the International segment's expenses for the first nine months of fiscal 2002 are adjusted to remove the goodwill amortization expense recorded for that period (but which would not have been recorded if FAS 142 had been in place in the prior year), the reduction of operating expenses stated as a percentage of segment sales would have been reduced from the 0.8% reduction discussed above to 0.2% reduction and the International segment's operating income would have increased $154 million to be $908 million for the nine month period of fiscal 2002. If FAS 142 had been effective in fiscal 2002 and that adjustment had been made, the segment's operating income increase from the prior fiscal year's first nine months would have been reduced from 69.4% to 40.5%.

Other Segment

Sales in the Other segment result from sales to third parties by the Company's wholly owned subsidiary McLane Company, Inc., ("McLane") a wholesale distributor. McLane offers a wide variety of grocery and non-grocery products, which it sells to a variety of retailers including the Company's Wal-Mart Stores and Sam's Club segments.

Operating losses for the segment in each of the periods presented are primarily the result of corporate overhead expenses of Wal-Mart Stores, Inc. including insurance costs, bonus accruals, legal costs and various other costs, which are partially offset by McLane operating income.

Three months ended October 31, 2002

The following table gives selected financial information for the three months ended October 31, 2002 (in millions except for percentages):

<TABLE>
<CAPTION>

Fiscal Year	Segment sales	Segment sales increase from prior fiscal year third quarter	Segment operating loss	Segment operating loss increase from prior fiscal year third quarter	Operating loss as a percentage of segment sales
<S>	<C>	<C>	<C>	<C>	<C>
2003	$3,556	12.4%	($261)	32.5%	(7.3)%
2002	$3,164	29.7%	($197)	105.2%	(6.2)%

</TABLE>

McLane's sales accounted for approximately 6.0% of total Company sales in the three-month period ended October 31, 2002, compared with 6.0% in same period in fiscal 2002.

The large increase in McLane sales in the third quarter of fiscal 2002 from fiscal 2001, when compared to the increase experienced in the third quarter of fiscal 2003 from the previous quarter of fiscal year 2002, is due to its acquisition of AmeriServe Food Distribution, Inc. in late fiscal 2001.

Operating losses for the segment in each of the periods presented are primarily the result of corporate overhead expenses for Wal-Mart Stores, Inc. including insurance costs, bonus accruals, legal costs and various other costs, which are partially offset by McLane operating income.

Nine months ended October 31, 2002

The following table gives selected financial information for the nine months ended October 31, 2002 and 2001 (in million except for percentages):

<TABLE>
<CAPTION>

Fiscal year	Segment sales	Segment sales increase from the prior fiscal year first nine months	Segment operating loss	Segment operating loss increase from prior fiscal year first nine months	Operating loss as a percentage of segment sales
<S>	<C>	<C>	<C>	<C>	<C>
2003	$10,235	6.7%	($874)	86.8%	(8.5)%
2002	$ 9,591	36.9%	($468)	103.5%	(4.9)%

</TABLE>

McLane's sales accounted for approximately 5.9% of total Company sales in the first nine months of fiscal 2003, compared with 6.2% in the same period in fiscal 2002. The decrease is attributable to greater increases in the sales in other segments of our operations.

The increase in McLane sales in the first nine months of fiscal 2002 as compared to the prior fiscal year is the result of its acquisition of AmeriServe Food Distribution, Inc. (AmeriServe), which was completed late in fiscal 2001.

Operating losses for the segment in each of the periods presented are primarily the result of corporate overhead expenses for Wal-Mart Stores, Inc. including insurance costs, bonus accruals, legal costs and various other costs, which are partially offset by McLane operating income.

Liquidity and Capital Resources

Cash flows provided by operating activities were $5.5 billion for the first nine months of fiscal 2003, compared with $3.9 billion for the comparable period in fiscal 2002. Operating cash flow increased for the nine months ended October 31, 2002, primarily due to an increase of $3.2 billion in accounts payable compared with an increase in accounts payable of $2.8 billion in the first nine months of fiscal 2002, offset by the addition of $6.9 billion in inventory in the first nine months of fiscal 2003 compared with an increase in inventory of $6.2 billion in the comparable period in fiscal 2002. Additionally, accrued liabilities increased by $836 million in the first nine months of fiscal 2003 compared with an increase of $487 million in the comparable period of the prior fiscal year. The increases in accounts payable and inventory are due to the seasonal build-up of inventory for the holiday season. The greater increase in accrued liabilities is due to a number of reasons, the most significant of which were increases in accruals for insurance and taxes other than income taxes.

During the first nine months of fiscal 2003, we paid dividends of $997 million, made capital expenditures of $6.9 billion, repurchased $2.3 billion of our common stock, made principal payments on long-term debt of $1.2 billion, issued long-term debt totaling $2.0 billion and increased our commercial paper borrowings by $3.6 billion.

At October 31, 2002, we had total assets of $95.7 billion compared with total assets of $83.5 billion at January 31, 2002. Our working capital deficit at October 31, 2002, was $2.4 billion, a decrease of $3.4 billion from the $964 million positive working capital at January 31, 2002. Our ratio of current assets to current liabilities was 0.9 to 1, at October 31, 2002, and 1 to 1 at January 31, 2002 and October 31, 2001.

In March 2002, we sold $500 million of 4.15% notes that will mature in calendar 2005. In July 2002, we sold $1 billion of 4.375% notes that will mature in calendar 2007. In September 2002, we sold an additional $500 million of 4.375% notes, with an effective rate of 3.537%, that will mature in calendar 2007.

During August 2002, our Board of Directors approved a new $5 billion share repurchase program replacing the previous $3 billion program. Shares purchased under our share repurchase program are constructively retired and returned to unissued status. We consider several factors in determining when to make share repurchases, including among other things our current cash needs, our cost of borrowing, and the market price of the stock. There is no expiration date governing the period over which we can make our share repurchases. At October 31, 2002 $4.4 billion of authorized purchases remain available under this repurchase program.

On December 5, 2002 we completed our purchase of Supermercados Amigo, Inc. (Amigo), a supermarket chain located in Puerto Rico. This acquisition was

completed at a cash cost of approximately $225 million and was financed by commercial paper.

During December of 2002 we have the right, but not the obligation, to exercise a warrant which allows us to purchase an additional interest in The Seiyu Ltd. Assuming that we exercise this warrant our ownership percentage in that company would increase to approximately 34% on a fully diluted basis. Exercising the warrant would require us to pay 52 billion yen, or approximately $416 million at an exchange rate of 125 yen per dollar which would be financed by commercial paper.

If our operating cash flows are not sufficient to pay the dividend payable on our common stock (which is currently $0.30 per share annually) and to fund all of our capital expenditures, we anticipate funding any shortfall in these expenditures by selling a combination of commercial paper and long-term debt securities. We plan to refinance existing long-term debt as it matures and may desire to obtain additional long-term financing for other corporate purposes. We anticipate no difficulty in obtaining long-term financing in view of our credit rating and favorable experiences in the debt market in the recent past. As of October 31, 2002, we may issue up to $500 million of debt securities in the public markets under a shelf registration statement previously filed with the United States Securities and Exchange Commission. As we foresee the need to publicly offer and sell in the future debt securities in excess of our capacity under current registrations, we will register for the shelf additional debt securities. In December 2002, we intend to file with the SEC a shelf registration statement to register an additional $10 billion of our debt securities. Our objective is to maintain a debt to total capitalization ratio of approximately 40%. At October 31, 2002 and January 31, 2002, the ratio of our debt to our total capitalization was 41.3% and 38.4%, respectively.

Recently Announced Change in Accounting Method

In August 2002, we announced that on February 1, 2003 we will adopt the expense recognition provisions of the Financial Accounting Standards Board Statement No. 123 Accounting and Disclosure of Stock-Based Compensation ("FAS 123"). Under FAS 123, compensation expense is recognized based on the fair value of stock options granted. Under the accounting transition rules currently in place for adopting FAS 123, the impact on our income statement will be less than $0.01 per share in the year of adoption. The accounting standard setters are currently reconsidering the transition provision for adopting FAS 123 and may provide alternative accounting methods when adopting FAS 123. Based on our understanding of the accounting methods currently under consideration, we do not believe that the impact of changing the accounting method for the adoption of FASB 123 would have an impact of greater than $0.01 to $0.02 per share on our earnings per share in the year of adoption.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

Market risks relating to our operations result primarily from changes in interest rates and changes in currency exchange rates. Our market risks at October 31, 2002 are similar to those disclosed in our Annual Report on Form 10-K for the year ended January 31, 2002. However, we added the $5 billion notional interest rate swaps designated as fair value hedges disclosed in the following table during the first nine months of fiscal 2003.

<TABLE>
<CAPTION>

Rate Paid	USD Rate Received	Notional Amount (in millions)	Fair Value at October 31, 2002 (in millions)
<S>	<C>	<C>	<C>
3-mo. US LIBOR minus 0.260%	4.150%	$ 500	$ 37
6-mo. US LIBOR plus 2.395%.	6.550%	500	21
6-mo. US LIBOR plus 2.453%.	6.550%	500	21
6-mo. US LIBOR plus 2.569%.	6.550%	250	10
6-mo. US LIBOR plus 1.382%.	6.875%	1,000	108
6-mo. US LIBOR plus 1.447%.	6.875%	500	52
6-mo. US LIBOR plus 1.447%.	6.875%	1,000	103
6-mo. US LIBOR plus 1.392%.	6.875%	750	80

</TABLE>

During the first nine months of fiscal 2003, interest rate swaps with a notional amount of $500 million that had been in existence at January 31, 2002 matured. The fair value of the $3.3 billion notional amount of remaining interest rate swaps designated as fair value hedges at January 31, 2002 increased from $144 million at

January 31, 2002 to $340 million at October 31, 2002. The fair value of our cross-currency derivative instruments designated as net investment hedges increased from $192 million at January 31, 2002 to $216 million at October 31, 2002. Our $325 million cross-currency interest rate swap designated as a cash flow hedge increased in fair value from $8 million at January 31, 2002 to $15 million at October 31, 2002. We continue to evaluate our risk management strategies in light of the adoption of FAS 133.

At October 31, 2002, the percentage of our total variable interest rate debt instruments (including both interest rate swaps and commercial paper) to total debt (including commercial paper) was 57%. We have evaluated the appropriate mix of fixed rate versus variable rate debt and believe that the appropriate amount of average total debt (including commercial paper) for the year that should be subject to variable interest rates is between 40% to 60%, with a current target in the middle of that range.

The information concerning market risk under the sub-caption "Market Risk" of the caption "Management's Discussion and Analysis" on pages 20 through 23 of the Annual Report to Shareholders for the year ended January 31, 2002, that is an exhibit to our Annual Report on Form 10-K for the year ended January 31, 2002, and which exhibit is hereby incorporated by reference into this Quarterly Report on Form 10-Q.

Item 4. Controls and Procedures.

We maintain a set of disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports filed by us under the Securities Exchange Act of 1934, as amended ("Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Within the 90 days prior to the date of this report, we carried out an evaluation, under the supervision of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-14 of the Exchange Act. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

There have been no significant changes in our internal controls or other factors that could significantly affect those controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We discussed certain legal proceedings pending against us in Part I of this Quarterly Report on Form 10-Q under the caption "Item 1. Financial Statements, Note 7: Contingencies" and refer you to that discussion for important information concerning those legal proceedings.

Item 103 of the Securities and Exchange Commission's Regulation S-K requires disclosure of any proceeding brought for the purpose of protecting the environment to which a governmental authority is a party and in which the potential monetary sanctions involved exceed $100,000. We are disclosing the following items in accordance with Item 103.

In February 1999, the Company settled claims made by the Pennsylvania Department of Environmental Protection (PDEP) regarding a store in Honesdale, Pennsylvania. The PDEP alleged that a subcontractor's acts and omissions relating to the construction of the store led to excess erosion and sedimentation of a nearby creek. In the settlement, the Company agreed to pay a fine of $25,000 and to perform a $75,000 community environmental project in the Honesdale area. The Company is negotiating a settlement of a claim by the United States Army Corps of Engineers that the construction of the Honesdale store resulted in the filling of approximately 0.76 acres in excess of the permitted fill area of waters and wetlands at the site. The proposed settlement with the Corps of Engineers would require the Company to pay $200,000 to a non-profit corporation for the purchase of local wetlands conservation areas and easements. The contractor on the project has reimbursed the Company for the amounts paid in connection with the settlement matter.

During fiscal 2001, the State of Connecticut filed suit against the Company in the State of Connecticut Superior Court for the Judicial District of Hartford alleging various violations of state environmental laws and alleging that the Company failed to obtain the appropriate permits or failed to maintain required records relating to storm water management practices at 12 stores. The suit seeks to ensure the Company's compliance with the general permit for the discharge of stormwater associated with those stores.

Item 5. Other Information

This Quarterly Report contains statements that Wal-Mart believes are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and intended to enjoy the protection of the safe harbor for forward-looking statements provided by that Act. These forward-looking statements generally can be identified by use of phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee" or other similar words or phrases. Similarly, descriptions of our objectives, strategies, plans, goals or targets are also forward-looking statements. These statements discuss, among other things, expected growth, future revenues, future cash flows, future performance and the anticipation and expectations of Wal-Mart and its management as to future occurrences and trends. These forward-looking statements are subject to risks, uncertainties and other factors, in the United States and internationally, including, the cost of goods, competitive pressures, inflation, consumer spending patterns and debt levels, currency exchange fluctuations, trade restrictions, changes in tariff and freight rates, interest rate fluctuations and other capital market conditions, and other risks. We discuss certain of these matters more fully in other of our filings with the SEC, including our Annual Report on Form 10-K for our fiscal year 2002, which was filed with the SEC on April 15, 2002; this Quarterly Report should be read in conjunction with our Annual Report on Form 10-K, and together with all our other filings, including Current Reports on Form 8-K, made with the SEC through the date of this report. You are urged to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements. As a result of these matters, including changes in facts, assumptions not being realized or other circumstances, our actual results may differ materially from historical results or from anticipated results expressed or implied in these forward-looking statements. The forward-looking statements included in this Quarterly Report are made only as of the date of this report and we undertake no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

Item 6. Exhibits and Reports on Form 8-K

(a) The following documents are filed as an exhibit to this Form 10-Q:

Exhibit 12--Statement Re Computation of Ratios

Exhibit 99--Information concerning market risk under the sub-caption "Market Risk" of the caption "Management's Discussion and Analysis" on pages 20 through 23 of the Annual Report to Shareholders for the year ended January 31, 2002, that is an exhibit to the our Annual Report on Form 10-K for the year ended January 31, 2002, and which exhibit has been incorporated by reference into this Quarterly Report on Form 10-Q.

(b) Reports on Form 8-K

Report on Form 8-K, dated August 14, 2002, with respect to the Company's filing on August 14, 2002, of the principal executive officers and principal financial officers signing and submission to the Securities and Exchange Commission of the sworn statements required by Commission Order No. 4-460.

Report on Form 8-K, dated September 20, 2002, with respect to the Company's completion on September 20, 2002, of the sale of $500 million 4.375% notes due in calendar year 2007.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WAL-MART STORES, INC.

/s/ H. LEE SCOTT, JR.
Date: December 6, 2002 ----------
H. Lee Scott, Jr.
President and
Chief Executive Officer

/s/ THOMAS M. SCHOEWE
Date: December 6, 2002 ----------
Thomas M. Schoewe
Executive Vice President
and Chief Financial Officer

CERTIFICATIONS

I, H. Lee Scott, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wal-Mart Stores, Inc. (the "registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: December 6, 2002

/s/ H. LEE SCOTT, JR.

H. Lee Scott, Jr.
President and
Chief Executive Officer

I, Thomas M. Schoewe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wal-Mart Stores, Inc. (the "registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial

information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: December 6, 2002

/s/ THOMAS M. SCHOEWE

Thomas M. Schoewe
Executive Vice President
and Chief Financial Officer

Exhibit 12

Statement re computation of ratios

<TABLE>
<CAPTION>

	Nine Months Ended		Fiscal Years Ended				
	10/31/2002	10/31/2001	2002	2001	2000	1999	1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Income before income taxes.....	8,709	7,222	10,751	10,116	9,083	7,323	5,719
Capitalized interest.....	(98)	(70)	(130)	(93)	(57)	(41)	(33)
Minority interest.....	(129)	(104)	(183)	(129)	(170)	(153)	(78)
Adjusted profit before tax.....	8,482	7,048	10,438	9,894	8,856*	7,129	5,608
Fixed Charges							
Debt interest.....	619	846	1,052	1,095	756	529	555
Capital lease interest.....	189	201	274	279	266	268	229
Capitalized interest.....	98	70	130	93	57	41	33
Interest component of rent.....	709	590	834	714	458	523	477
Total fixed expense.....	1,615	1,707	2,290	2,181	1,537	1,361	1,294
Profit before taxes and fixed expenses	10,097	8,755	12,728	12,075	10,393	8,490	6,902
Fixed charge coverage.....	6.25	5.13	5.56	5.54	6.76	6.24	5.33

</TABLE>
- --------

* Does not include the cumulative effect of accounting change recorded by the Company in Fiscal 2000

Exhibit 99

Market Risk

Market risks relating to our operations include changes in interest rates and changes in foreign exchange rates. We enter into interest rate swaps to minimize the risk and costs associated with financing activities, as well as to attain an appropriate mix of fixed and floating rate debt. The swap agreements are contracts to exchange fixed or variable rates for variable or fixed interest rate payments periodically over the life of the instruments. The following tables provide information about our derivative financial instruments and other financial instruments that are sensitive to changes in interest rates. For debt obligations, the table presents principal cash flows and related weighted-average interest rates by expected maturity dates. For interest rate swaps, the table presents notional amounts and interest rates by contractual maturity dates. The applicable floating rate index is included for variable rate instruments. All amounts are stated in United States dollar equivalents.

Interest Rate Sensitivity as of January 31, 2002
Principal (Notional) Amount by Expected Maturity
Average Interest (Swap) Rate

<TABLE>
<CAPTION>

	2003	2004	2005	2006	2007	Thereafter	Total	Fair value 1/31/02
				(Amounts in millions)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Liabilities								
U.S. dollar denominated long-term debt including current portion								
Fixed rate debt.....	$2,164	$3,445	$1,874	$704	$2,235	$5,850	$16,272	$17,201
Average interest rate-- USD rate.....	6.3%	6.0%	6.7%	6.7%	6.7%	7.2%	6.8%	
Great Britain pound denominated long-term debt including current portion								
Fixed rate debt.....	93	129	--	--	--	1,450	1,672	1,718
Average interest rate.....	9.6%	3.8%				7.3%	6.9%	

</TABLE>

Interest Rate Sensitivity as of January 31, 2002
Principal (Notional) Amount by Expected Maturity
Average Interest (Swap) Rate

<TABLE>
<CAPTION>

	2003	2004	2005	2006	2007	Thereafter	Total	Fair value 1/31/02
				(Amounts in millions)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Interest Rate Derivative Financial Instruments Related to Debt								
Interest rate swap--Pay variable/receive fixed.....	$500	--	--	--	--	--	$ 500	$28
Average rate paid--Rate A minus 0.15%.....								
Fixed rate received--USD rate.....	6.9%	--	--	--	--	--	6.9%	
Interest rate swap--Pay variable/receive fixed.....	--	--	$500	--	--	--	500	17
Average rate paid--Rate B plus 2.35%.....								
Fixed rate received--USD rate.....	--	--	7.5%	--	--	--	7.5%	
Interest rate swap--Pay variable/receive fixed.....	--	--	--	$597	--	--	597	29
Average rate paid--Rate B plus 0.32%.....								
Fixed rate received--USD rate.....	--	--	--	5.9%	--	--	5.9%	
Interest rate swap--Pay variable/receive fixed.....	--	--	--	--	$ 250	--	250	14
Average rate paid--Rate B plus 2.27%.....								
Fixed rate received--USD rate.....	--	--	--	--	8.0%	--	8.0%	

Interest rate swap--Pay variable/receive fixed.....	--	--	--	--	--	$445	445	18
Average rate paid--Rate B plus 1.01%.....								
Fixed rate received--USD rate.....	--	--	--	--	--	7.3%	7.3%	
Interest rate swap--Pay variable/receive fixed.....	--	--	--	--	1,500	--	1,500	66
Average rate paid--Rate B plus 0.63%.....								
Fixed rate received--USD rate.....	--	--	--	--	5.5%	--	5.5%	
Interest rate basis swap.....	--	--	--	--	--	500	500	1
Average rate paid--Rate C.....								
Average rate received--Rate A minus 0.06%.....								

- --------
Rate A--one-month U.S. LIBOR
Rate B--three-month U.S. LIBOR
Rate C--U.S. commercial paper

Interest Rate Sensitivity as of January 31, 2001
Principal (Notional) Amount by Expected Maturity
Average Interest (Swap) Rate

	2002	2003	2004	2005	2006	Thereafter	Total	Fair value 1/31/01
				(Amounts in millions)				
Liabilities								
U.S. dollar denominated long-term debt including current portion								
Fixed rate debt.....	$4,223	$1,126	$809	$1,926	$750	$6,229	$15,063	$15,596
Average interest rate--USD rate.....	6.8%	6.8%	6.9%	6.9%	6.9%	6.9%	6.9%	
Great Britain pound denominated Long-term debt including current portion								
Fixed rate debt.....	11	236	--	--	--	1,425	1,672	1,670
Average interest rate.....	8.4%	8.4%				7.2%	7.2%	
Interest Rate Derivative Financial Instruments Related to Debt								
Interest rate swap--Pay variable/receive fixed.....		500	--	--	--	--	500	28
Average rate paid--Rate A.								
Fixed rate received--USD rate.....		6.9%	--	--	--	--	6.9%	
Interest rate swap--Pay variable/receive fixed.....	59	63	68	72	78	41	381	17
Average rate paid--Rate B								
Fixed rate received--USD rate.....	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	
Interest rate basis swap.....						500	500	0
Average rate paid--Rate C.								
Average rate received--Rate A minus 0.06%.....								

- --------
Rate A--one-month U.S. LIBOR minus 0.15%
Rate B--30-day U.S. dollar commercial paper non-financial
Rate C--U.S. commercial paper

The Company holds currency swaps to hedge its net investment in the United Kingdom. The following tables provide information about our cross-currency interest rate swap agreements by functional currency, and presents the information in United States dollar equivalents. For these instruments the tables present notional amounts, exchange rates and interest rates by contractual maturity date.

Foreign Currency Exchange Rate Sensitivity as of January 31, 2002
Principal (Notional) Amount by Expected Maturity

								Fair value

	2003	2004	2005	2006	2007	Thereafter	Total	1/31/2002
				(Amounts in millions)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Currency Swap Agreements								
Payment of Great Britain pounds								
Notional amount	--	--	--	--	--	$1,250	$1,250	$192
Average contract rate	--	--	--	--	--	0.6	0.6	
Fixed rate received--USD rate	--	--	--	--	--	7.4%	7.4%	
Fixed rate paid--Great Britain pound rate	--	--	--	--	--	5.8%	5.8%	
Payment of Canadian dollars								
Notional amount	--	--	--	--	--	325	325	8
Average contract rate	--	--	--	--	--	1.5	1.5	
Fixed rate received--USD rate	--	--	--	--	--	5.6%	5.6%	
Fixed rate paid--Canadian dollar rate.	--	--	--	--	--	5.7%	5.7%	

</TABLE>

Foreign Currency Exchange Rate Sensitivity as of January 31, 2001
Principal (Notional) Amount by Expected Maturity

<TABLE>
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	2002	2003	2004	2005	2006	Thereafter	Total	Fair value 1/31/2001
				(Amounts in millions)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Currency Swap Agreements								
Payment of German Deutschemarks								
Notional amount	--	$1,101	--	--	--	--	$1,101	$186
Average contract rate	--	1.8	--	--	--	--	1.8	
Fixed rate received--USD rate	--	5.8%	--	--	--	--	5.8%	
Fixed rate paid--DEM rate	--	4.5%	--	--	--	--	4.5%	
Payment of German Deutschemarks								
Notional amount	--	--	$809	--	--	--	809	180
Average contract rate	--	--	1.7	--	--	--	1.7	
Fixed rate received--USD rate	--	--	5.2%	--	--	--	5.2%	
Fixed rate paid--DEM rate	--	--	3.4%	--	--	--	3.4%	
Payment of Great Britain pounds								
Notional amount	--	--	--	--	--	$4,750	4,750	659
Average contract rate	--	--	--	--	--	0.6	0.6	
Fixed rate received--USD rate	--	--	--	--	--	7.0%	7.0%	
Fixed rate paid--Great Britain pound rate	--	--	--	--	--	6.1%	6.1%	
Payment of Canadian dollars								
Notional amount	--	--	--	$1,250	--	--	1,250	57
Average contract rate	--	--	--	1.5	--	--	1.5	
Fixed rate received--USD rate	--	--	--	6.6%	--	--	6.6%	
Fixed rate paid--Canadian dollar rate	--	--	--	5.7%	--	--	5.7%	

</TABLE>

During the fourth quarter of fiscal 2002, the Company terminated certain cross currency instruments that hedged portions of the Company's investments in Canada, Germany and the United Kingdom. The instruments terminated had notional amounts of $6.7 billion. The Company received $1.1 billion in cash related to the fair value of the instruments at the time of the terminations. Prior to the terminations, these instruments were classified as net investment hedges and were recorded at fair value as current assets on the balance sheet with a like amount recorded in the shareholders' equity section of the balance sheet in line "other accumulated comprehensive income." No gain related to the terminations was recorded in the Company's income statement.

We routinely enter into forward currency exchange contracts in the regular course of business to manage our exposure against foreign currency fluctuations on cross-border purchases of inventory. These contracts are generally for durations of six months or less. At January 31, 2002 and 2001, we held contracts to purchase and sell various currencies with notional amounts of $118 million and $292 million, respectively, and net fair values of $0 and $6 million, respectively. The fair values of the currency swap agreements are recorded in the consolidated balance sheets within the line "other assets and deferred charges."

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EXHIBIT II.1.

==========

WAL-MART STORES, INC.,

and

BANK ONE TRUST COMPANY, NA,

as Indenture Trustee

INDENTURE

Dated as of December 11, 2002

==========

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THIS INDENTURE, dated as of December 11, 2002, is made by and between Wal-Mart Stores, Inc., a Delaware corporation (the "Company"), which has its principal executive office at 702 SW 8th Street, Bentonville, Arkansas 72716 and Bank One Trust Company, NA, a national banking association, which has its principal corporate trust office at 70 West Madison, Suite IL1-0823, Chicago, Illinois 60670-0823 (the "Trustee").

RECITALS OF THE COMPANY

The Company deems it necessary from time to time to issue its unsecured notes, debentures, bonds and other evidences of indebtedness that shall be issued in one or more Series (hereinafter called the "Securities") as hereinafter set forth. To provide for the issuance and governance of the Securities, the Company has duly authorized the execution and delivery of this Indenture. The Company has taken all actions necessary to make this Indenture a valid agreement of the Company.

For and in consideration of the premises set forth in this Indenture and the purchase of the Securities by the Holders thereof, the Company and the Trustee mutually covenant and agree for the equal and proportionate benefit of all Holders of the Securities and of any Series thereof, as follows:

ARTICLE ONE

Definitions and Other
Provisions of General Application

SECTION 1.01. Definitions. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires or any Security issued hereunder shall expressly define a term defined below in a different manner:

(i) the term "this Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more Supplemental Indentures entered into pursuant to the applicable provisions hereof and, with reference and respect to the Securities of any Series, the particular terms and conditions of that Series as established in accordance with Section 3.01;

(ii) all references in this Indenture to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Indenture. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision of this Indenture;

(iii) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(iv) all other terms used herein that are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture Act; and

(v) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and, except as may be otherwise expressly provided herein or in one or more Supplemental Indentures, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation.

"Act," when used with respect to any Holder, has the meaning specified in Section 1.04.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the

foregoing.

"Authenticating Agent" means any Person authorized, pursuant to Section 8.14, to act on behalf of the Trustee to authenticate Securities.

"Authorized Newspaper" means a newspaper, in an official language of the country of publication or in the English language, customarily published on each Business Day, whether or not published on Saturdays, Sundays or holidays, and of general circulation in the place in connection with which the term is used or in the financial community of such place. Where successive publications are required to be made in Authorized Newspapers, the successive publications may be made in the same or in different newspapers in the same city meeting the foregoing requirements and in each case on any Business Day.

"Authorized Officer," means each of the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, any Vice Chairman of the Board, the Chief Financial Officer, any Executive or Senior Vice President, the Controller, the Treasurer and the Vice President of Planning and Analysis of the Company.

"Board of Directors" means, the board of directors of the Company, the executive committee of the board of directors of the Company or any other committee of the board of directors of the Company or any other group of the Company's directors, which other committee or group has been duly authorized by the Company's board of directors or to which the Company's board of directors has delegated the authority, either generally or specifically, to make a decision on the matter in question or to bind the Company as to the matter in question.

"Board Resolution" means a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means any day, other than a Saturday or Sunday, on which banking institutions in the City of New York, New York and any Place of Payment for the Securities are open for business.

"Clearstream, Luxembourg" means Clearstream Banking, Luxembourg, societe anonyme or its successors.

"Commission" means the United States Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if any time after the execution and delivery of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" has the meaning assigned to it in the first paragraph of this instrument until any successor entity or other business organization shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean any such successor entity or other business organization to the Person named in the first paragraph of this instrument.

"Company Request" and "Company Order" mean, respectively, a written request or order signed in the name of the Company by an Authorized Officer, and delivered to the Trustee.

"corporation" includes corporations, companies limited by shares, partnerships, limited liability companies, joint ventures, associations, joint-stock companies, real estate investment trusts and business trusts.

"Defaulted Interest" has the meaning specified in Section 3.08.

"Definitive Security" means one or more certificated Securities registered in the name of the Holder thereof and issued in accordance with Section 3.06.

"Depositary" means, with respect to the Securities of any Series issuable or issued in the form of a Global Security, the Person initially designated as the depositary for the Securities of that Series by the Company pursuant to Section 3.01 until a successor Depositary shall have been appointed for the Securities of that Series pursuant to Section 3.06, and thereafter "Depositary" shall mean or include each Person who is appointed as a depositary with respect to the Securities of that Series pursuant to Section 3.06.

"Designated Currency" has the meaning specified in Section 3.12.

"Dollar" or "$" means the coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

"Euroclear" means Euroclear Bank S.A./N.V.

"Event of Default" has the meaning specified in Section 7.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any statute successor thereto.

"Exchange Rate" means, with respect to any Securities of a Series that are denominated in the currency of one country, a common currency or a composite currency, but are required to be paid in, or, at the option of the Holders of the Securities, will be payable in, the currency of another country, a common currency or a composite currency, the rate at which the currency, the common currency or the composite currency of denomination will be converted into the currency, the common currency or the composite currency of payment or determined in accordance with the terms of those Securities.

"Exchange Rate Agent" means an agent appointed to determine the Exchange Rate if it is not expressly stated in the terms of any Security and to calculate the amounts payable under a Security if payable in the currency of a country, a common currency or a composite currency other than the currency in which that Security is denominated.

"Federal Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended and as codified in Title 11 of the United States Code, as amended from time to time hereafter, or any successor federal law.

"Foreign Currency" means a currency issued by the government of any country other than the United States of America, including any common currency and composite currency.

"Global Exchange Date" has the meaning specified in Section 3.05(b)(ii).

"Global Security" means a Security issued to evidence all or a part of the Securities of a Series in accordance with Section 3.03.

"Government Securities" means (i) direct obligations of the United States of America, (ii) obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by the United States of America, and (iii) certificates, depositary receipts or other instruments which evidence a direct ownership interest in obligations described in clause (i) or (ii) above or in any specific principal or interest payments due in respect thereof.

"Holder" with respect to a Registered Security, means a Person in whose name such Registered Security is registered in the Registry.

"interest," when used with respect to an Original Issue Discount Security that by its terms bears interest only after Maturity, means the interest accruing with respect to that Security after Maturity.

"Interest Payment Date" means, with respect to any Series of Securities, the Stated Maturity of an installment of interest on such Securities.

"Maturity" means, with respect to any Security, the date on which the principal of that Security (or any installment of principal) becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, pursuant to any redemption right, pursuant to any put or repurchase right or otherwise.

"Officers' Certificate" means a certificate signed by an Authorized Officer or Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of

the Company, and delivered to the Trustee. Each such certificate shall contain the statements set forth in Section 1.02, if applicable.

"Opinion of Counsel" means a written opinion of counsel, who may (except as otherwise expressly provided in this Indenture) be an employee of the Company, and who shall be reasonably acceptable to the Trustee. Each such opinion shall contain the statements set forth in Section 1.02, if applicable.

"Original Issue Discount Security" means any Security that provides for an amount less than the principal amount thereof that will be due and payable on the Stated Maturity to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 7.02.

"Outstanding" means, with respect to all Securities issued pursuant to this Indenture or the Securities of any Series, as of the date of determination, all such Securities theretofore authenticated and delivered under this Indenture, except:

(i) those Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) those Securities for whose payment, redemption or repurchase money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed pursuant to any redemptive right, or repurchased pursuant to any payment or repurchase right, notice of such redemption has been duly given pursuant to this Indenture or a provision therefor satisfactory to the Trustee has been made; and

(iii) such Securities in lieu of which other Securities have been authenticated and delivered pursuant to Section 3.07 of this Indenture;

provided, however, that in determining whether the Holders of the requisite principal amount of such Securities Outstanding have given or made any request, demand, authorization, direction, notice, consent or waiver hereunder or whether a quorum is present at a meeting of Holders of Securities, the principal amount of Original Issue Discount Securities that shall be deemed to be Outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the Maturity thereof pursuant to Section 7.02, and Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities that a Responsible Officer of the Trustee actually knows to be so owned shall be disregarded. Securities so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the securities of any affiliate of the Company or such other obligor.

"Participant" means, with respect to the Depositary, a Person who maintains an account with the Depositary, respectively (and, with respect to The Depository Trust Company, shall include Euroclear and Clearstream, Luxembourg) as a participant in the Depositary.

"Paying Agent" shall have the meaning specified in Section 3.04.

"Person" means any individual, corporation, company limited by shares, partnership, limited liability company, joint venture, association, joint-stock company, trust, real estate investment trust, business trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment" means, with respect to the Securities of any Series, the place or places where, subject to the provisions of Sections 3.04 and 5.02, the principal of, premium, if any, and interest on the Securities of that Series are payable as specified in accordance with the terms of the Securities of that Series.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and for the purposes of this definition, any Security authenticated and delivered under Section 3.07 in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Principal Corporate Trust Office" means the office of the Trustee, at which at any particular time its corporate trust business shall be principally administered, which office at the date of execution of this instrument is at the address set forth in the first paragraph of this instrument.

"Principal Paying Agent" means the Paying Agent, if any, designated as such by the Company pursuant to Section 3.01 of this Indenture.

"Redemption Date" means, with respect to any Security to be redeemed, the date fixed for such redemption pursuant to this Indenture.

"Redemption Price" means, with respect to any Security to be redeemed, the price specified in, or determined in accordance with the terms of, such Security at which it is to be redeemed pursuant to such Security and this Indenture.

"Registered Security" means any Security in the form established pursuant to Section 2.02 that is registered in the Register.

"Registrar" shall have the meaning specified in Section 3.04.

"Registry" shall have the meaning specified in Section 3.04.

"Regular Record Date" for the interest payable on any Security on any Interest Payment Date means the date, if any, specified in such Security as the "Regular Record Date" or as the "Record Date."

"Repurchase Date" means, with respect to any Security to be repurchased, the date fixed for such repurchase pursuant to the terms of that Security and this Indenture.

"Repurchase Price" means, with respect to any Security to be repurchased pursuant to the terms of that Security and this Indenture, the price specified in, or determined in accordance with the terms of, such Security at which it is to be repurchased pursuant to the terms of that Security and this Indenture.

"Responsible Officer" means, when used with respect to the Trustee, any officer of the Trustee with direct responsibility for the administration of this Indenture and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

"Security" or "Securities" means any Security or Securities, as the case may be, authenticated and delivered under this Indenture; provided, however, that, if at any time more than one Person is acting as Trustee under this Indenture, "Securities," with respect to any such Person, shall mean Securities authenticated and delivered under this Indenture, exclusive, however, of Securities of any Series as to which such Person is not Trustee.

"Series" means a series of Securities designated or established pursuant to Section 3.01, all of which Securities in such series shall have like terms and conditions (other than the principal amount thereof).

"Series Terms Certificate" has the meaning specified in Section 3.01.

"Special Record Date" means the date fixed by the Trustee pursuant to Section 3.08 for the payment of any Defaulted Interest.

"Stated Maturity" means, when used with respect to any Security of any Series or any payment or installment of principal thereof or interest payable pursuant to the Security, the date specified in such Security as the fixed date on which the principal of such Security or such installment of principal or interest payable pursuant to that Security, is due and payable.

"Subsidiary" means, with respect to the Company, a corporation, limited liability company, company limited by shares, trust, real estate investment trust, business trust, partnership, joint stock company, or unincorporated association, at least a majority of the outstanding voting equity interests of which are owned, directly or indirectly, by the Company, or by the Company and one or more other Subsidiaries of the Company. For purposes of this definition, the term "voting equity interests" means equity interests having ordinary voting power for the election of directors, managers, trustees or other Persons in which the power to manage the entity issuing such equity interests is vested, irrespective of whether or not equity interests of any other class or classes shall have or might have voting power by reason of the occurrence of any contingency.

"Supplemental Indenture" means an indenture supplemental to this Indenture, which supplements, amends or modifies this Indenture and is entered into by the parties to this Indenture as provided in Article Nine.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become the Trustee pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any Series shall mean the Trustee with respect to Securities of that Series.

"Trust Indenture Act" or "TIA" means the Trust Indenture Act of 1939, as in force at the date as of which this instrument was executed, and, to the extent required by law, as amended.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"United States Alien" means, except as otherwise provided in or pursuant to this Indenture, any Person who, for United States Federal income tax purposes, is a foreign corporation, a nonresident alien individual, a

nonresident alien fiduciary of a foreign estate or trust, or a foreign partnership, one or more of the members of which is, for United States Federal income tax purposes, a foreign corporation, a nonresident alien individual or a nonresident alien fiduciary of a foreign estate or trust.

"Vice President," when used with respect to the Company or the Trustee, means any Vice President, whether or not designated by a number or a word or words added before or after the title "Vice President."

SECTION 1.02. Compliance Certificates and Opinions. Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition provided for in this Indenture (except as otherwise expressly provided in this Indenture or a certificate provided pursuant to TIA (S)314(a)(4)) shall comply with the provisions of TIA (S)314(e) and shall include:

(i) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement which, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and

(iv) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 1.03. Form of Documents Delivered to Trustee. (a) In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

(b) Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate provided by counsel or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company, stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

(c) Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 1.04. Acts of Holders. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture or in the Securities of any Series to be given or taken by Holders or Holders of the Securities of that Series may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing or, if such is authorized by the vote of the Holders at a meeting of the Holders duly called in accordance with the provisions of Article Fourteen, a record of the actions taken by the Holders at that meeting. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee, and, where it is hereby expressly required, to the Company. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the

"Act" of the Holders signing such instrument or instruments and so voting at any such meeting. Proof of execution of any such instrument or of a writing appointing any such agent, or any such Person being a Holder of a Security, shall be sufficient for any purpose of this Indenture and (subject to Section 8.01) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section. The record of any meeting of Holders of Securities shall be proved in the manner provided in Section 14.06.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying

that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by or on behalf of any legal entity other than an individual, such certificate or affidavit shall also constitute proof of the authority of the Person executing the same. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner that the Trustee deems sufficient.

(c) The ownership of Registered Securities shall be proved by the Registry.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, in respect of any action taken, suffered or omitted by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(e) For purposes of determining the principal amount of Outstanding Securities of any Series the Holders of which are required, requested or permitted to give any request, demand, authorization, direction, notice, consent, waiver or take any other Act under the Indenture, each Security denominated in a Foreign Currency or composite currency shall be deemed to have the principal amount determined by the Exchange Rate Agent by converting the principal amount of such Security in the currency in which such Security is denominated into Dollars at the Exchange Rate as of the date such Act is delivered to the Trustee and, where it is hereby expressly required, to the Company, by Holders of the required aggregate principal amount of the Outstanding Securities of such Series (or, if there is no such rate on such date, such rate on the date determined as specified as contemplated in Section 3.01).

(f) The Company may, in the circumstances permitted by the Trust Indenture Act, set a record date for purposes of determining the identity of Holders of Securities of any Series entitled to give any request, demand, authorization, direction, notice, consent, waiver or take any other Act, or to vote or consent to any action by vote or consent authorized or permitted to be given or taken by Holders of Securities of such Series. If not set by the Company prior to the first solicitation of a Holder of Securities of such Series made by any Person in respect of any such action, or in the case of any such vote, prior to such vote, such record date shall be the later of 30 days prior to the first solicitation of such consent or the date of the most recent list of Holders of such Securities furnished to the Trustee pursuant to Section 6.01 prior to the commencement of such solicitation.

(g) Without limiting the foregoing, a Holder entitled hereunder to take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents, each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or action taken by a Holder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Holders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to Section 3.01 or pursuant to one or more Supplemental Indentures, a Holder,

including a Depositary that is the Holder of a Global Security, may make, give or take, by a proxy or proxies duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders, and a Depositary that is the Holder of a Global Security may provide its proxy or proxies to the beneficial owners of interests in any such Global Security through such Depositary's standing instructions and customary practices.

(i) The Company may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in any Global Security held by a Depositary entitled under the procedures of such Depositary to make, give or take, by a proxy or proxies duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders. If such a record date is fixed, the Holders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such request, demand, authorization, direction, notice, consent, waiver or other action, whether or not such Holders remain Holders after such record date. No such request, demand, authorization, direction, notice, consent, waiver or other action shall be valid or effective if made, given or taken more than 90 days after such record date.

SECTION 1.05. Notices, etc., to Trustee and Company. Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

(i) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Principal Corporate Trust Office, Attention: Corporate Trustee Administration Department; or

(ii) the Company by any Holder or by the Trustee shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, by certified or registered mail, with the postage prepaid, to the Company, to the attention of its Treasurer, or by an overnight delivery service that provides for confirmed receipts of delivery addressed to it at the address of its principal office specified in the first paragraph of this Indenture or at any other address previously furnished in writing to the Trustee by the Company.

SECTION 1.06. Notices to Holders; Waiver. Where this Indenture or any Security provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein or in such Security expressly provided) if in writing and mailed, first class, postage prepaid, to each Holder of Registered Securities affected by such event, at the Holder's address as it appears in the Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice to Holders of Registered Securities by mail, then such notification as shall be made at a time and in a manner approved by the Trustee shall constitute a sufficient notification for every purpose hereunder. In any case where notice to Holders of Registered Securities is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder of

Registered Securities shall affect the sufficiency of such notice with respect to other Holders of Registered Securities.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 1.07. Language of Notices, etc. Any request, demand, authorization, direction, notice, consent, or waiver required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

SECTION 1.08. Conflict with Trust Indenture Act. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by, or with another provision (an "incorporated provision") included in this Indenture by operation of, Sections 310 to 318, inclusive, of the TIA, such imposed duties or incorporated provision shall control.

SECTION 1.09. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience of reference only and shall not affect the construction hereof.

SECTION 1.10. Successors and Assigns. All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 1.11. Severability Clause. In case any provision in this Indenture or in the Securities of any Series shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.12. Benefits of Indenture. Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 1.13. Legal Holidays. Unless otherwise provided as contemplated by Section 3.01 with respect to any Series of Securities, in any case where any Interest Payment Date, Stated Maturity, Repurchase Date or Redemption Date of any Security or any date on which any Defaulted Interest is proposed to be paid shall not be a Business Day at any Place of Payment, then (notwithstanding any other provisions of the Securities or this Indenture) payment of the principal of, premium, if any, or interest on any Securities need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date, Stated Maturity, Repurchase Date or Redemption Date or on the date on which Defaulted Interest is proposed to be paid, and, if such payment is made, no interest shall accrue on such payment for the period from and after any such

Interest Payment Date, Stated Maturity, Repurchase Date or Redemption Date, or date on which Defaulted Interest is proposed to be paid, as the case may be.

SECTION 1.14. Governing Law. This Indenture and each of the Securities shall be construed in accordance with and governed by the laws of the State of New York.

SECTION 1.15. Submission to Jurisdiction. Each of the parties hereto agrees that any suit, action or proceeding arising out of or based upon this Indenture, the Securities or the transactions contemplated hereby or thereby, may be instituted in any of the courts of the State of New York and the United States District Courts, in each case located in the Borough of Manhattan, The City of New York. In addition, each such party irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of such suit, action or proceeding brought in any such court and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Each such party hereby irrevocably waives any and all right to trial by jury in any suit, action or proceeding arising out of or relating to this Indenture, the Securities or the transactions contemplated hereby or thereby. Each such party agrees that final judgment in any suit, action or proceeding brought in such a court shall be conclusive and binding upon it and may be enforced in any court to whose jurisdiction it is subject by a suit upon such judgment.

For purposes of any such suit, action or proceeding brought in any of the foregoing courts, the Company irrevocably designates CSC Corporation Service Company, whose address on the date hereof is 80 State Street, Albany, New York 12207-2543, U.S.A., to receive for and on behalf of it and its property service of copies of the summons and complaints and any other process, by personal service or by mail, which may be served in any such suit, action or proceeding. Such service may be made by mailing or delivering a copy of such process to such agent at the above address. In the event that such agent for service of process resigns or ceases to serve as the agent of the Company, the Company agrees to give notice (as provided herein) to the Trustee of the name and address of any new agent for service of process with respect to it appointed hereunder. The Company agrees that the failure of its agent for service of process to forward such service to it shall not impair or affect the validity of such service or of any judgment based thereof.

If, despite the foregoing, in any such suit, action or proceeding brought in any of the aforesaid courts, there is for any reason no such agent for service of process for each of the parties available to be served, then to the extent that service of process by mail shall then be permitted by applicable law, each of such parties further irrevocably consents to the service of process on it in any such suit, action or proceeding in any such court by the mailing thereof by registered or certified mail, postage prepaid, to it at its address given in or pursuant to Section 1.05 hereof.

Nothing herein contained shall preclude any party from effecting service of process in any lawful manner or from bringing any suit, action or proceeding in respect of this Indenture in any other state, country or jurisdiction.

To the extent that the Company may in any jurisdiction claim for itself or its property any immunity from suit, execution, attachment (whether in aid of execution, before judgment or

otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its property such immunity (whether or not claimed), the Company irrevocably agrees not to claim and

irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction.

ARTICLE TWO

Forms of the Securities

SECTION 2.01. Forms Generally. (a) All Securities shall have such appropriate terms, insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange and the Depositary, if any, for Securities of a Series or as may, consistently herewith, be determined by the Authorized Officers executing such Securities, as evidenced by their execution of the Securities.

(b) Unless otherwise provided as contemplated by Section 3.01 with respect to any Series of Securities, the Securities of each Series shall be issuable in registered form without coupons.

(c) The Securities shall be printed, typewritten, lithographed or engraved or produced by any combination of these methods on any type of paper, as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 2.02. Form of Securities. Each Security in a Series shall be in a form approved by or pursuant to a Supplemental Indenture or a Board Resolution or by an Authorized Officer or Authorized Officers pursuant to authority delegated to that Authorized Officer or those Authorized Officers pursuant to a Board Resolution. If the form of the Securities of a Series is not prescribed by the Supplemental Indenture relating to that Series, upon or prior to the delivery to the Trustee for authentication of the first Security to be issued of that Series, the Company shall deliver to the Trustee, the Board Resolution by or pursuant to which such form of the Security for that Series has been approved, which Board Resolution shall have attached thereto a copy of the form of the Security approved, or a certificate of an Authorized Officer, attested to by the Secretary or an Assistant Secretary of the Company, certifying that an Authorized Officer, acting pursuant to delegated authority from the Board of Directors, approved the form of the Securities of that Series and attaching a copy of the form of the Security approved and a true and complete copy of the resolutions of the Board of Directors delegating authority to that Authorized Officer to approve the form of Securities. If temporary Securities of any Series are issued in global form as permitted by Section 3.05, the form thereof also shall be established as provided in this Section 2.02.

SECTION 2.03. Form of Trustee's Certificate of Authentication. The Trustee's certificates of authentication on the Securities issued pursuant to this Indenture shall be in substantially the following form:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the Series designated herein referred to in the within-mentioned Indenture.

Bank One Trust Company, N.A,
as Trustee,

By_____
Authorized Signatory

SECTION 2.04. Global Securities. If Securities of a Series are issuable in whole or in part in global form, as specified as contemplated by Section 3.01, then, notwithstanding clause (xiv) of Section 3.01 and the provisions of Section 3.02, such Global Security shall represent such of the outstanding Securities of that Series as shall be specified in such Global Security and may provide that it shall represent the aggregate amount of Outstanding Securities from time to time endorsed thereon and that the aggregate amount of Outstanding Securities represented thereby may from time to time be reduced or increased to reflect exchanges or partial redemptions or increased to reflect the issuance of additional uncertificated Securities of that Series. Any endorsement of a Global Security to reflect the amount, or any increase or decrease in the amount, of Outstanding Securities of a Series represented thereby shall be made in such manner and upon instructions given by such Person or Persons as shall be specified therein or in the Company Order to be delivered to the Trustee pursuant to Section 3.03 or Section 3.05.

Global Securities shall be issued in registered form and in either temporary or permanent form.

ARTICLE THREE

SECTION 3.01. Terms of Securities. The aggregate principal amount of Securities that may be authenticated and delivered under this Indenture is unlimited. The Company may issue up to the aggregate principal amount of Securities from time to time authorized by or pursuant to one or more Board Resolutions of the Company.

The Securities of the Company may be issued in one or more Series. All Securities of each Series issued under this Indenture shall in all respects be equally and ratably entitled to the benefits hereof with respect to that Series without preference, priority or distinction on account of the actual time or times of the authentication and delivery or Maturity of the Securities of such Series. Unless expressly provided otherwise with respect to a Series, not all Securities of a Series need be issued at the same time, and, unless otherwise provided in the Securities of that Series or in this Indenture, a Series may be reopened and the aggregate principal amount of the Securities of a Series may be increased and additional Securities of that Series may be issued up to a maximum aggregate principal amount authorized for that Series, as that maximum aggregate principal amount may be increased from time to time. All Securities of a Series shall rank

equally among themselves and with the other existing and future unsecured, unsubordinated indebtedness of the Company.

The Company may from time to time establish one or more Series pursuant to this Indenture. A Series shall be established by (1) the execution and delivery of a Supplemental Indenture or (2) the adoption of a Board Resolution by the Board of Directors establishing that Series. The specific terms and conditions of the Securities of any Series established shall be determined and set either (1) by the Supplemental Indenture that establishes the Series, (2) if the Series is established by a Supplemental Indenture, to the extent that those specific terms and conditions are not determined and set by that Supplemental Indenture, by the adoption of a Board Resolution or Board Resolutions by the Board of Directors and, to the extent that those specific terms and conditions are not determined and set by the Supplemental Indenture or by the adoption of a Board Resolution or Board Resolutions by the Board of Directors or by a combination of those means of determining and setting the specific terms and conditions of the Securities of that Series, by the action of one or more Authorized Officers pursuant to authority to determine and set the specific terms and conditions of the Securities of that Series specifically delegated by the Board of Directors to that Authorized Officer or those Authorized Officers or (3) if the Series is established by action of the Board of Directors, to the extent that those specific terms and conditions are not set by the adoption of a Board Resolution or Board Resolutions by the Board of Directors, by the action of one or more Authorized Officers pursuant to authority to determine and set the specific terms and conditions of the Securities of that Series specifically delegated by the Board of Directors to that Authorized Officer or those Authorized Officers. If the specific terms and specific conditions of the Securities of a Series are determined and set by action of the Board of Directors, that action shall be evidenced by a Board Resolution. If the specific terms and conditions of the Securities of a Series established by action of the Board of Directors are determined and set by an Authorized Officer or Authorized Officers pursuant to authority delegated to them by the Board of Directors, that action shall be evidenced by a certificate executed by the Authorized Officer or Authorized Officers determining and setting those terms and conditions, which certificate shall also be attested to by the Secretary or an Assistant Secretary of the Company (a "Series Terms Certificate"). If the specific terms and conditions of the Securities of a Series established by action of the Board of Directors are determined and set by an Authorized Officer or Authorized Officers pursuant to authority delegated to them by the Board of Directors and a Series Terms Certificate has been delivered in connection with the establishment of the terms and conditions of the Securities of a Series and the issuance of the Securities of that Series, an additional Series Term Certificate shall not be required to be delivered in connection with any subsequent issuance of additional Securities of that Series.

Upon a Series being established and the specific terms and conditions of the Securities of that Series being determined and set otherwise than through a Supplemental Indenture, the Company shall cause to be delivered to the Trustee an Officers' Certificate of the Company signed by an Authorized Officer and attested to by the Secretary or Assistant Secretary of the Company certifying that the Series has been established and the specific terms and conditions of the Securities of the Series have been determined and set and attaching to that Officers' Certificate (1) the Board Resolution establishing the Series, (2) the Board Resolution or Board Resolutions determining and setting the specific terms and conditions of the Securities of that Series or providing for the delegation of authority to one or more Authorized Officers to

determine and set the specific terms and conditions of the Securities of that Series and (3) if an Authorized Officer or Authorized Officers has determined and set the specific terms and conditions of the Securities of that Series, attaching the Series Terms Certificate evidencing the action of that Authorized Officer or those Authorized Officers. The Officers' Certificate of the Company that is required to be delivered to the Trustee in accordance with the immediately preceding sentence, may be provided before or at the time of the consummation of the first issuance of Securities of the Series to which the Officers' Certificate relates.

Each Board Resolution of the Company determining and setting the specific terms and conditions of the Securities of a Series and each Series Terms Certificate shall set forth therein, and each Supplemental Indenture setting forth the terms and conditions of the Securities of a Series, shall set forth the following information as to the terms and conditions of that Series:

(i) the title of the Securities of the Series (which shall distinguish the Securities of the Series from all other Securities);

(ii) if any limit has been established upon the aggregate principal amount or aggregate initial public offering price of the Securities of the Series that may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of that Series pursuant to this Article Three or Sections 4.07 or 9.06), the maximum aggregate principal amount or aggregate initial public offering price of the Securities of the Series that may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of that Series pursuant to this Article Three or Sections 4.07 or 9.06);

(iii) if any priority of payment is set for the Securities of the Series, the nature and terms of that priority of payment set for the Securities of the Series;

(iv) the date or dates on which the principal of and premium, if any, on the Securities of the Series or each installment of the principal of the Securities of the Series is payable;

(v) the rate or rates, if any, at which the Securities of the Series shall bear interest, or the method or methods by which the rate or rates, if any, at which the Securities of the Series shall bear interest may be determined, the date or dates from which any interest shall accrue, the Interest Payment Dates on which any accrued interest shall be payable, the Regular Record Date for the interest payable on any Interest Payment Date and the basis upon which interest shall be calculated if other than that of a 360-day year consisting of twelve 30-day months;

(vi) if any of the Securities of the Series will be issued as Original Issue Discount Securities, the terms on which such Securities of the Series will be issued as Original Discount Securities and the portion of the principal amount as shown on the face of those Securities that shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 7.02 or at the time of any prepayment of those Securities or

the method or methods for determining that portion of that principal amount payable at any of those times;

(vii) if the Company will have the right to prepay the Securities of the Series in whole or in part, the terms on which the Company may prepay the Securities of the Series in whole or in part, the time or times at which any such prepayment may be made, whether the prepayment may be made in whole or may be made in part from time to time and the terms and conditions on which such prepayment may be made, including the obligation to pay any premium, any break funding costs or any make-whole amount;

(viii) if any Securities of the Series will be issuable in temporary or permanent global form, the extent to which any of the Securities of the Series will be issuable in temporary or permanent global form, the Depositary or Depositaries for such Global Security or Global Securities, the terms and conditions, if any, upon which such Global Security may be exchanged in whole or in part for Definitive Securities, and the manner in which any interest payable on a temporary or permanent Global Security will be paid, whether or not consistent with Section 3.05 or 3.06;

(vix) the office or offices or agency where, subject to Sections 3.04 and 5.02, the Securities may be presented for registration of transfer or exchange;

(x) the place or places where, subject to the provisions of Sections 3.04 and 5.02, the principal of and premium, if any and interest, if any, on Securities of the Series shall be payable;

(xi) if the Company will have any right to redeem or repurchase the Securities of the Series, in whole or in part, at its option, the terms of the right or rights of the Company to redeem or repurchase the Securities of the Series, in whole or in part, at its option, the time or times or the period or periods within which, the price or prices at which, or the method or methods for determining the price or prices at which, and the terms and conditions upon which, Securities of the Series may be redeemed or repurchased by the Company at its option;

(xii) if the Company will be obligated to redeem or repurchase any Securities of the Series, the terms upon which the Company will be obligated to repurchase or redeem Securities of the Series, whether pursuant to any sinking fund or analogous provisions or without the benefit of any sinking fund or analogous provisions, stating whether each such redemption will be at the option of a Holder of any Security of a Series or upon the occurrence of any stated event or satisfaction of any condition or conditions, the time or times or the period or periods within which, the price or prices at which, or the method or methods for determining the price or prices at which, and the terms and conditions upon which, the Securities of the Series shall be redeemed, repaid or repurchased, in whole or in part, pursuant to such obligation;

(xiii) if any Securities of the Series will be convertible into any other securities of the Company or exchangeable for other securities of the Company or any other Person, the terms on which any Securities of the Series will be convertible into any other

securities of the Company or exchangeable for other securities of the Company or any other Person, the conversion or exchange price or prices or conversion or exchange ratio or ratios, when such conversion or exchange may occur, or the method or methods of determining that price or prices or that ratio or ratios and the other terms and conditions, including anti-dilution terms, upon which any conversion or exchange may occur;

(xiv) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which Registered Securities of the Series shall be issuable;

(xv) the currency or currencies in which payment of the principal of, and premium, if any, interest on and any other amounts owing with respect to the Securities of that Series will be made, which may be in Dollars, a Foreign Currency or composite currency, any currency or currencies, if any, in which, at the election of each of the Holders thereof, payment of the principal of, and premium, if any, the interest and any other amounts owing with respect to Registered Securities, may be payable which may be in Dollars, Foreign Currency or composite currency, and the periods within which and the terms and conditions upon which such election is to be made, the Exchange Rate for calculating the amount of the payment in a currency other than the currency or currencies in which the Securities of that Series are denominated or, if the Exchange Rate is not expressly stated in the Securities of that Series, the method or methods for determining the Exchange Rate, the Exchange Rate Agent, and if any payment may be made in a composite currency, the agency or organization, if any, responsible for overseeing such composite currency;

(xvi) if the amount of payments of principal of, premium, if any, or any interest on Securities of the Series may be determined with reference to an index, the method or methods by which such amounts shall be determined;

(xvii) if the Securities of the Series will be subordinated in right of payment to other Securities or other indebtedness of the Company, the terms and conditions of that subordination;

(xviii) if additional amounts will be payable to Holders of Securities of the Series pursuant to Section 5.04, the terms (other than the terms expressly set forth in Section 5.04) upon, and conditions under, which such additional amounts will be payable;

(xix) if any Securities of the Series will be issued on a book--entry only basis, any appropriate information with respect to book-entry procedures to the extent that the book--entry procedures relating to those Securities of the Series will deviate from customary book--entry procedures in effect at the time at which the terms and conditions of the Securities of the Series are established;

(xx) any addition to or change in the Events of Default or covenants of the Company set forth in this Indenture pertaining to the Securities of the Series;

(xxi) whether the Securities of the Series will be subject to the defeasance provisions of Article Eleven or the terms, if any, on which they may otherwise be defeasible; and

(xxii) any other terms and conditions of the Series (which terms and conditions shall not be inconsistent with the provisions of this Indenture).

All Securities of any one Series shall be substantially identical except, in the case of Registered Securities, as to denomination and except as may otherwise be provided in or pursuant to the Officers' Certificate of the Company relating to the Series provided to the Trustee pursuant to this Section 3.01 and set forth or determined in the manner provided in that Officers' Certificate or in this Indenture or any Supplemental Indenture.

Securities of any particular Series may be issued at various times, with different dates on which the principal or any installment of principal is payable, with different rates of interest, if any, or different methods by which rates of interest may be determined, with different dates on which such interest may be payable and with different Redemption Dates or Repurchase Dates and may be denominated in different currencies or payable in different currencies.

SECTION 3.02. Denominations. The Securities of each Series shall be issuable in such form and denominations determined as contemplated by Section 3.01. In the absence of any specification with respect to the Securities of any Series, the Registered Securities of each Series shall be issuable only as Securities without coupons in denominations of $1,000 and any integral multiple thereof.

SECTION 3.03. Execution, Authentication, Delivery and Dating.

(a) The Securities shall be executed on behalf of the Company by one of its Authorized Officers or such other officer or agent to which the authority to execute such Securities is delegated by the Board of Directors, and by its Secretary or one of its Assistant Secretaries. The signatures of any or all of these officers or agents on the Securities may be manual or facsimile. Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers or authorized agents of the Company shall bind the Company, notwithstanding that one or more of those individuals have ceased to hold a proper office prior to the authentication and delivery of such Securities or did not hold such offices or, in the case of an agent, continue to have proper authority at the date of such Securities.

(b) At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any Series, executed by the Company to the Trustee for authentication, together with a Company Order, for the authentication and delivery of such Securities, and the Trustee shall, upon receipt of the Company Order, authenticate and deliver such Securities as this Indenture provides and not otherwise.

If the Company shall establish pursuant to Section 3.01 that the Securities of a Series are to be issued in whole or in part in the form of one or more Global Securities, then the Company shall execute and the Trustee shall, in accordance with this Section and a Company Order of the Company for the authentication and delivery of such Global Securities with respect to that

Series, authenticate and deliver one or more Global Securities in permanent or temporary form, and such Global Securities (i) shall represent and shall be denominated in an aggregate amount equal to the aggregate principal amount of the Outstanding Securities of such Series to be represented by one or more Global Securities, (ii) shall be registered, if in registered form, in the name of the Depositary for such Global Security or Global Securities or the nominee of such Depositary, and (iii) shall be delivered by the Trustee to such Depositary or pursuant to such Depositary's instructions.

Each Depositary designated pursuant to Section 3.01 for a Global Security in registered form must, at the time of its designation and at all times while it serves as Depositary, be a clearing agency registered under the Exchange Act and any other applicable statute or regulation.

In authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 8.01) shall be fully protected in relying upon,

(a) an Officers' Certificate required pursuant to Section 3.01;

(b) a Company Order of the Company; and

(c) an Opinion of Counsel complying with Section 1.02 and stating that:

(i) the form of such Securities has been established in conformity with the provisions of this Indenture;

(ii) the terms of such Securities or the manner of determining such terms, have been established in conformity with the provisions of this Indenture;

(iii) that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, fraudulent conveyance, moratorium and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general principles of equity; and

(iv) such other matters as the Trustee may reasonably request.

The Trustee shall not be required to authenticate any Securities if the issuance of the Securities pursuant to the Indenture will adversely affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner that is not reasonably acceptable to the Trustee.

Notwithstanding the provisions of Section 3.01 and of this Section 3.03, if all Securities of a Series are not to be originally issued at one time, it shall not be necessary to deliver the Board Resolution of the Company or Officers' Certificate otherwise required pursuant to Section 3.01 or the Company Order and Opinion of Counsel otherwise required pursuant to this Section 3.03 at or prior to the time of authentication of each Security of such Series if such documents

are delivered at or prior to the authentication upon original issuance of the first Security of such Series to be issued and such documents reasonably contemplate the issuance of all Securities of such Series; provided that any subsequent request by the Company to the Trustee to authenticate Securities of such Series upon original issuance shall constitute a representation and warranty by the Company that as of the date of such request, the statements made in the Officers' Certificate or other certificates delivered pursuant to Sections 1.02 and 3.01 shall be true and correct as if made on such date.

A Company Order, Officers' Certificate or Board Resolution or Supplemental Indenture delivered by the Company to the Trustee in the circumstances set forth in the preceding paragraph may provide that Securities that are the subject thereof will be authenticated and delivered by the Trustee or its agent on original issue from time to time in the aggregate principal amount, if any, established for such Series pursuant to such procedures acceptable to the Trustee as may be specified from time to time by a Company Order upon telephonic (promptly confirmed in writing), electronic or written order of Persons designated in that Company Order, Officers' Certificate, Supplemental Indenture or Board Resolution and that such Persons are authorized to determine, consistent with that Company Order, Officers' Certificate, Supplemental Indenture or Board Resolution, those terms and conditions of said Securities as are specified in that Company Order, Officers' Certificate, Supplemental Indenture or Board Resolution.

Each Registered Security shall be dated the date of its authentication, and unless otherwise specified as contemplated by Section 3.01, any temporary Global Security referred to in Section 3.05 shall be dated as of the date of original issuance of that Security.

No Security shall be entitled to any benefit under this Indenture endorsed thereon or be valid or obligatory for any purpose, unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature of an authorized officer, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. Notwithstanding the foregoing, if any Security or portion thereof shall have been duly authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 3.10 together with a written statement (that need not comply with Section 1.02 and need not be accompanied by an Opinion of Counsel) stating that such Security or portion thereof has never been issued and sold by the Company, for all purposes of this Indenture such Security shall be

deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

SECTION 3.04. Registrar, Paying Agent and Depositary. (a) The Company will maintain an office or agency in the Borough of Manhattan, The City of New York, where Securities issued by it may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Securities may be presented and surrendered for payment ("Paying Agent"). The Registrar shall keep a register of the Securities issued by the Company ("Registry") and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents for the Securities of each Series issued by it. The term "Registrar" includes any co-registrar, and the term "Paying Agent" includes any

additional paying agent. The Company may change any Paying Agent or Registrar with respect to the Securities of any Series that it issues without notice to any Holder. The Company shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent for the affected Series of Securities, the Trustee shall act as that Registrar or Paying Agent, as the case may be. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

(b) If the Company or any of its Subsidiaries acts as Paying Agent for any Series, each such Paying Agent shall segregate and hold in a separate trust fund for the benefit of the Holders of the Securities of that Series all money held by it as Paying Agent with respect to the Securities of that Series. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee shall serve as Paying Agent for the Securities issued by the Company.

(c) If the Securities of a Series are listed on the Luxembourg Stock Exchange or any other stock exchange located outside the United States and such stock exchange shall so require, the Company will maintain a Paying Agent for the Securities of that Series in Luxembourg or any other required city located outside the United States, so long as the Securities of that Series are listed on such exchange, and subject to any laws or regulations applicable thereto, in a Place of Payment for Securities of that Series located outside the United States an office for registration of transfer or exchange of Securities of that Series.

SECTION 3.05. Temporary Securities. (a) If the Definitive Securities of any Series are to be printed on paper with engraved borders or engraved, then pending the preparation of Definitive Securities of that Series, the Company may execute, and upon the receipt of a Company Order and the receipt of the certifications and opinions required under Sections 3.01 and 3.03, the Trustee shall authenticate and deliver, temporary Securities that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denominations, substantially of the tenor of the Definitive Securities in lieu of which they are issued in registered form and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

(b) Unless otherwise provided pursuant to Section 3.01:

(i) Except in the case of temporary Securities in global form, each of which shall be exchanged in accordance with the provisions of the following paragraphs, if temporary Securities of any Series are issued, the Company will cause Definitive Securities of such Series to be prepared without unreasonable delay. After the preparation of Definitive Securities, the temporary Securities of such Series shall be exchangeable for Definitive Securities of such Series upon surrender of the temporary Securities of such Series at the office or agency of the Company in a Place of Payment for that Series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any Series, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of Definitive Securities of such Series of authorized denominations. Until so exchanged, the temporary Securities of any Series shall in all respects be entitled to the same benefits under this Indenture as Definitive Securities of such Series.

(ii) Without unnecessary delay but in any event not later than the date specified in, or determined pursuant to the terms of, any such temporary Global Security as the "Global Exchange Date" (the "Global Exchange Date"), the Company shall deliver to the Trustee, or, if the Trustee appoints an Authenticating Agent pursuant to Section 8.14, to any such Authenticating Agent, Definitive Securities in aggregate principal amount equal to the principal amount of such temporary Global Security,

executed by the Company. On or after the Global Exchange Date, such temporary Global Security shall be surrendered by the Depositary to the Trustee or any such Authenticating Agent, as the Company's agent for such purpose, to be exchanged, in whole or from time to time in part, for Definitive Securities without charge and the Trustee or any such Authenticating Agent shall authenticate and deliver, in exchange for each portion of such temporary Global Security, an equal aggregate principal amount of Definitive Securities of the same Series, of authorized denominations and of like tenor as the portion of such temporary Global Security to be exchanged.

(iii) Upon any exchange of a portion of any such temporary Global Security, such temporary Global Security shall be endorsed by the Trustee or any such Authenticating Agent, as the case may be, to reflect the reduction of the principal amount evidenced thereby, whereupon its remaining principal amount shall be reduced for all purposes by the amount so exchanged. Until so exchanged in full, such temporary Global Security shall in all respects be entitled to the same benefits under this Indenture as Definitive Securities of such Series authenticated and delivered hereunder.

SECTION 3.06. Transfer and Exchange.

(a) Upon surrender for registration of transfer of any Security of any Series at the office or agency of the Company maintained for such purpose, the Company shall execute, and upon receipt of an authentication order, the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same Series of any authorized denomination or denominations, of like tenor and aggregate principal amount. At the option of the Holder, Securities of any Series (other than a Global Security) may be exchanged for other Securities of the same Series of any authorized denomination or denominations of a like aggregate principal amount, upon surrender of the Securities to be exchanged at the office or agency of the Company maintained for such purpose. Upon receipt at such office or agency of an appropriate request for exchange, the Company shall execute, and upon receipt of an authentication order from the Company, the Trustee shall authenticate and deliver in the name of the exchanging Holder, one or more new Securities of the appropriate Series of any authorized denomination or denominations of like tenor and aggregate principal amount to the Securities surrendered for exchange. Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company, the Registrar or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company, the Registrar and the Trustee duly executed, by the Holder thereof or his attorney duly authorized in writing.

(b) Upon the issuance of a Global Security, the Depositary or its nominee will credit, on its book-entry registration and transfer system, the respective principal amounts of the individual Securities represented by the Global Security to the accounts of institutions that have

accounts with the Depositary. The institutional accounts to be credited may be designated by the underwriter, underwriters, agent or agents for such Securities or, if the Securities are offered and sold directly by the Company, by the Company. Upon receipt of any payment in respect of a Global Security, the Depositary or its nominee will immediately credit the institutional accounts with amounts proportionate to their respective beneficial interests in the principal amount of the Global Security as shown in the records of the Depositary or its nominee.

(c) Notwithstanding any other provision of this Section, unless and until it is exchanged in whole or in part for Definitive Securities, a Global Security representing all or a portion of the Securities of a Series may not be transferred except as a whole by the Depositary for such Series to a nominee of such Depositary or by a nominee of such Depositary to such Depositary or another nominee of such Depositary or by such Depositary or any such nominee to a successor Depositary for such Series or a nominee of such successor Depositary.

(d) If at any time the Depositary for the Securities of a Series notifies the Company that it is unwilling or unable to continue as Depositary for the Securities of such Series or if at any time the Depositary for the Securities of such Series shall no longer be eligible under Section 3.03(b), the Company shall appoint a successor Depositary with respect to the Securities of such Series.

(e) The Company may at any time and in its sole discretion determine that Securities of any Series issued in the form of one or more Global Securities shall no longer be represented by such Global Security or Global Securities. In such event, the Company will execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of Securities of such Series, will authenticate and deliver, certificated Securities of such Series ("Definitive Securities") in an aggregate principal amount equal to the principal amount of the Global Security or Global Securities representing

Securities of such Series in exchange for such Global Security or Global Securities.

(f) If specified by the Company pursuant to Section 3.01 with respect to a Series of Securities, the Depositary for such Series of Securities may surrender a Global Security for such Series of Securities in exchange in whole or in part for Definitive Securities of such Series on such terms as are acceptable to the Company and such Depositary. Thereupon, the Company shall execute, and the Trustee shall authenticate and deliver, without service charge: (1) to each Person specified by such Depositary a new definitive Security or Securities of the same Series of any authorized denomination as requested by such Person in aggregate principal amount equal to and in exchange for such Person's beneficial interest in the Global Security; and (2) to such Depositary a new Global Security in a denomination equal to the difference, if any, between the principal amount of the surrendered Global Security and the aggregate principal amount of Definitive Securities delivered to Holders thereof.

(g) Upon the exchange of a Global Security for Definitive Securities, such Global Security shall be cancelled by the Trustee. Definitive Securities exchanged for portions of a Global Security pursuant to this Section 3.06 shall be registered in such names and in such authorized denominations as the Depositary for such Global Security, pursuant to instructions

from its direct or indirect Participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the persons in whose names such Securities are so registered.

(h) No service charge shall be made to a holder of a beneficial interest in a Global Security or to a Holder of a Definitive Security for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 3.05 and 4.07).

(i) All Global Securities and Definitive Securities issued upon any registration of transfer or exchange of Global Securities or Definitive Securities shall be the valid obligations of the Company, evidencing the same indebtedness, and entitled to the same benefits under this Indenture as the Global Securities or Definitive Securities surrendered upon such registration of transfer or exchange.

(j) The Registrar shall not be required (A) to issue, to register the transfer of or to exchange any Securities during a period beginning at the opening of business 15 days before the day of any selection of Securities for redemption under Section 4.03 and ending at the close of business on the day of selection, (B) to register the transfer of or to exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part or (C) to register the transfer of or to exchange a Security between a Record Date and the next succeeding Interest Payment Date.

(k) Prior to due presentment for the registration of a transfer of any Security, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of, premium, if any, and interest on such Securities, payment of the redemption price of the Securities and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(l) The Trustee shall authenticate Global Securities and Definitive Securities in accordance with the provisions of Section 3.03.

SECTION 3.07. Mutilated, Destroyed, Lost and Stolen Securities. If (i) any mutilated Security is surrendered to the Trustee or the Registrar, or if the Company, the Trustee and the Registrar receive evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) there is delivered to the Company, the Trustee and the Registrar such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company, the Trustee or the Registrar that such Security has been acquired by a bona fide purchaser, the Company and upon its request the Trustee shall authenticate and deliver, in lieu of any such mutilated, destroyed, lost or stolen Security, a new Security of the same Series and Stated Maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section 3.07, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any Series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture, equally and proportionately with any and all other Securities of the same Series duly issued hereunder.

The provisions of this Section 3.07 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the placement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 3.08. Payment of Interest; Interest Rights Preserved. (a) Unless otherwise provided for by the terms of the Securities of any Series as established in accordance with Section 3.01, interest on any Registered Security that is payable, and is punctually paid or duly provided for on any Interest Payment Date shall unless otherwise provided in that Security be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for that interest payment. At the option of the Company, payment of interest on any Registered Security may be made by check in the currency designated for such payment pursuant to the terms of such Registered Security mailed to the address of the Person entitled thereto as such address shall appear in the Register or by wire transfer to an account in such currency designated by such Person in writing not later than ten days prior to the date of such payment.

(b) Any interest on any Registered Security that is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of his having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (i) or clause (ii) below.

(i) The Company may elect to make payments of any Defaulted Interest to the Persons in whose names any such Registered Securities (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Registered Security and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust

for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class, postage prepaid, to each Holder at his address as it appears in the Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names such Registered Securities (or their respective Predecessor Securities) are registered on such Special Record Date and shall no longer be payable pursuant to the following clause (ii) of this Section 3.08.

(ii) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities with respect to which there exists such default may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section 3.08, each Security delivered under this Indenture upon registration of transfer of, or in exchange for, or in lieu of, any other Security shall carry the rights to interest accrued and unpaid, and to accrue, that were carried by such other Security.

SECTION 3.09. Persons Deemed Owners.

(a) Prior to due presentment for registration of transfer of any Registered Security, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of, premium, if any, and, subject to Section 3.08, interest on such Security, and for all purposes whatsoever, whether or not that Security is overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

(b) None of the Company, the Trustee, any Paying Agent, any Authenticating Agent or the Registrar will have the responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interest of a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest, and they shall be fully protected in acting or refraining from acting on any such information provided by the Depositary.

SECTION 3.10. Cancellation. Unless otherwise provided with respect to a Series of Securities, all Securities surrendered for payment, registration of transfer, exchange, repayment or redemption shall, if surrendered to any Person other than the Trustee, be delivered

to the Trustee. All Securities so delivered or surrendered directly to the Trustee for any such purpose shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder that the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture or such Securities. All cancelled Securities held by the Trustee shall be disposed of by the Trustee in accordance with the Trustee's customary procedures, and the Trustee shall deliver a certificate of such disposition to the Company.

SECTION 3.11. Computation of Interest. Interest on the Securities of each Series shall be computed as shall be specified in the terms of those Securities as established in accordance with Section 3.01; provided, however, that if the terms of any Securities do not provide a method for computation of interest with respect thereto, interest on that Security shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 3.12. Currency Indemnity. The Company may provide, pursuant to Section 3.01, for the Securities of any Series that, to the fullest extent possible under applicable law and except as may otherwise be specified as contemplated in Section 3.01, (a) the obligation, if any, of the Company to pay the principal of, premium, if any, and interest on the Securities of any Series in a Foreign Currency, composite currency or Dollars (the "Designated Currency") as may be specified pursuant to Section 3.01 is of the essence and agrees that judgments in respect of such Securities shall be given in the Designated Currency; (b) the obligation of the Company to make payments in the Designated Currency of the principal of, premium, if any, and interest on such Securities shall, notwithstanding any payment in any other currency, whether pursuant to a judgment or otherwise, be discharged only to the extent of the amount in the Designated Currency that the Holder receiving such payment may, in accordance with normal banking procedures, purchase with the sum paid in such other currency, after any premium and cost of exchange, in the country of issue of the Designated Currency in the case of Foreign Currency or Dollars or in the international banking community in the case of a composite currency on the Business Day immediately following the day on which such Holder receives such payment; (c) if the amount in the Designated Currency that may be so purchased for any reason falls short of the amount originally due, the Company shall pay such additional amounts as may be necessary to compensate for such shortfall; and (d) any obligation of the Company not discharged by such payment shall be due as a separate and independent obligation and, until discharged as provided herein, shall continue in full force and effect.

SECTION 3.13. CUSIP Numbers. The Company in issuing the Securities may use "CUSIP," "ISIN," or "Common Code" numbers or other Euroclear or Clearstream, Luxembourg reference numbers (if then generally in use), and, if so, the Trustee shall use such numbers in notices of redemption or other related material as a convenience to Holders; provided that any such notice or other related material may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of redemption or other related material and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee of any change in any such reference number.

SECTION 3.14. Book-Entry Only System. If made a part of the terms of the Securities of a Series in accordance with Section 3.01 with respect to Securities represented by a Global Security, Securities of a Series may be issued initially in book-entry only form and, if issued in such form, shall be represented by one or more Global Securities registered in the name of the Depositary or other depositary designated with respect thereto. So long as such book-entry only system of registration is in effect, (a) Securities of a Series so issued in book-entry only form will not be issuable in the form of or exchangeable for Securities in certificated or definitive registered form, (b) the records of the Depositary or such other depositary will be determinative for all purposes as to the beneficial owners of the Securities of that Series and (c) neither the Company, the Trustee nor any Paying Agent, or Registrar for such Securities will have any responsibility or liability for (i) any aspect of the records relating to or payments made on account of owners of beneficial interests in the Securities of that Series, (ii) maintaining, supervising or reviewing any records relating to such beneficial interests, (iii) receipt of notices, voting and requesting or directing the Trustee to take, or not to take, or consenting to, certain actions hereunder, or (iv) the record and procedures of the Depositary or such other depositary, as the case may be.

ARTICLE FOUR

Redemption of Securities

SECTION 4.01. Applicability of Article. Securities of any Series that are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and, except as otherwise set forth in the terms of the Securities of that Series as established in accordance with Section 3.01, in accordance with this Article.

SECTION 4.02. Election To Redeem; Notice To Trustee. The election of the Company to redeem any Securities redeemable at the option of the Company shall be evidenced by an Officers' Certificate. In case of any redemption at the election of the Company, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee and the Registrar of such Redemption Date and of the principal amount of Securities of such Series to be redeemed. In the case of any redemption of Securities (i) prior to the expiration of any restriction on such redemption provided in the terms of those Securities or elsewhere in this Indenture, or (ii) pursuant to an election of the Company that is subject to a condition specified in the terms of those Securities, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction or condition.

SECTION 4.03. Selection by Trustee of Securities To Be Redeemed. If less than all the Securities of any Series with the same terms are to be redeemed, the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee from the Outstanding Securities of that Series having such terms not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and that may provide for the selection for redemption of portions of the principal amount of Securities of such Series of a denomination equal to or larger than the minimum authorized denomination for

Securities of such Series. Unless otherwise provided by the terms of the Securities of any Series so selected for partial redemption, the portions of the principal of Securities of that Series so selected for partial redemption shall be, in the case of Registered Securities, equal to $1,000 or an integral multiple thereof, and the principal amount of any such Security that remains outstanding shall not be less than the minimum authorized denomination for Securities of such Series.

The Trustee shall promptly notify the Company, the Registrar and the Co-Registrar, if any, in writing of the Securities selected for redemption and, in the case of any Security selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal of such Security that has been or is to be redeemed.

SECTION 4.04. Notice of Redemption. Notice of redemption shall be given in the manner provided in Section 1.06, not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed.

All notices of redemption shall state:

(i) the Redemption Date;

(ii) the Redemption Price;

(iii) if less than all Outstanding Securities of any Series having the same terms are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the particular Securities to be redeemed;

(iv) that on the Redemption Date, the Redemption Price will become due and payable upon each such Security to be redeemed, and that interest, if any, thereon shall cease to accrue on and after said date;

(v) the place or places where such Securities, maturing after the Redemption Date, are to be surrendered for payment of the Redemption Price;

(vi) that the redemption is for a sinking fund, if such is the case; and

(vii) the CUSIP number or the Euroclear or the Clearstream, Luxembourg reference numbers (or any other number used by a Depository to identify such Securities), if any, of the Securities to be redeemed.

A notice of redemption published as contemplated by Section 1.06 need not identify particular Registered Securities to be redeemed.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, on Company Request, by the Trustee in the name and at the expense of the Company.

SECTION 4.05. Deposit of Redemption Price. At or prior to the opening of business on any Redemption Date, the Company shall deposit or cause to be deposited with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 5.03) an amount of money sufficient to pay the Redemption Price of all the Securities that are to be redeemed on that date.

SECTION 4.06. Securities Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Securities to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date (unless the Company shall default in the payment of the Redemption Price) such Securities shall cease to bear interest. Upon surrender of any such Securities for redemption in accordance with said notice, those Securities surrendered shall be paid by the Company at the Redemption Price. Installments of interest on Registered Securities whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such on the close of business on the relevant Regular Record Dates according to their terms and the provisions of Section 3.08.

If any Security called for redemption shall not be paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the Redemption Date at the rate borne by such Security, or as otherwise provided in such Security.

SECTION 4.07. Securities Redeemed in Part. Any Security that is to be redeemed only in part shall be surrendered at the office or agency of the Company in a Place of Payment therefor (with, if the Company or the Registrar so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Registrar duly executed by, the Holder of such Security or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same Series and Stated Maturity, containing identical terms and conditions, of any authorized denominations as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

SECTION 4.08. Redemption Suspended During Event of Default. The Trustee shall not redeem any Securities (unless all Securities then Outstanding are to be redeemed) or commence the giving of any notice of redemption of Securities during the continuance of any Event of Default known to the Trustee, except that where the giving of notice of redemption of any Securities shall theretofore have been made, the Trustee shall redeem such Securities, provided funds are deposited with it for such purpose. Any moneys theretofore or thereafter received by the Trustee shall, during the continuance of such Event of Default, be held in trust for the benefit of the Holders and applied in the manner set forth in Section 7.06; provided, however, that in case such Event of Default shall have been waived as provided herein or otherwise cured, such moneys shall thereafter be held and applied in accordance with the provisions of this Article.

ARTICLE FIVE

Covenants

SECTION 5.01. Payment of Principal, Premium and Interest. The Company covenants and agrees for the benefit of each Series of Securities that it will duly and punctually pay the principal of, premium, if any, and interest on the Securities of such Series in accordance with the terms of the Securities of that Series, any coupons appertaining thereto and this Indenture. Principal, premium if any, or interest payable with respect to any Securities shall be considered paid on the date due if the Paying Agent holds, or if the Company acts as its own Paying Agent, the Company holds in a segregated account in trust for the Holders due such payment, on the date money sufficient to pay all principal and premium, if any and interest then due. Unless otherwise set forth in the terms of Securities of Series established in accordance with Section 3.01, at the option of the Company, all payments of principal may be paid by check to the registered Holder of the Registered Security or other person entitled thereto against surrender of such Security.

SECTION 5.02. Maintenance of Office or Agency. In addition to the offices and agencies maintained pursuant to Section 3.04, the Company will maintain in each Place of Payment for any Series of Securities as to which it issues Securities, an office or agency where Securities of any Series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable, and where notices and demands to or upon the Company in respect of the Securities of that Series and this Indenture may be served. Each such office may be the office of any Paying Agent appointed by the Company. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of any such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands where Securities of that Series, if they are convertible or exchangeable, may be surrendered for conversion or exchange, as applicable, and where notices and demands to or upon the Company, in respect of the Securities of that Series and this Indenture may be served.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more Series may be presented or surrendered for any or all of such purposes specified above in this Section. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 5.03. Money for Security Payments To Be Held in Trust. If the Company shall at any time act as its own Paying Agent for any Series of Securities, it will, on or before each due date of the principal of, premium, if any, or interest on any of the Securities of such Series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum in the currency in which the Securities of such Series are payable sufficient to pay the principal, premium or interest so becoming due until such sums shall be paid to such Persons or otherwise

disposed of as herein provided, and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any Series of Securities, it will, at or prior to the opening of business on each due date of the principal of, premium, if any, or interest on any Securities of such Series, deposit with a Paying Agent a sum in the currency in which the Securities of such Series are payable sufficient to pay the principal, premium or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any Series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee subject to the provisions of this Section, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, premium, if any, or interest on Securities of that Series in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(ii) give the Trustee notice of any default by the Company (or any other obligor upon the Securities of such Series) in the making of any payment of principal, premium or interest on the Securities of that

Series; and

(iii) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent, and, upon such payments by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Security of any Series and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of that Security shall thereafter, as an unsecured general creditor, look only to the Company with respect to that Security for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in an Authorized Newspaper in each Place of Payment, notice that such money remains unclaimed and

that, after a date specified therein, that shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 5.04. Additional Amounts. If the Securities of a Series provide for the payment of additional amounts, the Company will pay to the Holder of any Security of any Series the additional amounts as provided in the terms of the Securities of that Series. Whenever in this Indenture there is mentioned, in any context, the payment of the principal of, premium, if any, or interest on, or in respect of, any Security of any Series or the net proceeds received on the sale or exchange of any Security of any Series, such mention shall be deemed to include mention of the payment of additional amounts provided for in this Section to the extent that, in such context, additional amounts are, were or would be payable in respect thereof pursuant to the provisions of this Section and express mention of the payment of additional amounts, if applicable, in any provisions hereof shall not be construed as excluding additional amounts in those provisions hereof where such express mention is not made.

If the Securities of a Series provide for the payment of additional amounts, at least 10 days prior to the first Interest Payment Date with respect to that Series of Securities (or if the Securities of that Series will not bear interest prior to Maturity, the first day on which a payment of principal, and premium, if any, is made), and at least 10 days prior to each date of payment of principal, and premium, if any, or interest if there has been any change with respect to the matters set forth in the below-mentioned Officers' Certificate, the Company will furnish the Trustee and the Company's Principal Paying Agent or Paying Agents, if other than the Trustee, with an Officers' Certificate instructing the Trustee and such Paying Agent or Paying Agents whether such payment of principal of (and premium, if any) or interest on the Securities of that Series shall be made to Holders of Securities of that Series who are United States Aliens without withholding for or on account of any tax, assessment or other governmental charge described in the Securities of that Series. If any such withholding shall be required, then such Officers' Certificate shall specify by country the amount, if any, required to be withheld on such payments to such Holders of Securities, and the Company will pay to the Trustee or such Paying Agent the additional amounts required by this Section. The Company covenants to indemnify the Trustee and any Paying Agent for, and to hold them harmless against, any loss, liability or reasonable expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any Officers' Certificate furnished pursuant to this Section.

SECTION 5.05. Statement as to Compliance. The Company will deliver to the Trustee, within 120 days after the end of each fiscal year of the Company, an Officers' Certificate (that need not comply with Section 1.02) (provided, however, that one of the signatories of that Officers' Certificate shall be the Company's principal executive officer, principal financial officer or principal accounting officer) stating, as to each signer thereof, that:

(i) a review of the activities of the Company during such year and of performance under this Indenture and under the terms of the Securities has been made under his supervision; and

(ii) to the best of each signer's knowledge, based on such review, (a) the Company has fulfilled all of its obligations and complied with all conditions and covenants under this Indenture and under the terms of the Securities throughout such year, or, if there has been a default in the fulfillment of any such obligation, condition or covenant specifying each such default known to the signer and the nature and status thereof, and (b) no event has occurred and is continuing that is, or after notice or lapse of time or both would become, an Event of Default, or if such an event has occurred and is continuing, specifying such event known to him and the nature and status thereof.

For purposes of this Section 5.05, compliance or default shall be determined without regard to any period of grace or requirement of notice provided for herein.

SECTION 5.06. Maintenance of Corporate Existence, Rights and Franchises. So long as any of the Securities shall be Outstanding, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises to carry on its business; provided, however, that nothing in this Section 5.06 shall (i) require the Company to preserve any such right or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders, (ii) prevent any consolidation or merger of the Company, or any conveyance or transfer of its property and assets substantially as an entirety to any person, permitted by Article Ten, or (iii) prevent the liquidation or dissolution of the Company after any conveyance or transfer of its property and assets substantially as an entirety to any person permitted by Article Ten.

ARTICLE SIX

Holders' Lists and Reports by the Trustee and the Company

SECTION 6.01. Preservation of Information; Communications to Holders; Communications Between Holders. (a) The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders of the Securities of each Series issued hereunder and shall otherwise comply with TIA (S)312(a) with respect to each Series of Securities issued hereunder. If the Trustee is not the Registrar, the Company shall furnish, or shall cause the Registrar (if other than the Company) to furnish, to the Trustee at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may reasonably request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of the Securities of that Series, and the Company shall otherwise comply with TIA (S)312(a) with respect to the Securities of that Series. The Trustee may destroy any list furnished to it as provided in this Section 6.01 upon receipt of a new list so furnished.

(b) If three or more Holders of Securities of any Series (hereinafter referred to as "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a Security of such Series for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders of Securities of such Series or with the Holders of all Securities with respect to their rights under this Indenture or under such Securities and is accompanied by a

copy of the form of proxy or other communication that such applicants propose to transmit, then the Trustee shall, within five Business Days after the receipt of such application, at its election, either:

(i) afford such applicants access to the information preserved at the time by the Trustee in accordance with Section 6.01(a); or

(ii) inform such applicants as to the approximate number of Holders of Securities of such Series or all Securities, as the case may be, whose names and addresses appear in the information preserved at the time by the Trustee in accordance with Section 6.01(a), and as to the approximate cost of mailing to such Holders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Holder of a Security of such Series or all Holders of Securities, as the case may be, whose names and addresses appear in the information preserved at the time by the Trustee in accordance with Section 6.01(a), a copy of the form of proxy or other communication that is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be

mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless, within five days after such tender, the Trustee shall mail to such applicants and file with the Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the Holders of Securities of such Series or all Securities, as the case may be, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Holders of Securities with reasonable promptness after the entry of such order and the renewal of such tender; otherwise, the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that none of the Company, the Trustee, any Authenticating Agent, any Payment Agent or any Registrar shall be held accountable by reason of the disclosure of any information as to the names and addresses of the Holders of Securities in accordance with Section 6.01 or TIA (S)312, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under this Section 6.01 or TIA (S)312(b).

(d) Holders may communicate pursuant to TIA (S)312(b) with other Holders with respect to their rights under this Indenture or the Securities of any Series issued hereunder. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA (S)312(c), and the Trustee shall comply with TIA (S)312(b) in connection with any such communication.

SECTION 6.02. Reports, Records and Filings by the Trustee.

(a) The Trustee shall, within 60 days after May 15 of each year commencing with the year 2003, mail to each Holder reports concerning the Trustee and its action under the Indenture as may be required pursuant to Section 313(a) of the TIA if and to the extent and in the manner provided pursuant thereto. The Trustee shall comply with TIA (S)313(b)(2) and shall transmit by mail all reports as required by TIA (S)313(c). The Trustee shall also comply with the other provisions of Section 313 of the TIA. Reports pursuant to this Section shall be transmitted by mail (1) to all Holders of Registered Securities, as their names and addresses appear in the Register, and (2) except in the cases of reports under Section 313(b)(2) of the TIA, to each Holder of a Security of any Series whose name and address appear in the information preserved at the time by the Trustee in accordance with Section 6.01. A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each securities exchange upon which any Securities are listed, and also with the Commission in accordance with TIA (S)313(d). The Company will notify the Trustee when any Securities are listed on any securities exchange.

(b) The Trustee or the Paying Agent, as applicable, shall be responsible for (a) obtaining from Holders all Internal Revenue Service forms (and similar forms under applicable state, local, and foreign tax law) required under applicable U.S. federal, state, local, or foreign tax law in order to establish exemptions from or reductions in withholding taxes, (b) preparing, filing with the applicable taxing authority, and (to the extent required under applicable tax law) furnishing Holders with copies of, all tax reports or statements with respect to interest or principal payments on, or redemptions of, Securities which are required to be prepared, filed, and furnished under applicable U.S. federal, state, local, or foreign tax law, and (c) withholding and paying over to the applicable taxing authorities any tax withholdings that are required to be made under such applicable tax law.

(c) The Trustee or the Paying Agent, as applicable, shall maintain all appropriate records documenting compliance with such requirements until such time as all applicable periods of limitation for assessing or collecting any taxes or penalties for failure to comply fully with such requirements have expired, and shall make such records available, on written request, to the Company or its authorized representative within a reasonable period of time after receipt of such request.

SECTION 6.03. Reports by the Company. The Company will:

(a) file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) that the Company is then required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if the Company is not required to file information, documents or reports pursuant to either of

those sections of the Exchange Act, then the Company will file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports that may be required pursuant to

Section 13 of the Exchange Act in respect of a Security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(b) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(c) transmit by mail to Holders of Securities, in the manner and to the extent provided in Section 6.02(a), within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company or pursuant to paragraphs (a) and (b) of this Section 6.03 as may be required by rules and regulations prescribed from time to time by the Commission.

ARTICLE SEVEN

Events of Default and Remedies

SECTION 7.01. Events of Default. "Event of Default," with respect to any Series of Securities, wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), unless it is either inapplicable to a particular Series or it is specifically deleted or modified in the Supplemental Indenture, the Board Resolution or Officers' Certificate under which such Series of Securities is issued or in the form of Security for that Series:

(i) the Company fails to pay any interest upon any Security of that Series when it becomes due and payable, and such failure continues for a period of 30 days; or

(ii) the Company fails to pay the principal of, or premium, if any, on any Security of that Series at its Maturity; or

(iii) with respect to the Securities of that Series, the Company fails to perform, or a breach occurs as to any covenant or warranty it is obligated to perform or made by the Company in this Indenture with respect to the Securities of that Series (other than a covenant or warranty, a default in the performance of which or a breach of which is elsewhere in this Section specifically dealt with or that has expressly been included in this Indenture by means of a Supplemental Indenture solely for the benefit of Series of Securities other than that Series), and continuance of such failure or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee or by the Holders of at least 25% in principal amount of the Outstanding Securities of that Series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(iv) the entry of a decree or order by a court having jurisdiction in the premises granting relief in respect of the Company in an involuntary case under the Federal Bankruptcy Code or any other applicable federal, state or foreign bankruptcy, insolvency or similar law, adjudging the Company, a bankrupt, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company, under the Federal Bankruptcy Code or any other applicable Federal or State, or foreign, bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, custodian, assignee, trustee, sequestrator (or other similar official) of the Company or of substantially all of its properties, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

(v) the institution by the Company of proceedings to be adjudicated a bankrupt, or the consent of the Company to the institution of bankruptcy proceedings against it, or the filing by the Company of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Code or any other applicable Federal, State or foreign bankruptcy, insolvency or similar law, or the consent by the Company to the filing of any such petition or to the appointment of a receiver,

liquidator, custodian, assignee, trustee, sequestrator (or other similar official) of the Company or of substantially all of its properties; or

(vi) any other event or occurrence that is designated to be an Event of Default provided with respect to Securities of that Series in the Supplemental Indenture, Board Resolution or Resolutions or Series Terms Certificate that establishes or evidences the terms of the Securities of that Series.

SECTION 7.02. Acceleration of Maturity; Rescission and Annulment. If an Event of Default with respect to any Series of Securities for which there are Securities Outstanding occurs and is continuing, then, and in every such case, the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of such Series may declare the principal of all the Securities of such Series (or, if the Securities of that Series are Original Issue Discount Securities, such portion of the principal amount as may be specified in, or determined in accordance with, the terms of that Series) to be immediately due and payable, by giving a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration, such amount, together with accrued interest thereof, shall become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any Series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of such Series by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences, and any Event of Default giving rise to such declaration shall not be deemed to have occurred, if:

(i) the Company has paid or deposited with the Trustee a sum sufficient to pay:

(A) all overdue installments of interest on all Securities of such Series,

(B) the principal of and premium, if any, of the Securities of such Series that have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor by the terms of the Securities of such Series,

(C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Securities of such Series, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, the Registrar, any Paying Agent, and their agents and counsel and all other amounts due the Trustee under Section 8.07; and

(ii) all Events of Default with respect to Securities of that Series, other than the nonpayment of the principal of Securities of that Series that have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 7.13.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 7.03. Collection of Indebtedness and Suits for Enforcement by Trustee. The Company covenants, that if:

(i) default is made in the payment of any installment of interest on any Security of any Series when such interest becomes due and payable and such default continues for a period of 30 days, or

(ii) default is made in the payment of the principal of or premium, if any, on any Security of any Series at the Maturity thereof,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holder of any such Security of that Series, the whole amount then due and payable on any Security of that Series for principal, premium, if any, and interest, with interest upon the overdue principal and premium, if any, and, to the extent that payment of such interest shall be lawful, upon overdue installments of interest, at the rate or rates prescribed therefor by the terms of any Security of that Series; and, in addition thereto, such further amount as shall be sufficient to cover the reasonable costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 8.07.

If the Company fails to pay such amounts forthwith upon such demand, the

Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company or any other obligor upon such Securities and

collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to any Series of Securities occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such Series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 7.04. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of any Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal, premium, if any, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of principal, (or, in the case of Original Issue Discount Securities, the portion of the stated principal of the Original Issue Discount Securities as may be provided in the terms thereof) premium, if any, and interest due and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 8.07) and of the Holders allowed in such judicial proceeding;

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and

(iii) unless prohibited by law or applicable regulations, to vote on behalf of the Holders of the Securities in any election of a trustee in bankruptcy or other person performing similar functions;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 8.07.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder of a Security any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder of a Security in any such proceeding.

SECTION 7.05. Trustee May Enforce Claims Without Possession of Securities. All rights of action and claims under this Indenture or under the Securities of any Series, may be prosecuted and enforced by the Trustee without the possession of any of the Securities of such Series or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 8.07, be for the ratable benefit of the Holders of the Securities of such Series in respect of which such judgment has been recovered.

SECTION 7.06. Application of Money Collected. Any money collected by the Trustee with respect to a Series of Securities pursuant to this Article shall be applied in the following order at the date or dates fixed by the Trustee, and, in case of the distribution of such money on account of principal, premium, if any, or interest, upon presentation of the Securities of that Series, and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 8.07 with respect to the Securities of that Series;

SECOND: To the payment of the amounts then due and unpaid upon the Securities of that Series for principal, premium, if any, and interest in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on Securities of that Series, for principal, premium, if any, and interest, respectively. The Holders of each Series of Securities denominated in any composite currency or a Foreign Currency shall be entitled to receive a ratable portion of the amount determined by the Exchange Rate Agent by converting the principal amount Outstanding of that Series of Securities and matured but unpaid interest on such Series of Securities in the currency in that Series of Securities denominated into Dollars at the Exchange Rate as of the Business Day immediately preceding the date of payment; and

THIRD: The balance, if any, to the Company.

SECTION 7.07. Limitation on Suits. No Holder of any Security of any Series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(i) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to Securities of such Series;

(ii) the Holders of not less than 25% in principal amount of the Outstanding Securities of such Series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(iii) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(iv) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of such Series;

it being understood and intended that no one or more Holders of Securities of such Series shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders of Securities of such Series or to obtain or to seek to obtain priority or preference over any other such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders of Securities of such Series.

SECTION 7.08. Unconditional Right of Holders To Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, that is absolute and unconditional, to receive payment of the principal of, premium, if any, and, subject to Section 3.08, interest on such Security on the respective Stated Maturities expressed in such Security or, in the case of redemption or repurchase on the Redemption Date or Repurchase Date and to institute suit for the enforcement of such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 7.09. Restoration of Rights and Remedies. If the Trustee or any Holder of a Security has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case the Company, the Trustee and the Holders shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 7.10. Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, lost, destroyed or stolen Securities in the last paragraph of Section 3.07, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 7.11. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to

the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 7.12. Control by Holders. The Holders of a majority in principal amount of the Outstanding Securities of any Series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Securities of such Series; provided that:

(i) such direction shall not be in conflict with any rule of law or with this Indenture;

(ii) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Holders not taking part in such direction;

(iii) subject to the provisions of Section 8.01, the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall, by a Responsible Officer or Officers of the Trustee, determine that the proceeding so directed would involve the Trustee in personal liability; and

(iv) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction.

SECTION 7.13. Waiver of Past Defaults. The Holders of a majority in principal amount of the Outstanding Securities of any Series may on behalf of the Holders of all the Securities of such Series waive any past default hereunder and its consequences, except a default not theretofore cured:

(i) in the payment of the principal of, premium, if any, or interest on any Security of such Series; or

(ii) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such Series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of the Securities of such Series under this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 7.14. Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 7.14

shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities of any Series, or to any suit instituted by any Holder of Securities for the enforcement of the payment of the principal of, premium, if any, or interest on any Security on or after the respective Stated Maturities expressed in that Security (or, in the case of redemption or repurchase, on or after the Redemption Date or Repurchase Date).

SECTION 7.15. Waiver of Stay or Extension Laws. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture. The Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to

the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE EIGHT

The Trustee

SECTION 8.01. Certain Duties and Responsibilities. (i) Except during the continuance of an Event of Default with respect to any Series of Securities:

(a) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to Securities of such Series, and no implied covenants or obligations shall be read into this Indenture against the Trustee with respect to such Series; and

(b) in the absence of bad faith on its part, the Trustee may conclusively rely with respect to that Series, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificate or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform as to form to the requirements of this Indenture.

(ii) In case an Event of Default with respect to any Series of Securities has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture with respect to such Series, and use the same degree of care and skill in their exercise, as a prudent person would exercise under the circumstances in the conduct of his or her own affairs.

(iii) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) this Section 8.01(iii) shall not be construed to limit the effect of Section 8.01(i);

(b) the Trustee shall not be liable for any error or judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(c) the Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Securities of any Series relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to Securities of such Series; and

(d) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(iv) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 8.01.

SECTION 8.02. Notice of Default. Within 90 days after the occurrence of any default hereunder with respect to Securities of any Series, the Trustee shall transmit by mail to all Holders of Securities of such Series entitled to receive reports pursuant to Section 6.02(a) notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of, premium, if any, or interest on any Security of such Series, or in the payment of any sinking fund installment with respect to Securities of such Series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Holders of Securities of such Series. For the purpose of this Section 8.02, the term "default," with respect to Securities of any Series, means any event that is, or after notice or lapse of time, or both, would become, an Event of Default with respect to Securities of such Series.

SECTION 8.03. Certain Rights of Trustee. Except as otherwise provided in Section 8.01:

(i) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, Security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(ii) any request or direction of the Board of Directors referred to herein shall be sufficiently evidenced by a Company Request or Company Order, and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(iii) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(iv) the Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(v) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction;

(vi) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, security or other paper or document, but the Trustee, in its discretion, may make further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney and, if so requested to do so by any of the Holders, at the sole cost and expense of the Holders;

(vii) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(viii) the Trustee shall not be charged with knowledge of any default (as defined in Section 8.02) or Event of Default unless either (1) a Responsible Officer of the Trustee shall have actual knowledge of such default or Event of Default or (2) written notice of such default or Event of Default shall have been given to the Trustee by the Company or any Holder;

(ix) the Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture; and

(x) in the event that the Trustee is also acting as Paying Agent, Authenticating Agent or Registrar hereunder, the rights and protections afforded to the Trustee pursuant

to this Article Eight shall also be afforded to such Paying Agent, Authenticating Agent or Registrar.

SECTION 8.04. Not Responsible for Recitals or Issuance of Securities. The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and neither the Trustee nor any Authenticating Agent assumes responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION 8.05. May Hold Securities. The Trustee, any Authenticating

Agent, any Paying Agent, the Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 8.08 and 8.13, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Registrar or such other agent.

SECTION 8.06. Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Company.

SECTION 8.07. Compensation and Reimbursement. The Company agrees:

(i) to pay to the Trustee from time to time reasonable compensation for all services rendered to the Company by the Trustee hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture and relating to Securities issued by the Company (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence or bad faith; and

(iii) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the Trustee's part, arising out of or in connection with the acceptance or administration of this trust in connection with the Securities of the Company, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

As security for the performance of the obligations of the Company under this Section, the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee in connection with the Securities of the Company as such, except funds held in trust for the payment of principal of, premium, if any, or interest on particular Securities.

Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 7.01(iv) or (v) as to the Securities of a Series, the expenses (including the reasonable fees and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration in connection with the Securities of the Company under any applicable bankruptcy, insolvency or other similar law.

The obligations of the Company set forth in this Section 8.07 and any lien arising hereunder shall survive the resignation or removal of any Trustee, the discharge of the Company's obligations pursuant to Article Eleven of this Indenture and the termination of this Indenture and the repayment of the Securities whether at the Stated Maturity or otherwise.

SECTION 8.08. Disqualification; Conflicting Interests. If the Trustee has or shall acquire a conflicting interest within the meaning of Section 310(b) of the TIA, the Trustee shall either eliminate such conflicting interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the TIA and this Indenture. To the extent permitted by the TIA, the Trustee shall not be deemed to have a conflicting interest with respect to the Securities of any Series by virtue of being Trustee with respect to the Securities of any particular Series of Securities other than that Series.

SECTION 8.09. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee with respect to each Series of Securities hereunder that shall be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000, subject to supervision or examination by Federal or State authority; provided, however, that if Section 310(a) of the TIA or the rules and regulations of the Commission under the TIA at any time permit a corporation organized and doing business under the laws of any other jurisdiction to serve as trustee of an Indenture qualified under the TIA, this Section 8.09 shall be automatically deemed amended to permit a corporation organized and doing business under the laws of any such jurisdiction to serve as Trustee hereunder. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 8.09, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Neither the Company nor any person directly or indirectly

controlling, controlled by or under common control with the Company may serve as Trustee. If at any time the Trustee with respect to any Series of Securities shall cease to be eligible in accordance with the provisions of this Section 8.09, it shall resign immediately in the manner and with the effect hereinafter specified in this Article Eight. The Trustee is subject to TIA (S)310(b), including the optional provision permitted by the second sentence of TIA (S)310(b)(9). The Trustee and any successor Trustee shall always satisfy the requirements of TIA (S)310(a)(1), (2) and (5).

SECTION 8.10. Resignation and Removal; Appointment of Successor Trustee.

(i) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 8.11.

(ii) The Trustee may resign with respect to any Series of Securities at any time by giving written notice thereof to the Company. If an instrument of acceptance by a successor Trustee shall not have been delivered to the resigning Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to Securities of such Series.

(iii) The Trustee may be removed with respect to any Series of Securities at any time by Act of the Holders of a majority in principal amount of the Outstanding Securities of such Series, delivered to the Trustee and to the Company.

(iv) If at any time:

(a) the Trustee shall fail to comply with Section 8.08 with respect to any Series of Securities after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security of such Series for at least six months; or

(b) the Trustee shall cease to be eligible under Section 8.09 with respect to any Series of Securities and shall fail to resign after written request therefor by the Company or by any Holder of Securities of such Series; or

(c) the Trustee shall become incapable of acting with respect to any Series of Securities or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (1) the Company by a Board Resolution may remove the Trustee with respect to such Series, or (2) subject to Section 7.14, any Holder who has been a bona fide Holder of a Security of such Series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee with respect to such Series.

(v) If the Trustee shall resign, be removed or become incapable of acting with respect to any Series of Securities, or if a vacancy shall occur in the office of the Trustee with respect to any Series of Securities for any cause, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those Series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such Series and that at any time there shall be only one Trustee with respect to the Securities of any particular Series) and shall comply with the applicable requirements of Section 8.11. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to such Series of Securities shall be appointed by the Act of the Holders of a majority in principal amount of the Outstanding Securities of such Series delivered to the Company and the retiring Trustee with respect to such Series, the successor Trustee so appointed shall, forthwith upon its acceptance of such

appointment, become the successor Trustee with respect to such Series and to that extent supersede the successor Trustee appointed by the Company with respect to such Series. If no successor Trustee with respect to such Series shall have been so appointed by the Company or the Holders of Securities of such Series and accepted appointment in the manner hereinafter provided, any Holder who has been a bona fide Holder of a Security of such Series for at least six months may, on behalf of himself

and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to such Series.

(vi) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any Series and each appointment of a successor Trustee with respect to the Securities of any Series by mailing written notice of that event by first-class mail, postage prepaid, to the Holders of Registered Securities of that Series as their names and addresses appear in the Register. Each notice shall include the name of the successor Trustee with respect to the Securities of such Series and the address of its Principal Corporate Trust Office.

SECTION 8.11. Acceptance of Appointment by Successor Trustee. (i) In the case of the appointment hereunder of a successor Trustee with respect to any Series of Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective with respect to all or any Series as to that it is resigning as Trustee, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to all or any such Series; but, on request of the Company or such successor Trustee, such retiring Trustee shall upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of such retiring Trustee with respect to all or any such Series; and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to all or any such Series, subject nevertheless to its lien, if any, provided for in Section 8.07.

(ii) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) Series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more Series shall execute and deliver a Supplemental Indenture wherein each successor Trustee shall accept such appointment and that (a) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those Series to which the appointment of such successor Trustee relates, (b) if the retiring Trustee is not retiring with respect to all Series of Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those Series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (c) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such Supplemental Indenture shall constitute such Trustee's co-trustees of the same trust and

that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such Supplemental Indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those Series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those Series to which the appointment of such successor Trustee relates, subject nevertheless to its lien, if any, provided for in Section 8.07.

(iii) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (i) or (ii) of this Section, as the case may be.

(iv) No successor Trustee with respect to a Series of Securities shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible with respect to such Series under this Article.

SECTION 8.12. Merger, Conversion, Consolidation or Succession to Business of Trustee. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party or any corporation succeeding to all or substantially all of the corporate

trust business of the Trustee, shall be the successor of the Trustee hereunder; provided that such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 8.13. Preferential Collection of Claims Against the Company. The Trustee is and shall be subject to the provisions of TIA (S)311(a). There shall be excluded from the operation of TIA (S)311(a) for all purposes, each creditor relationship described or listed in TIA (S)311(b). A Trustee that has resigned or been removed shall be subject to and shall comply with TIA (S)311(a) to the extent required thereby.

SECTION 8.14. Appointment of Authenticating Agents. The Trustee may appoint an Authenticating Agent or Agents, that may include any Affiliate of the Company, with respect to one or more Series of Securities. Such Authenticating Agent or Agents shall, at the option of the Trustee, be authorized to act on behalf of the Trustee to authenticate Securities of such Series issued upon original issuance, exchange, registration of transfer or partial redemption thereof or pursuant to Section 3.07, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by

the Trustee hereunder. Whenever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication or the delivery of Securities to the Trustee for authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent, a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent and delivery of Securities to the Authenticating Agent on behalf of the Trustee. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by Federal or State authority. Notwithstanding the foregoing, an Authenticating Agent located outside the United States may be appointed by the Trustee if previously approved in writing by the Company and if such Authenticating Agent meets the minimum capitalization requirements of this Section 8.14. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent; provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time (and upon request by the Company shall) terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent that shall be acceptable to the Company. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

If an appointment with respect to one or more Series is made pursuant to this Section, the Securities of such Series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication substantially in the following form:

This is one of the Securities of the Series designated as set forth in the within-mentioned Indenture that is issued under the within-mentioned Indenture.

BANK ONE TRUST COMPANY, NA,
as Trustee,

By_____
Authenticating Agent

By_____
Authorized Signatory

ARTICLE NINE

Supplemental Indentures

SECTION 9.01. Supplemental Indentures Without Consent of Holders. Without the consent of any Holder of any Securities, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more Supplemental Indentures, in form satisfactory to the Trustee, for any of the following purposes:

(i) to evidence the succession of another corporation or Person to the Company, and the assumption by any such successor of the covenants of the Company herein and in the Securities contained; or

(ii) to evidence and provide for the acceptance of appointment by another corporation as a successor Trustee hereunder with respect to one or more Series of Securities and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to Section 8.11; or

(iii) to add to the covenants of the Company, for the benefit of the Holders of Securities of all or any Series of Securities (and if such covenants are to be for the benefit of less than all Series of Securities, stating that such covenants are expressly being included solely for the benefit of that Series or those Series specified in such Supplemental Indenture), or to surrender any right or power herein conferred upon the Company; or

(iv) to cure any ambiguity, to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under the Indenture; provided that such action shall not adversely affect the interests of the Holders of Securities of any Series; or

(v) to add any additional Events of Default with respect to all or any Series of the Securities (and, if such Event of Default is applicable to less than all Series of Securities, specifying the Series to which such Event of Default is applicable); or

(vi) to add to, change or eliminate any of the provisions of this Indenture; provided that any such addition, change or elimination (a) shall become effective only when there is no Security Outstanding of any Series created prior to the execution of such

Supplemental Indenture that is adversely affected by such change in or elimination of such provision or (b) shall not apply to any Securities Outstanding; or

(vii) to establish the form or terms of Securities of any Series as permitted by Sections 2.02 and 3.01; or

(viii) to evidence any changes to Section 8.09 as permitted by the terms thereof; or

(ix) to comply with requirements of the Commission in order to effect or maintain the qualification of this Indenture under the TIA; or

(x) to add to or change or eliminate any provision of this Indenture as shall be necessary or desirable in accordance with any amendments to the TIA; provided such action shall not adversely affect the interest of Holders of Securities of any Series.

SECTION 9.02. Supplemental Indentures With Consent of Holders. (a) With the consent of the Holders of not less than a majority in aggregate principal amount of the Outstanding Securities of all Series affected by such Supplemental Indenture or Indentures (acting as one class), by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution and the Trustee may enter into an Indenture or Supplemental Indenture for the purpose of adding any provisions to or changing in any manner or

eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of each such Series under this Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

(i) change the Maturity of the principal of, or the Stated Maturity of any installment of interest (or premium, if any) on, any Security, or reduce the principal amount thereof or any premium thereon or the rate of interest thereon or change the method or methods for determining the rate of interest thereon or change the obligation of the Company to pay additional amounts pursuant to Section 5.04 (except as contemplated by Section 10.01(i) and permitted by Section 9.01), or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 7.02 or a repurchase or redemption of any Securities affected, or change the method of calculating interest thereon or the coin or currency in which any Security, premium, if any, thereon, or the interest thereon is payable, or reduce the minimum rate of interest thereon, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption or repurchase on or after the Redemption Date or Repurchase Date);

(ii) reduce the percentage in principal amount of the Outstanding Securities of any Series, the consent of whose Holders is required for any such Supplemental Indenture or the consent of whose Holders is required for any waiver of certain defaults hereunder and their consequences) provided for in this Indenture or reduce the requirements of Section 14.04 for a quorum;

(iii) change any obligation of the Company to maintain an office or agency in the places and for the purposes specified in Section 5.02; or

(iv) modify any of the provisions of this Section 9.02 or Section 7.13, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived.

(b) It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such Act shall approve the substance thereof.

(c) A Supplemental Indenture that changes or eliminates any covenant or other provision of this Indenture that has expressly been included solely for the benefit of one or more particular Series of Securities, or that modifies the rights of the Holders of Securities of such Series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other Series.

SECTION 9.03. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article Nine or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 8.01) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Indenture is authorized or permitted by and complies with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture that affects the Trustee's own rights, liabilities, duties or immunities under this Indenture or otherwise.

SECTION 9.04. Effect of Supplemental Indentures. Upon the execution of any Supplemental Indenture under this Article Nine, this Indenture shall be modified in accordance therewith, and such Supplemental Indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 9.05. Conformity with Trust Indenture Act. Every Supplemental Indenture executed pursuant to this Article Nine shall conform to the requirements of the TIA as then in effect.

SECTION 9.06. Reference in Securities to Supplemental Indentures. Securities authenticated and delivered after the execution of any Supplemental Indenture pursuant to this Article Nine may, and shall, if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Company, to any such Supplemental Indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities.

ARTICLE TEN

Amalgamation, Consolidation, Merger, Conveyance or Transfer

SECTION 10.01. Company May Consolidate Only on Certain Terms. So long as any Security remains Outstanding, the Company shall not amalgamate or consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person or enter into any reorganization or arrangement, unless:

(i) the Company shall be the surviving or continuing entity or the Person formed by such amalgamation, consolidation or into which the Company is merged or the Person that acquires by conveyance or transfer the properties and assets of the Company substantially as an entirety is an entity organized under the laws of a state of the United States of America, and the Company has delivered to the Trustee (x) an Opinion of Counsel to the effect that Holders will not recognize income, gain or loss for federal income tax purposes as a result of such amalgamation, consolidation, merger, conveyance or transfer transaction involving the Company, and will be subject to Federal income tax on the same amount and in the same manner and at the same times as would have been the case if such transaction had not been effected, which Opinion of Counsel shall be based upon (and accompanied by a copy of) a ruling of the Internal Revenue Service to the same effect unless there has been a change in applicable Federal income tax law after the Closing Date such that a ruling is no longer required or (y) a ruling directed to the Trustee received from the Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel;

(ii) immediately after giving effect to such transaction, no Event of Default, and no event that, after notice or lapse of time, or both, would become an Event of Default, shall have happened and be continuing; and

(iii) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such amalgamation, consolidation, merger, conveyance or transfer and such Supplemental Indenture comply with this Article Ten and that all conditions precedent herein provided for relating to such transaction have been complied with.

SECTION 10.02 Successor Corporation Substituted. Upon any amalgamation, consolidation, merger, reorganization or arrangement or any conveyance or transfer of the properties and assets of the Company substantially as an entirety in accordance with Section 10.01, the successor Person formed by such amalgamation or consolidation or into which the Company is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company, as the case may be, under this Indenture with the same effect as if such successor Person had been named as the Company herein. In the event of any such conveyance or transfer, the Company, as the predecessor corporation, shall be relieved of all obligations and covenants under this Indenture and the Securities, and may be dissolved, wound up and liquidated at any time thereafter. Such successor Person thereupon may cause to be signed, and may issue either in its own name or in the name of the Company, any or all of Securities of any Series issuable hereunder which

theretofore shall not have been signed by the Company and delivered to the Trustee. All Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued, or annexed, or endorsed at the date of the execution hereof.

ARTICLE ELEVEN

Satisfaction and Discharge

SECTION 11.01. Option to Effect Legal Defeasance or Covenant Defeasance.

The Company may, at the option of the Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have either Section 11.02 or 11.03 be applied to all outstanding Securities of all Series or any Series upon compliance with the conditions set forth below in this Article Eleven.

SECTION 11.02. Legal Defeasance and Discharge. Upon the Company's exercise under Section 11.01 of the option applicable to this Section 11.02 as to the outstanding Securities of all Series or any Series, the Company, as applicable, shall, subject to the satisfaction of the applicable conditions set forth in Section 11.04, be deemed to have been discharged from its obligations with respect to all outstanding Securities as to which the option provided in Section 11.01 is exercised, on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by such outstanding Securities, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 11.05, Section

11.09 and the other Sections of this Indenture referred to below, and to have satisfied all its other obligations under such Securities and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Securities to receive solely from the trust fund described in Section 11.04, and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest and Additional Interest, if any, on such Securities when such payments are due, (b) the Company's obligations with respect to such Securities under Article Three and Section 5.02, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's obligations in connection therewith and (d) this Article Eleven. Subject to compliance with this Article Eleven, the Company may exercise its option under this Section 11.02 notwithstanding the prior exercise of its option under Section 11.03.

SECTION 11.03. Covenant Defeasance. Upon the Company's exercise under Section 11.01 of the option applicable to this Section 11.03 as to the outstanding Securities of all Series or any Series, subject to the satisfaction of the applicable conditions set forth in Section 11.04, the Company shall be released from its respective obligations under Section 5.06, in each case on and after the date the conditions set forth below are satisfied as to those Securities as to which that option is exercised (hereinafter, "Covenant Defeasance"), and such

Securities shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Securities shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Securities of any Series as to which the Covenant Defeasance has occurred, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 7.01(iii), but, except as specified above, the remainder of this Indenture and such Securities shall be unaffected thereby. In addition, upon the Company's exercise under Section 11.01 of the option applicable to this Section 11.03, subject to the satisfaction of the applicable conditions set forth in Section 11.04, Section 7.01(iii) shall not constitute Events of Default.

SECTION 11.04. Conditions to Legal or Covenant Defeasance. The following shall be the conditions to the application of either Section 11.02 or 11.03 to the outstanding Securities:

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit or cause to be deposited with the Trustee, in trust, for the benefit of the Holders of the Securities as to which Legal Defeasance or Covenant Defeasance will occur, moneys (which shall be United States legal tender except to the extent necessary to provide for the payment of any Series of Securities that is denominated in a currency other than United States dollars, in which case such moneys shall include such other currency) and Government Securities (or to the extent that a Series of Securities is denominated in a currency other than United States dollars, equivalent securities issued by a government, governmental agency or central bank of the country in whose currency the Series of Securities is denominated that are backed by the full faith and credit of the government of that country) or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, interest on such Securities on the Stated Maturity for payment thereof or on the redemption date of such principal or installment of principal of, premium, if any, or interest on such Securities (and the Company must specify whether the Securities are being defeased to maturity or to a particular redemption date), and the Holders of such Securities must have a valid, perfected, exclusive security interest in such trust;

(2) in the case of an election under Section 11.02, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (A) the Company has received from, or there has been published by the Internal Revenue Service, a ruling or (B) since the date of this Indenture, there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of such Securities will not recognize income, gain or loss for Federal income tax purposes as a result of such Legal Defeasance and will be

subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of an election under Section 11.03, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to such Trustee confirming that the Holders of such Securities will not recognize income, gain or loss for Federal income tax purposes as a result of such Covenant Defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under this Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(6) the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to such Trustee confirming that, after the 91st day following such deposit, the deposited funds will not be part of any "estate" formed by the bankruptcy of the Company or subject to the "automatic stay" under the Bankruptcy Code or, in the case of Covenant Defeasance, will be subject to a first priority Lien in favor of the Trustee for the benefit of the Holders;

(7) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of such Securities over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company, or others; and

(8) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that the conditions precedent provided for in such documents have been complied with.

If the funds deposited with the Trustee to effect Covenant Defeasance are insufficient to pay the principal of, premium, if any, and interest on the Securities when due, then the obligations of the Company under this Indenture will be revived, no such defeasance shall be deemed to have occurred and, at the request of the Company, the Trustee will return to the Company the funds deposited by the Company to effect the Covenant Defeasance.

SECTION 11.05. Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions. Subject to Section 11.06, all moneys and Government Securities (and any foreign government securities) (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 11.05, the "Trustee") pursuant to Section 11.04 in respect of outstanding Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this

Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal, premium, if any, and interest (and Additional Interest, if any), but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or Government Securities deposited pursuant to Section 11.04 or the principal and interest received in respect thereof, other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Securities.

Anything in this Article Eleven to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any money or Government Securities held by it as provided in Section 11.04 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 11.04), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 11.06. Repayment to the Company. Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Security and

remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its written request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as a creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 11.07. Reinstatement. If the Trustee or Paying Agent is unable to apply any moneys, Government Securities or other securities that have been deposited pursuant to Section 11.04 in accordance with Section 11.02 or 11.03, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Securities as to which the option under Section 11.01 is exercised shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.04, until such time as the Trustee or Paying Agent is permitted to apply all such moneys, Government Securities or other securities in accordance with Section 11.02 or 11.03, as the case may be; provided, however, that, if the Company makes any payment of principal of, premium, if any, or interest on any Security following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the moneys, Government Securities or other securities held by the Trustee or Paying Agent.

SECTION 11.08. Satisfaction and Discharge of Indenture. This Indenture shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities as provided in Sections 3.06 and 3.07 and in the Securities, all rights to receive payments thereof or thereon as provided in Sections 3.08 and 5.01 and otherwise in this Indenture and in the Securities and any right to receive additional amounts as provided in Section 5.04), and the Trustee, on receipt of a Company Request and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Company, when:

(i) either

(a) all Securities theretofore authenticated and delivered (other than (1) Securities that have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.07, and (2) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 5.03) have been delivered to the Trustee for cancellation; or

(b) all such Securities not theretofore delivered to the Trustee for cancellation

(1) have become due and payable, or

(2) will become due and payable at their Maturity within 60 days, or

(3) are to be called for redemption within sixty days under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of clause (b) (1), (2) or (3) above, has deposited or caused to be deposited with the Trustee, as trust funds in trust for that purpose, an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of such deposit (in the case of Securities that have become due and payable), or to the Maturity or Redemption Date, as the case may be;

(ii) the Company has paid or caused to be paid all other sums payable hereunder by it; and

(iii) no Default or Event of Default shall have occurred and be continuing; and

(iv) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of

this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 8.07 and, if money shall have been deposited with the Trustee pursuant to clause (i)(b) of this Section 11.08, the obligations of the Trustee under Section 11.02 and the last paragraph of Section 5.03 shall survive.

SECTION 11.09. Application of Trust Money. Subject to the provisions of the last paragraph of Section 5.03, all money deposited with the Trustee pursuant to Section 11.01 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent), as the Trustee may determine, to the Persons entitled thereto, of the principal, premium, if any, and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

ARTICLE TWELVE

Immunity of Incorporators, Stockholders, Officers and Directors

SECTION 12.01. Exemption from Individual Liability. No recourse under or upon any obligation, covenant or agreement of this Indenture, or of any Security, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the obligations issued hereunder are solely corporate obligations of the Company, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, stockholders, officers or directors, as such, of the Company or of any successor corporation, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom; and that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, stockholder, officer or director, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issuance of the Securities.

ARTICLE THIRTEEN

Sinking Funds

SECTION 13.01. Applicability of Article. The provisions of this Article Thirteen shall be applicable to any sinking fund for the retirement of Securities of a Series except as otherwise specified in the terms of that Series as established in accordance with Section 3.01. The minimum amount of any sinking fund payment provided for by the terms of Securities of any Series is herein referred to as a "mandatory sinking fund payment," and any payment in

excess of such minimum amount provided for by the terms of Securities of any Series is herein referred to as an "optional sinking fund payment." If provided for by the terms of Securities of any Series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 13.02. Each sinking fund payment shall be applied to the redemption of Securities of any Series as provided for by the terms of Securities of such Series.

SECTION 13.02. Satisfaction of Sinking Fund Payments with Securities. The Company (i) may deliver Outstanding Securities of a Series (other than any previously called for redemption), and (ii) may apply as a credit Securities of a Series that have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to the Securities of such Series required to be made pursuant to the terms of such Securities as provided for by the terms of such Series; provided that such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in or calculated in accordance with such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

SECTION 13.03. Redemption of Securities for Sinking Fund. Not less than 60 days prior to each sinking fund payment date for any Series of Securities, the Company will deliver to the Trustee and the Registrar an Officers' Certificate specifying (i) the amount of the next ensuing sinking fund payment for the Securities of that Series pursuant to the terms of the Securities of that Series, (ii) the portion thereof, if any, that is to be satisfied by payment of cash and the portion thereof, if any, that is to be satisfied by delivering and crediting Securities of that Series pursuant to Section 13.02, and (iii) that none of such Securities has theretofore been so credited, and stating the basis for such credit, and will also deliver to the Trustee any Securities to be so delivered. Not less than 30 days before each sinking fund payment date the Registrar shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 4.03 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 4.04. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 4.06 and 4.07 and shall be subject to Section 4.08.

ARTICLE FOURTEEN

Meetings of Holders of Securities

SECTION 14.01. Purposes for Which Meetings May Be Called. A meeting of Holders of Securities of any Series may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other Act provided by this Indenture to be made, given or taken by Holders of Securities of such Series.

SECTION 14.02. Call, Notice and Place of Meetings. (i) The Trustee may at any time call a meeting of Holders of Securities of any Series for any purpose specified in Section 14.01, to be held at such time and at such place, in the Borough of Manhattan, The City of New York, as the Trustee shall determine. Notice of every meeting of Holders of Securities of any

Series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given, in the manner provided in Section 1.06, not less than 21 nor more than 180 days prior to the date fixed for the meeting.

(ii) If at any time the Company, pursuant to a Board Resolution, or the Holders of at least 10% in principal amount of the Outstanding Securities of any such Series shall have requested the Trustee to call a meeting of the Holders of Securities of such Series for any purpose specified in Section 14.01, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall have made the first publication of the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Company or the Holders of Securities of such Series in the amount above specified, as the case may be, may determine the time and the place in the Borough of Manhattan, The City of New York for such meeting and may call such meeting for such purposes by giving notice thereof as provided in Section 14.02(i).

SECTION 14.03. Persons Entitled to Vote at Meetings. To be entitled to vote at any meeting of Holders of Securities of any Series, a Person shall be (1) a Holder of one or more Outstanding Securities of such Series, or (2) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more Outstanding Securities of such Series by such Holder or Holders. The only Persons who shall be entitled to be present or to speak at any meeting of Holders of Securities of any Series shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

SECTION 14.04. Quorum; Action. The Persons entitled to vote a majority in principal amount of the Outstanding Securities of a Series shall constitute a quorum for a meeting of Holders of Securities of such Series; provided, however, that if any action is to be taken at such meeting with respect to a consent or waiver which this Indenture expressly provides may be given by the Holders of a greater percentage in principal amount of the Outstanding Securities of a Series, the Persons entitled to vote such greater percentage in principal amount of the Outstanding Securities of such Series shall constitute a quorum. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Securities of such Series, be dissolved. In the absence of a quorum in any other case the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days as determined by the chairperson of the meeting prior to the adjournment of such adjourned meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in Section 14.02(i), except that such notice need be given only once not less than

five days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of an adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such Series that shall constitute a quorum.

Except as limited by the provisos to Section 9.02, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted

only by the affirmative vote of the Holders of a majority in principal amount of the Outstanding Securities of the Series; provided, however, that, except as limited by the provisos to Section 9.02, any resolution with respect to any consent or waiver that this Indenture expressly provides may be given by the Holders of a greater percentage in principal amount of the Outstanding Securities of a Series may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid only by the affirmative vote of the Holders of such greater percentage in principal amount of the Outstanding Securities of that Series; and provided further that, except as limited by the provisos to Section 9.02, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other Act that this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage, that is less than a majority in principal amount of the Outstanding Securities of a Series may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of such specified percentage in principal amount of the Outstanding Securities of that Series.

Any resolution passed or decision taken at any meeting of Holders of Securities of any Series duly held in accordance with this Section shall be binding on all the Holders of Securities of such Series, whether or not present or represented at the meeting.

SECTION 14.05. Determination of Voting Rights; Conduct and Adjournment of Meetings.

(i) Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Securities of such Series in regard to proof of the holding of Securities of such Series and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 1.04, and the appointment of any proxy shall be proved in the manner specified in Section 1.04. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 1.04 or other proof.

(ii) The Trustee shall, by an instrument in writing, appoint a temporary chairperson of the meeting, unless the meeting shall have been called by the Company or by Holders of Securities as provided in Section 14.02(ii), in which case the Company or the Holders of Securities of the Series calling the meeting, as the case may be, shall in like manner appoint a temporary chairperson. A permanent chairperson and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in principal amount of the Outstanding Securities of such Series represented at the meeting.

(iii) At any meeting, each Holder of a Security of such Series or proxy shall be entitled to one vote for each $1,000 principal amount (or the equivalent in Euros, any common or composite currency or a Foreign Currency) of Securities of such Series held

or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairperson of the meeting not to be Outstanding. The chairperson of the meeting shall have no right to vote, except as a Holder of a Security of such Series or proxy.

(iv) Any meeting of Holders of Securities of any Series duly called pursuant to Section 14.02 at which a quorum is present may be adjourned from time to time by Persons entitled to vote a majority in principal amount of the Outstanding Securities of such Series represented at the meeting; and the meeting may be held as so adjourned without further notice.

SECTION 14.06. Counting Votes and Recording Action of Meetings. The

vote upon any resolution submitted to any meeting of Holders of Securities of any Series shall be by written ballots on which shall be subscribed the signatures of the Holders of Securities of such Series or of their representatives by proxy and the principal amounts and serial numbers of the Outstanding Securities of such Series held or represented by them. The permanent chairperson of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in triplicate of all votes cast at the meeting. A record, with at least four copies thereof, of the proceedings of each meeting of Holders of Securities of any Series shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 14.02 and, if applicable, Section 14.04. Each copy shall be signed and verified by the affidavits of the permanent chairperson and secretary of the meeting and one such copy shall be delivered to the Company and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

ARTICLE FIFTEEN

Miscellaneous

SECTION 15.01. Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original; which taken together shall constitute but one and the same instrument.

Bank One Trust Company, NA hereby accepts the trusts in this Indenture declared and provided, upon the terms and conditions hereinabove set forth.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

{SEAL}

Attest:

/s/ Anthony D. George
- --------------------------

WAL-MART STORES, INC.

By: /s/ Rick W. Brazile

Name: Rick W. Brazile
Title: Vice President of Planning and Analysis

{SEAL}

Attest:

/s/ Janice Ott Rotunno
- --------------------------

BANK ONE TRUST COMPANY, NA, as Trustee

By: /s/ Benita Pointer

Name: Benita Pointer
Title: Assistant Vice President

STATE OF ARKANSAS (S)
(S) (S):
COUNTY OF BENTON (S)

On December 9, 2002, before me personally came to me known, Rick W. Brazile, who, being by me duly sworn, did depose and say that he works at 702 S.W. 8th St., Bentonville, Arkansas; that he is Vice President of Planning and Analysis of WAL-MART STORES, INC., one of the parties described in and which executed the foregoing instrument; that he knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

/s/ DeLaine J. Mulligan

Notary Public

{Notarial Seal}

STATE OF ILLINOIS (S)
(S) (S):
COUNTY OF COOK (S)

On December 11, 2002, before me personally appeared Benita A. Pointer, to me known, who, being by me duly sworn, did depose and say that she works at 55 West Monroe St., 15th Floor, Chicago, Illinois 60670, that she is a Vice President of BANK ONE TRUST COMPANY, NA, one of the parties described in and which executed the foregoing instrument; that she knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that she signed her name thereto by like authority.

/s/ Sheila Sheree Reaves

Notary Public

{Notarial Seal}

Exhibit II.2.

Form of Series Form Certificate
WAL-MART STORES, INC.

Series Terms Certificate
Pursuant to Section 3.01 of the Indenture

Pursuant to Section 3.01 of the Indenture, dated as of December 11, 2002 (the "Indenture"), made by and among Wal-Mart Stores, Inc., a Delaware corporation (the "Company"), and Bank One Trust Company, NA, as trustee (the "Trustee"), Rick W. Brazile, Vice President of Planning and Analysis (the "Series Officer"), hereby certifies as follows, and Anthony D. George, Assistant General Counsel, Finance, and Assistant Secretary of the Company, attests to the following certification. Any capitalized term used herein will have the definition ascribed to that term as set forth in the Indenture unless otherwise defined herein.

This Series Term Certificate (this "Certificate") relates to a Series of Securities initially being established in connection with the exchange offer (the "Exchange Offer") being made by the Company for the 8.375% Notes due 2007, 10.875% Bonds due 2010 and 6.625% Notes due 2015 of Asda Group Limited, a corporation organized under the laws of England and Wales and a wholly-owned indirect subsidiary of the Company (collectively, the "Asda Debt Securities") and for which the Securities of that Series will be offered in exchange for the Asda Debt Securities. The terms and conditions of the Exchange Offer are as set forth in the Offering Memorandum of the Company dated January [__], 2003 by which the Company will make the Exchange Offer (the "Offering Memorandum").

A. This Certificate is a Series Terms Certificate contemplated by Section 3.01 of the Indenture and is being executed to evidence the establishment and approval of the terms and conditions of the Series of Securities that was established pursuant to Section 3.01 of the Indenture (the "Exchange Series") by means of a Unanimous Written Consent of the Executive Committee of the Board of Directors of the Company, dated as of December 20, 2002 (the "Original Series Consent") by the Series Officer pursuant to the grant of authority under the terms of the Original Series Consent.

B. Each of the undersigned has read the Indenture, including the provisions of Sections 1.02 and 3.01 thereof and the definitions relating thereto, and the resolutions adopted in the Original Series Consent. In the opinion of the undersigned, the undersigned have made such examination or investigation as is necessary to enable the undersigned to express an informed opinion as to whether or not all conditions precedent provided for in the Indenture relating to the execution and delivery by the Trustee of the Indenture, the creation, establishment and approval of the title, form and terms of a Series under the Indenture, and the authentication and delivery by the Trustee of promissory notes of a Series, have been complied with. In the opinion of the undersigned, (i) all such conditions precedent have been complied with and (ii) there are no Events of Default (as defined in the Indenture), or events which, with the passage of time, would become an Event of Default under the Indenture.

C. The Exchange Series established in the Original Series Consent will be designated as the [.]% Notes due 2013.

D. Pursuant to the Original Series Consent, the Company is authorized to issue that aggregate principal amount of promissory notes of the Exchange Series required to be issued to the holders of the Asda Debt Securities that are validly tendered, not validly withdrawn and are accepted by the Company pursuant to the terms of the Exchange Offer (the "Initial Notes"). A copy of the Original Series Consent is attached hereto as Annex A. Any promissory notes that the Company issues that are a part of the Exchange Series (the "Notes") will be represented by one or more global securities substantially in the form attached hereto as Annex B (the "Form of Note").

E. Pursuant to Section 3.01 of the Indenture, the terms and conditions of the Exchange Series and the promissory notes forming a part of the Exchange Series, including the Notes, are established and approved to be the following:

1. Designation:

The Series established by the Original Series Consent will be designated the "[__]% Notes due 2013."

2. Aggregate Principal Amount:

The Exchange Series is not limited as to the aggregate principal amount of all the promissory notes of the Exchange Series that the Company may issue. The Company is issuing the Initial Notes, which have an aggregate original principal amount that will be determined based on the principal amount of the Asda Debt Securities that are validly tendered, not validly withdrawn and accepted by the Company for exchange in the Exchange Offer and the Exchange Ratio (as defined in the Offering Memorandum) for each series of the Asda Debt Securities in accordance with the principles set forth in the Offering Memorandum.

3. Maturity:

Final maturity of the Notes will be January [__], 2013.

4. Interest:

a. Rate

The Notes will bear interest at the rate of [__]% per annum.

b. Payment Dates

Interest will be payable on the Notes semi-annually in arrears on January [__] and July [__] of each year, beginning on July [__], 2003, to the person or persons in whose name or names the Notes

are registered at the close of business on the preceding January [__] or July [__], 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.

5. Currency of Payment:

The principal and interest payable with respect to the Notes will be payable in British pounds sterling.

6. Payment Places:

All payments of principal of and interest on the Notes will be made to Bank One, NA, acting through its London branch, so long as the Notes are in global form, otherwise payment will be made at the office or agency of the Company in the Borough of Manhattan, The City of New York or in London; provided, however, that at the option of the Company, the Company may pay interest by check mailed to the person entitled thereto at such person's address as it appears on the Registry for the Notes.

7. Optional Redemption Features:

The Company may redeem all or any part of the Notes at any time and from time to time after the issuance of the Notes upon the terms and subject to the conditions set forth in Section 4 of the Form of Note. The "Benchmark Gilt" used to determine the Redemption Price will be the [__]% [Treasury] [Exchequer] Stock due _____.

The Company may redeem the whole, but not part, of the Notes upon the occurrence of certain tax events pursuant to Section 5(b) of the Form of Note.

There is no sinking fund with respect to the Notes.

8. Denominations:

The Notes will be issued in denominations of (Pounds)1,000 and integral multiples of (Pounds)1,000.

9. Principal Repayment:

100% of the principal amount of each Note.

10. Registrar and Paying Agent:

Bank One, NA, acting through its London branch, will be the Registrar, London Paying Agent and London Transfer Agent for the Notes and Bank One Trust Company, NA will be the U.S. Paying Agent and U.S. Transfer Agent for the Notes.

11. Defeasance:

Defeasance:

The Notes are not subject to defeasance.

12. Payment of Additional Amounts:

Payment of Additional Amounts:

The Company will pay additional amounts as set forth under Section 5(a) of the Form of Notes.

13. Book-Entry Procedures:

Book-Entry Procedures:

The Notes will be issued in the form of global Notes registered in the name of Bank One Nominees Limited, as nominee of Bank One, NA, the common depositary for Clearstream, Luxembourg and Euroclear, and will be issued in certificated form only in limited circumstances, in each case, as set forth under Sections 13 and 14 of the Form of Note. The Notes will initially be issued on book-entry basis only.

14. Other Terms:

Other Terms:

Sections 2, 3, 6, 7, 10, 11, 12, 13, 14, 15, 17, 18, and 19, of the Form of Note attached hereto as Annex B will also apply to the Notes.

The Notes will not have any terms or conditions of the type contemplated by clause (iii), (vi), (vii), (xii), (xiii), (xiv), (xvi), (xvii) or (xx) of Section 3.01 of the Indenture.

E. The Notes will be issued pursuant to and governed by the Indenture. To the extent that the Indenture's terms apply to the Notes specifically or apply to the terms of all Securities of all Series established pursuant to and governed by the Indenture, such terms will apply to the Notes.

IN WITNESS WHEREOF, the undersigned has hereunto executed this Certificate as of January [__], 2003.

_____
Rick W. Brazile
Vice President of Planning and Analysis

ATTEST:

_____
Anthony D. George
Assistant General Counsel, Finance,
and Assistant Secretary

ANNEX A

ORIGINAL SERIES CONSENT

[Text Not Included]

ANNEX B

FORM OF NOTE

[Text Included as Exhibit II.3 to Form CB]

Form of Global Note

This Note is a global security and is registered in the name of Bank One Nominees Limited, as Nominee (the "Nominee") for Bank One, NA, the common depositary (the "Depositary") for Clearstream Banking, societe anonyme and Euroclear Bank S.A./N.V. Unless and until this Note is exchanged for Notes in definitive form, this Note may not be transferred except as a whole by the Nominee or a nominee of the Depositary to the Depositary or another depositary or by the Depositary or any such nominee to a successor depositary or a nominee of such successor depositary.

Unless this Note is presented by an authorized representative of the Nominee to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Bank One Nominees Limited or in such other name as is requested by an authorized representative of the Depositary (and any payment is made to Bank One Nominees Limited or to such other entity as is requested by an authorized representative of the Depositary), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Bank One Nominees Limited, has an interest herein.

Wal-Mart Stores, Inc.

[____]% NOTES DUE 2013

[Number .] ISIN No.: XS0160673264
[(Pounds).] Common Code: 016067326

WAL-MART STORES, INC., a corporation duly organized and existing under the laws of the State of Delaware, and any successor corporation pursuant to the Indenture (herein referred to as the "Company"), for value received, hereby promises to pay to BANK ONE NOMINEES LIMITED or registered assigns, the principal sum of [.] POUNDS STERLING on January [__], 2013, in such coin or currency of the United Kingdom [of Great Britain and Northern Ireland (the "United Kingdom")] as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest, computed on the basis of a 360-day year of twelve 30-day months, semi-annually in arrears on January [__] and July [__] of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "Interest Payment Date"), commencing on July [__], 2003, on said principal sum in like coin or currency, at the rate per annum specified in the title of this Note from January [__], 2003 or from the most recent January [__] or July [__] to which interest has been paid or duly provided for. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Note is registered (the "holder") at the close of business on the preceding January [__], in the case of an Interest Payment Date of January [__], and on the preceding July [__], in the case of an Interest Payment Date of July [__] (each, a "Record Date").

Reference is made to the further provisions of this Note set forth in the succeeding sections hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee under the Indenture referred to in Section 1 hereof.

IN WITNESS WHEREOF, the Company has caused this instrument to be signed by its Chairman of the Board, its Vice Chairman, its President or one of its Vice Presidents by manual or facsimile signature under its corporate seal, attested by its Secretary, one of its Assistant Secretaries, its Treasurer or one of its Assistant Treasurers by manual or facsimile signature.

Wal-Mart Stores, Inc.

By: _____
Name:
Title:

[SEAL] Attest: _____
Name:
Title:

Dated: January [__], 2003

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture.

Bank One Trust Company, NA,
as Trustee

By: _____
Authorized Signatory

WAL-MART STORES, INC.

[____]% NOTES DUE 2013

1. Indenture; Notes. This Note is one of a duly authorized series of Securities of the Company designated as the "[____]% Notes due 2013" (the "Notes"), issued in an aggregate principal amount of [(pound)_____] on January [__], 2003. Such Series of Securities has been established pursuant to, and is one of an indefinite number of series of debt securities of the Company, issued or issuable under and pursuant to, the Indenture, dated as of December 11, 2002 (the "Indenture"), duly executed and delivered by the Company and Bank One Trust Company, NA, as Trustee (the "Trustee"), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Notes and of the terms upon which this Note is, and is to be, authenticated and delivered. The terms, conditions and provisions of the Notes are those stated in the Indenture, those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and those set forth in this Note. To the extent that the terms, conditions and other provisions of this Note modify, supplement or are inconsistent with those of the Indenture, then the terms, conditions and other provisions of this Note shall govern.

All capitalized terms that are used but not defined in this Note shall have the meanings assigned to them in the Indenture.

The Company may, without the consent of the Holders, issue and sell additional Securities ranking equally with the Notes and otherwise identical in all respects (except for their date of issue, issue price and the date from which interest payments thereon shall accrue) so that such additional Securities shall be consolidated and form a single series with the Notes; provided, however, that no additional Securities of any existing or new series may be issued under the Indenture if an Event of Default has occurred and remains uncured thereunder.

2. Ranking. The Notes shall constitute the senior, unsecured and unsubordinated debt obligations of the Company and shall rank equally in right of payment among themselves and with all other existing and future senior, unsecured and unsubordinated debt obligations of the Company.

3. Payment of Overdue Amounts. The Company shall pay interest, calculated on the basis of a 360-day year of twelve 30-day months, on overdue principal and overdue installments of interest, if any, from time to time on demand at the interest rate borne by the Notes to the extent lawful.

4. Optional Redemption. The Company may, at its sole option and discretion, redeem all or any part of the Notes at any time and from time to time after their issuance at a redemption price (the "Optional Redemption Price") equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the price at which the yield on the outstanding principal amount of the Notes on the Reference Date (as defined herein) is equal to the yield on the [insert name of Benchmark Gilt] (the "Benchmark Gilt") as of the Reference Date for that redemption, as determined by reference to the middle-market price on the benchmark U.K. Gilt at 3:00 p.m., London time, on that date, in either case, plus accrued and

unpaid interest on the Notes up to, but excluding, that Reference Date specified as the redemption date for the Notes being redeemed (each such date, an "Optional Redemption Date"). Such yield shall be determined in accordance with customary market practice. "Reference Date" means the date that is the first dealing day in London prior to the publication of the notice of redemption referred to below.

(a) The Company will give notice of any redemption of Notes pursuant to this Section 4 between 30 and 60 days preceding the Optional Redemption Date relating to that redemption to each holder of the Notes to be redeemed as described above.

(b) In the case of any partial redemption pursuant to this Section 4, selection of the Notes for redemption will be made by the Trustee in compliance with the rules and requirements of the London Stock Exchange or, if different, the principal securities exchange on which the Notes are listed or, if the Notes are not so listed or that exchange prescribes no method of selection, on a pro rata basis, by lot or by any other method as the Trustee in its sole discretion deems to be fair and appropriate, although no Note of (pound)1,000 in original principal amount shall be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to the Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued and delivered to the registered holder thereof, or in the case of notes in definitive form, issued in the name of the holder thereof, in each case upon cancellation of the original Note.

(c) Unless the Company defaults in payment of the Optional Redemption Price of the Notes redeemed, on and after the relevant Optional Redemption Date, interest will cease to accrue on the Notes or the part of the Notes that have been called for redemption.

(d) Prior to the publication of any notice of redemption in accordance with Section 17 hereof relating to a redemption pursuant to this Section 4, the Company shall deliver to the Trustee an Officers' Certificate stating that the Company has elected to effect a redemption under this Section 4 and setting forth the Optional Redemption Date, the Optional Redemption Price and the amount of Notes that the Company has elected to redeem at that particular time.

(e) If the Company elects to redeem the Notes pursuant to this Section 4 at any time, then the Company shall give notice to the Holders in accordance with Section 17 hereof.

The notice of redemption with respect to each such redemption shall specify:

(i) the Optional Redemption Date relating to that redemption;

(ii) the Optional Redemption Price relating to that redemption;

(iii) if less than all of the Notes are being redeemed in that redemption, the identification (and, in the case of partial redemption, the respective principal amounts) of the particular Notes to be redeemed;

(iv) that on the Optional Redemption Date, the Optional Redemption Price with respect to the Notes being redeemed will become due and payable upon each of the

Notes to be redeemed, and that interest, if any, thereon shall cease to accrue on and after said date;

(v) the place or places where the Notes being redeemed in that redemption, maturing after the Optional Redemption Date, are to be surrendered for payment of the Optional Redemption Price;

(vi) the ISIN or common code numbers or other reference numbers of the Depositary or any other number used by a Depository, if any, to identify the particular Notes to be redeemed; and

(vii) a statement to the effect that the Notes are being redeemed at the option of the Company pursuant to this Section 4.

A notice of redemption published as contemplated by Section 1.06 of the Indenture as to any redemption under this Section 4 need not identify particular Notes to be redeemed.

Any notice of redemption shall be, at the election of the Company, given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

On or before the opening of business on any Optional Redemption Date, the Company shall deposit with the Trustee or with the Paying Agent or, if the Company is acting as its own paying agent, segregate and hold in trust as provided in Section 5.03 of the Indenture, an amount of money sufficient to pay the Optional Redemption Price of, and except if that Optional Redemption Date shall be an Interest Payment Date, accrued but unpaid interest on, the Notes to be redeemed on that Optional Redemption Date.

The notice of redemption having been given as specified above, the

Notes shall, on any particular Optional Redemption Date, become due and payable at the Optional Redemption Price, and from and after such Optional Redemption Date, unless the Company shall default in the payment of the Optional Redemption Price and accrued but unpaid interest, if any, the Notes shall cease to bear interest. Upon surrender of the Notes for redemption in accordance with such notice, the Notes shall be paid by the Company at that Optional Redemption Price, together with accrued but unpaid interest, if any, to that Optional Redemption Date.

If any Notes, having been called for redemption pursuant to this Section 4, shall not be so paid upon surrender thereof for redemption, the Optional Redemption Price shall, until paid, bear interest from the Optional Redemption Date at the interest rate borne by this Note.

5. Payment of Additional Amounts; Redemption Upon a Tax Event.

(a) Payment of Additional Amounts. The Company shall pay to the holder of this Note who is a United States Alien (as defined below) such additional amounts as may be necessary so that every net payment of principal of and interest on this Note to such holder, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon such holder by the United States of America or any taxing authority thereof or therein, will not be less than the amount provided in the Notes to be then due and payable (such amounts, the "Additional Amounts"); provided, however, that the Company shall not be required to make any payment of Additional Amounts for or on account of:

(i) any tax, assessment or other governmental charge that would not have been imposed but for (A) the existence of any present or former connection between such holder, or between a fiduciary, settlor, beneficiary of, member or shareholder of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation, and the United States of America including, without limitation, such holder, or such fiduciary, settlor, beneficiary, member, shareholder or possessor, being or having been a citizen or resident of the United States of America or treated as a resident thereof or being or having been engaged in trade or business or present in the United States of America, or (B) the presentation of this Note for payment on a date more than 30 days after the later of (x) the date on which such payment becomes due and payable and (y) the date on which payment thereof is duly provided for;

(ii) any estate, inheritance, gift, sales, transfer, excise, personal property or similar tax, assessment or other governmental charge;

(iii) any tax, assessment or other governmental charge imposed by reason of such 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 of America, or as a corporation which accumulates earnings to avoid United States federal income tax;

(iv) any tax, assessment or other governmental charge which is payable otherwise than by withholding from payment of principal of or interest on this Note;

(v) any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on this Note if such payment can be made without withholding by any other paying agent;

(vi) 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 America of the holder or beneficial owner of this Note, if such compliance is required by statute or by regulation of the United States Treasury Department as a precondition to relief or exemption from such tax, assessment or other governmental charge;

(vii) any tax, assessment or other governmental charge imposed on interest received by (A) a 10% shareholder (as defined in Section 871(h)(3)(B) of the United States Internal Revenue Code of 1986, as amended (the "Code"), and the regulations that may be promulgated thereunder) of the Company or (B) a controlled foreign corporation with respect to the Company within the meaning of the Code;

(viii) any withholding or deduction which is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(ix) any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii) and (viii) in this Section 5(a);

nor shall any Additional Amounts be paid to any holder who is a fiduciary partnership or other than the sole beneficial owner of this Note to the extent that a beneficiary or settlor with respect to such fiduciary, or a member of such partnership or a beneficial owner thereof would not have been entitled to the payment of such Additional Amounts had such beneficiary, settlor, member or beneficial owner been the holder.

"United States Alien" means any corporation, partnership, individual or fiduciary that is, as to the United States of America, 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 of America, a foreign corporation, a non-resident alien individual or a non-resident fiduciary of a foreign estate or trust.

(b) Redemption Upon a Tax Event. The Notes may be redeemed at the option of the Company in whole, but not in part, on a date (such date, the "Tax Redemption Date") to be fixed by the Company on not more than 60 days' and not less than 30 days' notice, at a redemption price equal to 100% of the principal amount of the Notes (the "Tax Redemption Price") plus accrued but unpaid interest, if any, thereon, if the Company determines that as a result of any change in or amendment to the laws, treaties, regulations or rulings of the United States of America 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 such laws, treaties, regulations or rulings, including a holding by a court of competent jurisdiction in the United States of America, or any other action, other than an action predicated on laws generally known on or before [_____ __, 20__] [insert Settlement Date] except for proposals before the U.S. Congress before such date, taken by any taxing authority or a court of competent jurisdiction in the United States of America, or the official proposal of any such action, whether or not such action or proposal was taken or made with respect to the Company, (A) the Company has or will become obligated to pay Additional Amounts or (B) there is a substantial possibility that the Company will be required to pay such Additional Amounts.

Prior to the publication of any notice of redemption pursuant to Section 17 hereof, the Company shall deliver to the Trustee (1) an Officers' Certificate stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the rights of the Company to so redeem have occurred and (2) an Opinion of Counsel to such effect based on such statement of facts.

If the Company elects to redeem the Notes pursuant to this Section 5(b), then it shall give notice to the Holders pursuant to Section 17 hereof.

The notice of redemption shall specify:

(i) the Tax Redemption Date;

(ii) the Tax Redemption Price;

(iii) that on the Tax Redemption Date, the Tax Redemption Price will become due and payable upon the Notes, and that interest, if any, thereon shall cease to accrue on and after said date;

(iv) the place or places where the Notes, maturing after the Tax Redemption Date, are to be surrendered for payment of the Tax Redemption Price;

(vi) the ISIN and common code numbers or other Depositary reference numbers or any other number used by a Depository to identify the Notes, if any; and

(vii) a brief statement to the effect that the Notes are being redeemed at the option of the Company pursuant to this Section 5(b) and a brief statement of the facts permitting such redemption.

A notice of redemption published as contemplated by Section 1.06 of the Indenture need not identify particular Notes to be redeemed as all of the Notes must be redeemed pursuant to this Section 5(b) if the Company elects to make a redemption under this Section 5(b).

The notice of redemption regarding the Notes shall be, at the election of the Company, given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

On or before the opening of business on the Tax Redemption Date, the Company shall deposit with the Trustee or with the Paying Agent or, if the Company is acting as its own paying agent, segregate and hold in trust as provided in Section 5.03 of the Indenture, an amount of money sufficient to pay the Tax Redemption Price of, and except if the Tax Redemption Date shall be an Interest Payment Date, accrued but unpaid interest on, the Notes.

The notice of redemption having been given as specified above, the Notes shall, on the Tax Redemption Date, become due and payable at the Tax Redemption Price, and from and after such date, unless the Company shall default in the payment of the Tax Redemption Price and accrued but unpaid interest, if any, the Notes shall cease to bear interest. Upon surrender of the Notes for redemption in accordance with such notice, the Notes shall be paid by the Company at the Tax Redemption Price, together with accrued but unpaid interest, if any, to the Tax Redemption Date.

If the Notes, having been called for redemption pursuant to this Section 5(b), shall not be so paid upon surrender thereof for redemption, the Tax Redemption Price shall, until paid, bear interest from the Tax Redemption Date at the interest rate borne by this Note.

6. Re-Denomination in Euros. If, prior to the maturity of the Notes, the United Kingdom adopts the euro as its lawful currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union, the Notes will be re-denominated into euros, and the regulations of the European Commission relating to the euro shall apply to the Notes. Any re-denomination of the Notes shall be effective on the date that the euro becomes the official currency of the United Kingdom and, on that date, the principal amount of the Outstanding Notes shall be converted from pounds Sterling into an equivalent amount of euros based on the official conversion rate for the conversion of all pounds Sterling to euro on that date. Upon any such conversion, the holder of this Note may request that the Company issue a replacement promissory note of like tenor to this note, except that the

replacement promissory note shall be denominated in euros. Upon receiving any such request and this Note in form and with all instruments necessary to the transfer of this Note on the registry for the Notes, the Company will deliver to the Trustee for authentication a replacement note as described above along with an order ordering the Trustee to authenticate and deliver that replacement promissory note. The circumstances and consequences described in this Section 6 will not entitle the Company, the Trustee or any holder of the Notes to redeem early, rescind, or receive notice relating to the Notes, repudiate the terms of the Notes or the Indenture, raise any defense, request any compensation or make any claim, nor will these circumstances and consequences affect any of the Company's other obligations under the Notes or the Indenture.

7. Place and Method of Payment. Subject to Section 14 hereof, the Company shall pay principal of and interest on the Notes at the office or agency of the Paying Agent or the Company in London and the Borough of Manhattan, The City of New York; provided, however, that at the option of the Company, the Company may pay interest by check mailed to the person entitled thereto at such person's address as it appears on the Registry for the Notes.

8. Defeasance of the Notes. The Notes are not subject to defeasance of any type.

9. Sinking Fund. The Notes are not subject to a sinking fund.

10. Amendment and Modification. Article Nine of the Indenture contains provisions for the amendment or modification of the Indenture and the Notes without the consent of the Holders in certain circumstances and requiring the consent of Holders of not less than a majority in aggregate principal amount of the Notes and Securities of other series that would be affected in certain other circumstances. However, the Indenture requires the consent of each holder of the Notes and Securities of other series that would be affected for certain specified amendments or modifications of the Indenture and the Notes. The provisions of the Indenture provide for, among other things, the execution of supplemental indentures, which are applicable to this Note.

11. Default; Waiver. If an Event of Default with respect to the Notes shall occur and be continuing, then either the Trustee or the Holders of not less than 25% in principal amount of the Notes of this Series then outstanding may declare the principal amount of the Notes of this Series to be immediately due and payable in the manner, with the effect and subject to the conditions provided in the Indenture. The Indenture provides that in the event of such a declaration, the Holders of a majority in principal amount of all of the Notes of this Series then outstanding, in accordance with the provisions of, and in the circumstances provided by, the Indenture, may rescind and annul the declaration and its consequences and the related default and its consequences may be waived with respect to all of the Notes.

12. Absolute Obligation. No reference herein to the Indenture and no provisions of the Notes or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the place, at the time and in the coin or currency herein prescribed.

13. Form and Denominations; Global Notes; Definitive Notes. The Notes are being issued in registered book-entry form without interest coupons in denominations of(pound)1,000 and integral multiples of(pound)1,000. The Notes are being issued in the form of global notes (each, a "Global Note"), evidencing all or any portion of the Notes and registered in the name of Bank

One Nominees Limited, as Nominee for the Depositary or such other nominee (including their respective successors) as the Depositary may name. The Notes shall be issued in certificated form (each, a "Definitive Note") only in the following limited circumstances: (1) the Depositary is no longer willing or able to discharge its responsibilities properly, and neither the Trustee nor the Company has appointed a qualified successor within 90 days; or (2) an event of default has occurred and is continuing under the Indenture; or (3) the Company decides to discontinue the book-entry system. If any of these three events occurs, the Trustee will reissue the Notes in fully certificated registered form and will recognize the registered Holders of the certificated Notes as Holders under the Indenture. Such Definitive Notes shall be registered in such name or names as the Depositary shall instruct the Trustee.

14. Registration, Transfer and Exchange. As provided in the Indenture and subject to certain limitations therein set forth, the Company shall provide for the registration of the Notes and the transfer and exchange of the Notes, whether in Global or Definitive form. At the option of the Holders, at any office or agency designated and maintained by the Company for such purpose (the "Transfer Agent") pursuant to the provisions of the Indenture, and in the manner and subject to the limitations provided in the Indenture, but without the payment of any service charge, except for any transfer tax or other governmental charges imposed in connection therewith subject to Section 5 hereof, the Notes may be transferred or exchanged for an equal aggregate principal amount of the Notes of like tenor and of other authorized denominations upon surrender and cancellation of the Notes upon any such transfer.

The Company, the Trustee, or any Agent of the Company or of the Trustee may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note (whether or not the Notes shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of principal of, premium, if any, and interest on such Notes, payment of any Optional Redemption Price or Tax Redemption Price of the Notes and for all other purposes, and none of the Company, the Trustee, or any Agent of the Company or of the Trustee shall be affected by notice to the contrary. All such payments made to or upon the order of such holder shall, to the extent of the amount or amounts paid, effectually satisfy and discharge liability for moneys payable on this Note.

Notwithstanding the preceding paragraphs of this Section 14, any registration of transfer or exchange of a Global Note shall be subject to the terms of the legend appearing on the initial page thereof.

15. No Recourse Against Others. No recourse under or upon any obligation, covenant or agreement of this Note, or of the Indenture, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Note and the Indenture and the obligations issued hereunder are solely corporate obligations of the Company, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, stockholders, officers or directors, as such, of the Company or of any successor corporation, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Note or in the Indenture or implied therefrom; and that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and

claims against, every such incorporator, stockholder, officer or director, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in the Indenture or in the Notes or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for this issuance of the Notes.

16. Appointment of Agents. Bank One, NA, acting through its London Branch, is hereby appointed Registrar for the purpose of registering the Notes

and transfers and exchanges of the Notes and the London Paying Agent, each pursuant to this Note and Section 3.04 of the Indenture, and Transfer Agent with respect to the Notes in the United Kingdom. Bank One Trust Company, NA is hereby appointed United States Paying Agent, pursuant to this Note and Section 3.04 of the Indenture, and Transfer Agent with respect to the Notes in the United States.

17. Notices. If the Company is required to give notice to the Holders of the Notes pursuant to the terms of the Indenture, then it shall do so by the means and in the manner set forth in Section 1.06 of the Indenture.

In addition, the Trustee shall give notices to the Holders of the Notes by publication in a daily newspaper of general circulation in The City of New York and in London. Initially, the Company expects such publication shall be made in The City of New York in The Wall Street Journal and in London in the Financial Times. Any such notice shall be deemed to have been given on the date of publication or, if published more than once, on the date of the first publication.

18. Severability. In case any provision of the Indenture or the Notes shall, for any reason, be held to be invalid, illegal or unenforceable, then the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

19. GOVERNING LAW. THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

For the value received, the undersigned hereby assigns and transfers the within Note, and all rights thereunder, to:

_____
(Insert assignee's legal name)

_____
(Insert assignee's social security or tax identification number)

_____
(Print or type assignee's name, address and zip code)

_____

_____

and irrevocably appoints

_____

to transfer this Note on the books of Wal-Mart Stores, Inc. The agent may substitute another to act for it.

Your Signature:_____
(Sign exactly as your name appears on the face of this Note)

Date: _____

Signature Guarantee

The signature(s) should be Guaranteed by an Eligible Guarantor Institution pursuant to Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended.

* * * * *

The following abbreviations, when used in the inscription on the face of the within Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT ENT - as joint tenants with right of survivorship and not as tenants in common

_____ UNIF GIFT MIN ACT - _____ Custodian _____ under the Uniform Gifts
(Cust) (Minor)

to Minors Act_____
(State)
Additional abbreviations may also be used although not in the above list.

Exhibit II.4.

Form of Exchange Agency Agreement

- ---

EXCHANGE AGENCY AGREEMENT

- ---

by and among

WAL-MART STORES, INC.

as Issuer

and

BANK ONE, NA

as Exchange Agent

7 JANUARY, 2003

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This Exchange Agency Agreement (together with the Schedules hereto this "Agreement") is made as of 7 January, 2003 by and between WAL-MART STORES, INC., as issuer (the "Issuer" or "Wal-Mart"), a corporation domiciled in the State of Delaware, United States of America, and BANK ONE, NA, operating in the UK under branch registration no. BR000915 acting through its London branch at 27 Leadenhall Street, London EC3A 1AA, as exchange agent (the "Exchange Agent"). Terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Offering Memorandum (as defined below).

W I T N E S S E T H T H A T:

WHEREAS, Wal-Mart desires to solicit tenders of Asda Debt Securities in exchange for Wal-Mart Notes in an Exchange Offer upon the terms, and subject to the conditions, set forth in an Offering Memorandum dated 7 January, 2003 as the same may be amended or supplemented from time to time (the "Offering Memorandum"), a copy of which has been supplied to the Exchange Agent; and

WHEREAS, Wal-Mart has appointed the Exchange Agent to facilitate the Exchange Offer; and

WHEREAS, the Exchange Agent is willing to act as Exchange Agent, upon the terms, and subject to the conditions, set forth herein;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Appointment and Acceptance

   a. The Issuer hereby appoints the Exchange Agent to act as exchange agent in connection with the Exchange Offer and as such to perform, or cause to be performed, the services identified to be performed in Schedule I attached hereto (the "Services Schedule").

   b. The Exchange Agent accepts the appointment by the Issuer to act as exchange agent solely upon the terms and conditions of this Agreement and agrees to perform, or cause to be performed, the services identified in the Services Schedule.

2. Standard of Care

   a. The Exchange Agent shall have no responsibilities, duties or obligations hereunder except as specifically set forth in this Agreement (including the Schedules hereto) or as may be agreed to in writing by the Exchange Agent and the Issuer. The Exchange Agent agrees to perform the services described in the Services Schedule without negligence or bad faith.

   b. The Exchange Agent shall not be deemed to make any representations, and shall have no responsibilities, as to the validity, sufficiency, value or genuineness of any Asda Debt Securities tendered as part of the Exchange Offer and will not be required to make any, and will make no representations as to, or be responsible for, the validity, sufficiency, legality, value or genuineness of the Wal-Mart Notes to be issued in connection with the Exchange Offer.

   c. The Exchange Agent shall have no obligation to, and shall not, deliver any Wal-Mart Notes under the terms of the Exchange Offer unless it shall have received (i) confirmation in writing from the Issuer that all of the conditions precedent to the Exchange Offer as set forth in the Offering Memorandum have been satisfied, (ii) confirmation from the Issuer of the aggregate principal amount of Wal-Mart Notes to be issued under the Exchange Offer and the issuance of such principal amount of Wal-Mart Notes and (iii) confirmation from the Issuer of the aggregate amount of cash to be delivered to the Exchange Agent for the payment of any Cash Rounding Amount (as defined below) and that such cash will be delivered to the Exchange Agent on the Settlement Date.

   d. The Exchange Agent shall not be obligated to initiate or participate in any legal action, suit or proceeding in connection with the Exchange Offer or its duties hereunder, or take any action which might in the Exchange Agent's judgment involve, or result in, expense or liability to the Exchange Agent, unless, in each case, it shall have been furnished with an indemnity satisfactory to it.

   e. The Exchange Agent may rely on, and shall be fully authorised and protected in acting or not acting in good faith with respect to any matter relating to its actions covered by this Agreement in reliance upon, any certificate, instrument, instruction, notice, letter, telegram, telex, facsimile transmission, electronic message (including, without limitation, a message received through a Clearing System or a Form of Tender) or other document or instrument delivered

to it that it reasonably believes to be genuine and to have been signed by the proper party or parties.

f. The Exchange Agent shall not be called upon at any time to, and shall not, advise any person acting under the Exchange Offer as to the wisdom of acting thereunder or as to the market value of the Wal-Mart Notes or the Asda Debt Securities. The Exchange Agent shall not be liable or responsible for any recital or statement contained in the Offering Memorandum or any other documents relating thereto, except for the recitals or statements, if any, provided by the Exchange Agent for inclusion therein.

g. The Exchange Agent shall not be liable or responsible for any delay, failure, malfunction, interruption or error in the transmission or receipt of communications or messages through electronic means (including, without limitation, the message systems of the Clearing Systems), or further actions of any other person in connection with such messages or communications.

h. The Exchange Agent shall not be liable or responsible for any failure by any other party to comply with any of its obligations relating to the Exchange Offer, including, without limitation, obligations under applicable securities laws.

i. The Exchange Agent shall not, nor have any obligation to, pay any commissions or soliciting fees to any person, or reimburse any brokers, dealers or custodian banks in connection with the Exchange Offer.

j. In acting hereunder and in connection with the Exchange Offer, the Exchange Agent shall act solely as agent of the Issuer and will not thereby assume any obligations towards or relationship of agency or trust for or with any of the owners or holders of the Wal-Mart Notes or the Asda Debt Securities.

k. The Exchange Agent shall be entitled to deal with any moneys paid to it by the Issuer under the terms of this Agreement and the Exchange Offer in the same manner as other amounts paid to it as a banker by its customers provided that: (i) it shall not exercise any right of set-off or lien against the Issuer or any Holders of Asda Debt Securities in respect thereof, (ii) it shall not be liable to any person for interest thereon and (iii) such moneys need not be segregated except as required by law.

l. The Exchange Agent may consult with legal and other professional advisors and the opinion of such advisors shall be full and complete protection in respect of any action taken, omitted or suffered hereunder in good faith and in accordance with the opinion of such advisors.

m. Except as provided herein, any of the Exchange Agent or its officers, directors or employees, may become the owner of, or acquire any interest in, any Wal-Mart Notes or Asda Debt Securities with the same rights that it would have if the Exchange Agent concerned were not appointed hereunder, and may engage or be interested in any financial or other transaction with the Issuer, and may act on, or as depositary, trustee or agent for any body of holders of Wal-Mart Notes or Asda Debt Securities or other obligations of the Issuer, as freely as if such Exchange Agent were not appointed hereunder.

3. Term of Agreement

a. This Agreement shall terminate upon the earliest to occur of (i) termination of the Agreement by mutual agreement of the Exchange Agent and the Issuer, (ii) termination by the Issuer of the Exchange Offer, (iii) the completion of the Exchange Offer, or (iv) by either party upon a breach by the other party of any of its representations and warranties in Clause 4. Upon termination of this Agreement, the Exchange Agent and the Issuer shall have no further duties hereunder except as otherwise set forth in the following provisions of this Clause 3.

b. Upon termination of this Agreement, the Exchange Agent shall promptly deliver to or to the order of the Issuer any securities, certificates, funds and other property

held under the terms hereof. Upon termination of this Agreement and payment to the Exchange Agent of all amounts payable to it under the terms hereof, copies of all information maintained by the Exchange

Agent for the Issuer under this Agreement shall be delivered to the Issuer upon request.

c. Notwithstanding anything else contained in this Agreement, the terms of Clause 5 shall survive termination of this Agreement.

4. Representations and Warranties

a. The Issuer represents and warrants that: (i) the consummation of the Exchange Offer and the performance of all transactions contemplated thereby will, on or before the date the Exchange Offer is announced, be duly authorised by all necessary action by the Issuer, (ii) this Agreement has been duly executed and delivered on its behalf and constitutes a legal, valid, binding and enforceable obligation of the Issuer, subject to all applicable laws affecting the rights of creditors, and (iii) the Exchange Offer does, and will continue to, comply in all material respects with all applicable requirements of law (including, without limitation, United States and English securities laws).

b. The Exchange Agent represents and warrants that: (i) this Agreement has been duly executed and delivered on its behalf by an officer thereunto duly authorised and constitutes its legal, valid, binding and enforceable obligation, (ii) it has only communicated or caused to be communicated, and it will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of any Wal-Mart Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Wal-Mart Notes in, from or otherwise involving the United Kingdom.

5. Indemnification

a. The Issuer shall indemnify the Exchange Agent (together with the Exchange Agent's directors, officers and employees) against any losses, liabilities, costs, expenses, claims, actions or demands which such Exchange Agent may incur or which may be made against such Exchange Agent as a result of or in connection with the appointment or the exercise of or performance of the powers, authorities and duties of such Exchange Agent, as the case may be, under this Agreement relating to the Wal-Mart Notes except such as may result from the Exchange Agent's own willful default, fraud, negligence, bad faith or material failure to comply with its obligations hereunder or that of its officers, employees or agents.

b. The Exchange Agent shall indemnify the Issuer against any loss, liability, cost, expense, claim, action or demand which the Issuer may incur or which may be made against the Issuer, as a result of such Exchange Agent's own willful default,

fraud, negligence, bad faith or material failure to comply with its obligations under this Agreement or that of its officers, employees or agents.

c. In relation to Clause 5.a. and Clause 5.b. above, the Issuer or the Exchange Agent, as applicable, shall indemnify the Exchange Agent or the Issuer, as applicable, promptly upon receipt by the Issuer or the Exchange Agent of a demand therefor supported by evidence that is satisfactory to the party receiving such evidence, in such party's reasonable discretion, of such loss, liability, cost, expense, claim, action or demand.

d. The Exchange Agent shall not be liable for any loss caused by events beyond its reasonable control including any malfunction, interruption or error in the transmission of information caused by any machine or systems or interception of communication facilities, abnormal operating conditions or acts of God. The Exchange Agent shall have no liability whatsoever for any consequential, special, indirect or speculative loss or damages (including, but not limited to, loss of profits, whether or not foreseeable) suffered by the Issuer in connection with the transactions contemplated by and the relationship established by this Agreement even if the Exchange Agent has been advised as to the possibility of the same. These provisions will override all other provisions of this Agreement. However, this Clause 5.d. shall not apply in the event of a determination of fraud on the part of the Exchange Agent in a non-appealable judgment of a court having jurisdiction.

e. The indemnities set out in this Clause 5 shall continue in full force

and effect notwithstanding any termination or expiration of this Agreement.

6. Fees

For the services provided hereunder the Issuer agrees to pay to the Exchange Agent the fees and reimbursements set forth in Schedule II hereto (the "Fee Schedule").

7. Amendment and Assignments

a. The terms of this Agreement may be waived, amended or supplemented only by agreement in writing duly executed by the Issuer and the Exchange Agent.

b. None of the rights or obligations of the parties under this Agreement may be assigned except (i) upon receipt of prior written consent of the other party to this Agreement or (ii) as otherwise specifically permitted under this Agreement. Any assignment or delegation in violation of this Clause 7.b. shall be null and void.

c. In the event of an amendment of the Exchange Offer by the Issuer, the Issuer shall promptly provide notice thereof to the Exchange Agent. The Exchange Agent agrees to use its reasonable efforts to follow the instructions of the Issuer in respect of the amended Exchange Offer to the extent that the actions the Exchange Agent is instructed to take in relation to such amendment are consistent with the terms hereof (including, without limitation, the terms of the Services

Schedule). The indemnity in Clause 5 hereof shall cover the actions so taken by the Exchange Agent at the instructions of the Issuer.

d. The Issuer may at any time appoint such additional or successor Exchange Agents as it may deem appropriate, provided, however, that the Issuer's obligations to the Exchange Agent under Clause 5 shall survive any such appointment.

8. Partial Invalidity

In the event that any provision of this Agreement or the application thereof to any person or circumstances is determined to be invalid or unenforceable to any extent, the remaining provisions of this Agreement, and the application of such provisions to persons or circumstances other than those as to which they are to be invalid or unenforceable, shall be unaffected thereby and such provisions shall be valid and enforced to the fullest extent permitted by law in such jurisdiction so long as the fundamental relationships among the parties hereunder are not altered.

9. Benefits

This Agreement is for the exclusive benefit of the parties hereto (and their successors) and shall not be deemed to give any legal or equitable right, remedy or cause whatsoever to any other person, except to the extent specifically set forth in this Agreement. Nothing herein shall be deemed to establish a fiduciary or similar relationship among the parties hereto.

10. Force Majeure

The Exchange Agent shall be excused from performance of its obligations under this Agreement and shall not be liable for any losses, damages, or expenses caused by the occurrence of any contingency beyond its control, including, without limitation, nationalisation, expropriations, currency restrictions, work stoppages, strikes, fire, civil unrest, insurrections, revolutions, riots, rebellions, acts of terrorism, explosions, floods, computer failures, acts of war, acts of God or similar occurrences, nor shall the Exchange Agent incur any liability if it shall be prevented or forbidden from doing or performing any act or thing required by the terms of this Agreement by reason of any provision of any present or future law or regulation of any country or of any other governmental authority or regulatory authority or stock exchange or on account of possible criminal or civil penalties or restraint.

11. Entire Agreement

This Agreement (including the Schedules hereto) sets forth the entire understanding of the parties in respect of the subject matter hereof and supersedes any and all prior agreements, arrangements and understandings relating thereto.

12. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same agreement.

13. Titles

a. All references in this Agreement to clauses, schedules and other subdivisions refer to the clauses, schedules and other subdivisions of this Agreement unless expressly provided otherwise. The words "this Agreement", "herein", "hereof", "hereby", "hereunder" and words of similar import refer to the Agreement as a whole as in effect between the parties and not to any particular subdivision unless expressly so limited. Pronouns in masculine, feminine and neuter gender shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa unless the context otherwise requires.

b. Titles to clauses of this Agreement are included for convenience only and shall be disregarded in construing the language contained in this Agreement.

14. Notices

a. All notices and communications hereunder shall be made in writing (by letter or facsimile) and shall be sent as follows:

(1) If to the Issuer:

Wal-Mart Stores, Inc.
702 S.W. 8/th/ Street
Bentonville, Arkansas 72716-8095
U.S.A.

Telephone: (479) 273-4505
Fax: (479) 277-5991
Attention: Assistant General Counsel, Corporate Division

(2) If to the Exchange Agent, at:

Bank One, NA
27 Leadenhall Street
London EC3A 1AA

Telephone: +44 (0)20 7903-4911/12
Fax: +44 (0)20 7867-9186
Attention: Corporate Trust

b. Every notice or communication sent in accordance with this Clause 14 shall be effective, if sent by letter or facsimile, upon receipt by the addressee, provided, however, that any such notice or communication which would otherwise take effect after 4:40 p.m. on any particular day shall not take effect until 10:00 a.m. on the immediately succeeding Business Day in the place of the addressee.

c. All notices and other communications hereunder shall be made in the English language.

15. Governing Law and Jurisdiction

a. This Agreement is governed by and shall be construed in accordance with English law.

b. The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and accordingly any legal action or proceedings arising out of or in connection with this Agreement ("Court Proceedings") may be brought in such courts. The Issuer and the Exchange Agent irrevocably submit to the jurisdiction of such courts and waive any objection to Court Proceedings in such courts on the ground of venue or on the ground that the Court Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of the other parties to this Agreement and shall not limit the right of either party to take Court Proceedings in any other court of competent jurisdiction nor shall the taking of Court Proceedings in one or more jurisdictions preclude the taking of Court Proceedings in any other jurisdiction (whether concurrently or not).

c. The Issuer agrees that the process by which any Court Proceedings are begun may be served on it by being delivered, in connection with any Court Proceedings in England, to Asda Group Limited at Asda House,

Southbank, Great Wilson Street, Leeds LS11 5AD, United Kingdom. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall appoint a further person in England to accept service or process on its behalf and, failing such appointment within 15 days, the Exchange Agent shall be entitled to appoint such a person by written notice to the Issuer. Nothing in this Clause 15 shall affect the right of the Exchange Agent to serve process in any other manner permitted by law.

This Agreement has been entered into effective the date stated at the beginning hereof.

WAL-MART STORES, INC.	BANK ONE, NA
By: /s/ Rick W. Brazile	By: _____
Name: Rick W. Brazile	Name: _____
Title: Vice President of Planning & Analysis	Title: _____

SCHEDULE I

SERVICES SCHEDULE

A. Definitions

Unless otherwise set forth herein, all capitalised terms used but not otherwise defined herein shall have the meaning given to such terms in the Offering Memorandum.

B. Services

The Exchange Agent shall provide the following services:

I. Distribution of Exchange Materials

The Issuer and the Dealer Manager have made arrangements to deliver the Offering Memorandum and other materials related thereto (the "Exchange Materials") to persons entitled to accept the offer and otherwise to publicise the Exchange Offer and communicate with holders of the Asda Debt Securities. The Exchange Agent shall coordinate distribution of Exchange Materials and provide the same to Holders if so requested, and will assist the Issuer and the Dealer Manager in publicising the Exchange Offer and communicating with holders of the Asda Debt Securities as may be required.

II. Tenders

Tenders of Asda Debt Securities may be made only as set forth in the Exchange Materials and, in particular, only in the manner set forth under the caption entitled "The Exchange Offer--Procedures for Tendering Asda Debt Securities" in the Offering Memorandum.

III. Guaranteed Delivery Procedures

No guaranteed delivery procedures will be made available in the Exchange Offer.

IV. Examination of Tenders

The Exchange Agent shall examine the documents or communications delivered to it in connection with a tender of Asda Debt Securities to ascertain whether (i) the Form of Tender or Electronic Communication, as the case may be, has been (as applicable) properly completed, duly executed and delivered to the Exchange Agent on time, and (ii) the Asda Debt Securities have otherwise been validly tendered, in each case on or prior to the Expiration Date.

The Exchange Agent will follow its regular procedures (including by way of communications with the Clearing Systems and the Dealer Manager) to attempt to reconcile any discrepancies between the aggregate principal amount of Asda Debt Securities indicated in any Form of Tender or Electronic Communication and the aggregate principal amount of Asda Debt Securities delivered to the Exchange Agent. In any instance where the Exchange Agent cannot reconcile such discrepancies by following

such procedures, the Exchange Agent will consult with the Issuer for instructions as to the aggregate principal amount of Asda Debt Securities, if any, the Exchange Agent is authorised to accept in the Exchange Offer. In the absence of such instructions, the Exchange Agent shall not accept any such Asda Debt Securities in the Exchange Offer.

V. Irregular Tenders

In the event the Exchange Agent determines that any Form of Tender or Electronic Communication or any other required document does not appear to have been properly completed or executed, or that any other irregularity in connection with any tender appears to exist, the Exchange Agent shall take reasonable and appropriate steps to contact the person tendering such Asda Debt Securities so as to enable the necessary correction by the tendering Holder. All questions as to the form of documents, validity, form, eligibility (including timeliness of receipt) and acceptance for exchange of any tender of Asda Debt Securities shall be determined by the Exchange Agent on behalf of the Issuer in the first instance. If irregularities with respect to any tenders have been identified by the Exchange Agent and are not remedied, the Exchange Agent shall refer final determination to the Issuer by promptly sending to the Issuer any document or copy thereof which in its judgment would prevent acceptance thereof, and the Issuer shall make the final decision whether or not to accept such tender. Upon acceptance by the Issuer of such irregular Asda Debt Securities tendered pursuant to the Exchange Offer, the Issuer shall confirm such acceptance in writing to the Exchange Agent. In the event that the Issuer does not accept a tender, the Issuer will provide to the Exchange Agent a letter or other writing explaining the reason for the non-acceptance. Defective submissions shall be deemed validly made at the time if the irregularities have been cured to the satisfaction of, or waived by, the Issuer. If any such irregularities are neither so cured nor waived, tendered Asda Debt Securities that are the object of the defective submission shall be returned to the applicable Clearing System accountholder or the Holder, as the case may be, together with any other documents received in connection therewith and the letter or other writing that the Issuer will have furnished to the Exchange Agent explaining the reasons for the return of such Asda Debt Securities and the other documents. The Exchange Agent agrees to act promptly in accordance with any reasonable instructions given to it by the Issuer pursuant to this clause.

VI. Reports, Maintenance and Retention of Records

A. Reports

The Exchange Agent shall provide written reports by facsimile transmission or other acceptable form of delivery, weekly, or more frequently if reasonably requested by the Issuer and/or the Dealer Manager and, to the extent the Exchange Agent has activity to report, until the final week of the Exchange Offer, whereupon the Exchange Agent shall provide daily reports, to a person or persons designated by the Issuer, specifying the following:

(i) the aggregate principal amount of Asda Debt Securities (noting in each case, the corresponding security identification numbers)) validly tendered since the

delivery of the last such report, together with all other relevant information relating to such tenders as set forth in the applicable Form of Tender or Electronic Communication;

(ii) the numbers of Holders who have validly tendered Asda Debt Securities (noting in each case, the corresponding security identification number(s)), in each case, since the commencement of the Exchange Offer, together with all other relevant information relating to such tenders as set forth in the applicable Form of Tender or Electronic Communication;

(iii) information in reasonable detail relating to any withdrawals of tenders of Asda Debt Securities since the delivery of the last such report;

(iv) information in reasonable detail relating to defective tenders which have been received by it, including the status thereof, and

(v) information in reasonable detail relating to any payments of any Cash Rounding Amount to be made and the Wal-Mart Notes to be delivered on the Settlement Date.

B. Maintenance and Retention of Records

During the term of this Agreement, the Exchange Agent will keep and

maintain complete and accurate account ledgers showing all Asda Debt Securities exchanged and payments made by it. The Exchange Agent shall retain records of each Form of Tender and Electronic Communication and any other materials relating to the Exchange Offer submitted to the Exchange Agent or its agents by the Issuer or any Holder of Asda Debt Securities or otherwise and shall remit copies of the same to or to the order of the Issuer if so requested by the Issuer.

VII. Delivery of Wal-Mart Notes

On the Settlement Date, the Exchange Agent shall, in accordance with procedures to be agreed with the Issuer, deliver or cause to be delivered by means of book-entry delivery through the applicable Clearing System the applicable aggregate principal amount of Wal-Mart Notes to the accounts of the Clearing System accountholders specified in the applicable Forms of Tender or Electronic Communications upon receipt of confirmation from the Issuer that (i) the tendered Asda Debt Securities have been accepted in the Exchange Offer, and (ii) the requisite aggregate principal amount of Wal-Mart Notes have been deposited with the common depository or custodian for the Wal-Mart Notes to support the issuance of the same. Following the Settlement Date, the Exchange Agent will deliver all of the Asda Debt Securities tendered by Physical Delivery to the Issuer and will assist the Issuer in effecting the transfer of beneficial ownership of all Asda Debt Securities tendered by Electronic Communication.

VIII. Cash Rounding Amount

Because the Issuer will only issue Wal-Mart Notes in denominations of (pound)1,000 and integral multiples of (pound)1,000, the aggregate principal amount of the Wal-Mart Notes that Holders of Asda Debt Securities receive will be rounded down to the nearest authorised denomination, if rounding is necessary, and any cash rounding amount (the "Cash Rounding Amount") will be paid to any such Holder in cash denominated in British pounds sterling ("Pounds Sterling").

A. The Exchange Agent in consultation with the Issuer and the Dealer Manager shall calculate the amount of Wal-Mart Notes and any Cash Rounding Amount to be received by each Holder. In the event of any disparity, the Issuer's determination shall be conclusive.

B. The Issuer shall pay or cause to be paid, to such account as the Exchange Agent shall have specified for such purpose, no later than 12:00 noon (London time) on the Settlement Date in same day funds an amount in Pounds Sterling sufficient to pay the full amount payable in respect of any Cash Rounding Amount due on that date to the Holders of Asda Debt Securities.

C. Subject to the Exchange Agent having received (i) from the Issuer, the total amount in Pounds Sterling required for the payment in full of any Cash Rounding Amount due to the Holders of Asda Debt Securities on the Settlement Date, and (ii) from any such Holder, such United States Internal Revenue Service forms and certificates as are necessary to confirm that no United States tax withholding is necessary, the Exchange Agent shall, on the Settlement Date, make payments of any Cash Rounding Amount to the Holders in accordance with the Offering Memorandum.

D. For the avoidance of doubt, unless and until the Exchange Agent has received the full amount required in Pounds Sterling for all such payments, the Exchange Agent shall not be bound to make any payments to the Holders in respect of any Cash Rounding Amount.

IX. No Acceptance of Tenders of Other Securities

The Exchange Agent, in such capacity, shall not accept delivery of any securities other than Asda Debt Securities and shall refuse to accept delivery of (i) any attempted tenders of securities other than Asda Debt Securities or (ii) any tenders of Asda Debt Securities not accompanied by a duly completed and signed (as applicable) corresponding Form of Tender or Electronic Communication.

X. Loss, Theft or Destruction of Asda Debt Securities

If any Holder of Asda Debt Securities reports to the Exchange Agent that his/her failure to surrender his/her Asda Debt Securities is due to the loss, theft or destruction of his/her Asda Debt Securities, the Exchange Agent shall require such Holder to furnish an affidavit of such loss, theft or destruction in customary form and substance satisfactory to the Exchange Agent. Upon receipt of such affidavit and compliance with any other reasonable requirements of the Exchange Agent, the Exchange Agent shall on the Settlement Date deliver, or cause to be delivered, the Wal-Mart Notes and the Cash

Rounding Amount, if any, to such person as though he or she had surrendered his or her Asda Debt Securities. Notwithstanding any of the foregoing, when authorising such delivery and payment in exchange for any lost, stolen or destroyed Asda Debt Security, the person to whom the delivery and payment is to be made shall, as a condition precedent to such delivery and payment, provide an indemnity in a manner reasonably satisfactory to the Exchange Agent and the Issuer, indemnifying the Exchange Agent and the Issuer against any claim that may be made against the Exchange Agent or the Issuer with respect to the Asda Debt Security alleged to have been lost, stolen or destroyed.

XI. Cooperation

The Exchange Agent shall cooperate with the Dealer Manager retained by the Issuer in connection with the Exchange Offer. The Exchange Agent shall not have any obligation for any action taken or not taken by such Dealer Manager.

The Issuer reserves the right to terminate or amend the Exchange Offer. In the event of an amendment to the Exchange Offer, the Exchange Agent will follow the reasonable instructions of the Issuer with respect to the amended Exchange Offer to the extent consistent with this Agreement.

XII. Telephone Inquiries

In the event of any telephone inquiry received by the Exchange Agent in respect of the Exchange Offer (other than from a person who has duly tendered Asda Debt Securities pursuant to a duly completed and signed (as applicable) Form of Tender or Electronic Communication), the Exchange Agent shall refer such inquiry to the Dealer Manager or to such other person as the Issuer may specify to the Exchange Agent. The Exchange Agent shall not make any statements in respect of the Exchange Offer not previously authorised by the Issuer.

SCHEDULE II

FEE SCHEDULE

Tender and Exchange Agent Acceptance Fee USD _____

The Tender and Exchange Agent Acceptance Fee covers:

i. Receipt of up to 100 Letters of Transmittal / Submissions for Exchange from the existing debt holders
ii. Reconciliation of those presentations with the blocking by holders of corresponding positions held within the ICSDs.
iii. Delivery of the new securities and/ or cash to the investors.

In the event that more than 100 Letters of Transmittal / Submissions for Exchange are received the following addition fees are applicable:

Processing of Letters of Transmittal USD _____ per Letter of Transmittal

(This includes Reconciliation of those letters with the blocking by holders of corresponding positions held within the ICSDs and delivery of the new securities and/ or cash to the investor)

Out of Pocket Expenses

Cash Fractions:

Re. Per Cheque produced and processed No cheques will be issued

Re. Per Wire WAIVED

Miscellaneous Notes

1) Our undertaking to act as Agent is subject to the agreement to the operations of a cash and securities account; to facilitate the functionality of the transaction; maintained on the client's behalf by Bank One, NA.

2) Fees relating to Agency services are payable in advance or on the closing date.

3) Out of pocket expenses, such as, but not limited to legal, publication, or printing (including definitive notes) costs are in addition to the fees outlined above.

4) Bank One reserved the right to pass on to the client any charges levied upon

them by sub-paying agents (as applicable) or clearing systems (other than Euroclear and Clearstream S.A.) in respect of securities issuance and settlement in domestic markets.

The above fees are subject to our review and acceptance of the governing documentation. Additionally, the fees and our ability to act hereunder are subject to modification or withdrawal should subsequent review disclose unanticipated duties, or credit standard deficiencies.

Exhibit II.5.

Form of Dealer Manager Agreement

DEALER MANAGER AGREEMENT

January 7, 2003

Credit Suisse First Boston (Europe) Limited
One Cabot Square
London E14 4QJ
England

Ladies and Gentlemen:

1. The Exchange Offer. Wal-Mart Stores, Inc., a Delaware corporation (the "Offeror" or "Wal-Mart"), proposes to exchange (hereinafter referred to, together with any amendments, supplements or extensions thereof, as the "Exchange Offer") any and all outstanding 8.375% Notes due 2007, 10.875% Bonds due 2010 and 6.625% Notes due 2015, (the "Target Notes") of Asda Group Limited, a company incorporated under the laws of England and Wales ("Asda") for Fixed Rate Notes due 2013 of Wal-Mart (the "Wal-Mart Notes"), on the terms and subject to the conditions set forth in the Exchange Offer Material (as hereinafter defined) as the same may be amended or supplemented from time to time. Capitalized terms used and not defined herein have the meaning assigned to such terms in the Exchange Offer Material.

2. Appointment as Dealer Manager. The Offeror hereby appoints you and your affiliates as dealer managers, solicitation agents and authorized adviser (collectively in such capacities, the "Dealer Manager" or "you") and authorizes you to act as such in connection with the Exchange Offer. On the basis of the representations, warranties and covenants of the Offeror contained herein, you agree, in accordance with your customary practice, to perform those services in connection with the Exchange Offer as are customarily performed by investment banks in connection with exchange offers of a like nature, including, but not limited to, using reasonable efforts to solicit tenders of all of the Target Notes pursuant to the Exchange Offer and communicating generally regarding the Exchange Offer with securities depositaries, brokers, dealers, commercial banks and trust companies and other holders of Target Notes. You have been engaged to act as the sole Dealer Manager in connection with the Exchange Offer and in such capacity, you shall act as an independent contractor, and other than as required in accordance with the listing rules (the "Listing Rules") published by Financial Services Authority (the "FSA") acting in its capacity as the competent authority (the "UKLA") for the purposes of Part VI of the Financial Services and Markets Act 2000 (the "FSMA"), each of your duties arising out of your engagement pursuant to this Agreement shall be owed solely to the Offeror.

   The Offeror further authorizes you to communicate with Bank One, N.A., in its capacity as exchange agent for the Exchange Offer (the "Exchange Agent"), with Georgeson Shareholder Services LLC, in its capacity as information agent, with respect to matters relating to the Exchange Offer (the "Information Agent") and Bank One, N.A. in its capacity as London paying and transfer agent (the "London Agent"). The Offeror has instructed the Exchange Agent to advise you at least daily as to the number of Target Notes which have been tendered pursuant to the Exchange Offer and as to such other matters in connection with the Exchange Offer as you may request.

3. No Liability for Acts of Brokers, Dealers, Banks and Trust Companies. Neither you nor any of your affiliates shall have any liability to the Offeror or any other person for any losses, claims, damages, liabilities and expenses (each, a "Loss" and collectively, the "Losses") arising from any act or omission on the part of any broker or dealer in securities (a "Dealer"), bank or trust company, or any other person, and neither you nor any of your affiliates shall be liable for any Losses arising from your own acts or omissions in performing your obligations as Dealer Manager or as a Dealer hereunder or otherwise in connection with the proposed Exchange Offer, except for any such Losses which are finally judicially determined to have resulted primarily from your bad faith, willful misconduct or gross negligence. In soliciting or obtaining tenders, no Dealer, bank or trust company is to be deemed to be acting as your agent or the agent of the Offeror or any of its affiliates, and you, as Dealer Manager, are not to be deemed the agent of any Dealer, bank or trust company or the agent or fiduciary of the Offeror or any of its affiliates, security holders,

creditors or of any other person. In soliciting or obtaining tenders, you shall not be and shall not be deemed for any purpose to act as a partner or joint venturer of or a member of a syndicate or group with the Offeror or any of its affiliates in connection with the Exchange Offer, any acceptance of the Target Notes, or otherwise, and neither the Offeror nor any of its affiliates shall be deemed to act as your agent. The Offeror shall have sole authority for the acceptance or rejection of any and all tenders.

4. The Exchange Offer Material and Withdrawal Rights. The Offeror agrees to furnish you, at its expense, with as many copies as you may reasonably request of (i) the offering memorandum, dated January 7, 2003, pertaining to the Exchange Offer (the "Offering Memorandum") and each offering circular, solicitation statement, disclosure document, or other explanatory statement, or other report, filing, document, release or communication mailed, delivered, published, or filed by or on behalf of the Offeror in connection with the Exchange Offer, (ii) each of the documents that is filed by the Offeror with any governmental entity exercising executive, legislative, judicial, regulatory, or administrative functions of or pertaining to government in either the United States, the United Kingdom or the European Community, including without limitation any United States federal, state or local entity or any non-U.S. political subdivision or court (each a "Governmental Agency") in connection with the Exchange Offer, (iii) each document required to be filed by the Offeror with the FSA in its capacity as UKLA or otherwise or the London Stock Exchange plc (the "Exchange") in connection with the Exchange Offer, (iv) each document required to be filed with the United States Securities and Exchange Commission (the "Commission") pursuant to the provisions of the United States Securities Act of 1933, as amended, and the rules and regulations promulgated by the Commission thereunder (collectively, the "Securities Act"), and the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission thereunder (collectively, the "Exchange Act"), pertaining to the Exchange Offer during the term of this Agreement, including Form CB and all documents and exhibits thereto and (v) each appendix, attachment, modification, amendment or supplement to any of the foregoing and all related documents, including but not limited to each letter or evidence of tender by holders of Target Notes received by, or on behalf of, the Offeror (each of (i), (ii), (iii), (iv) and (v) together with each document incorporated by reference into any of the foregoing, the "Exchange Offer Material").

The Exchange Offer Material has been or will be prepared and approved by, and is the sole responsibility of, the Offeror. At the commencement of the Exchange Offer, the Offeror shall cause timely to be sent, to each holder of any Target Notes legally or contractually entitled thereto and identified by or to the Offeror, the Offering Memorandum and any of the

other Exchange Offer Material prepared by the Offeror expressly for use by holders of Target Notes tendering in the Exchange Offer. Thereafter, to the extent practicable, until the expiration of the Exchange Offer, the Offeror shall use its reasonable efforts to cause copies of such materials to be sent to each person who becomes a holder of a beneficial interest in any applicable Target Notes.

The Offeror acknowledges and agrees that you may use the Exchange Offer Material as specified herein without assuming any responsibility for independent investigation or verification on your part of the accuracy or adequacy thereof and the Offeror represents and warrants to you that you may rely on the accuracy and adequacy of any information delivered to you by or on behalf of the Offeror without assuming any responsibility for independent verification of such information or without performing or receiving any appraisal or evaluation of the Offeror's assets or liabilities.

The Offeror confirms that it has authorized the Dealer Manager to make or cause to be made an application on its behalf for the Wal-Mart Notes to be admitted to the Official List of the UKLA and to be traded on the Exchange's market for listed securities.

The Offeror agrees that no Exchange Offer Material will be used in connection with the Exchange Offer or the transactions contemplated thereby or filed with the Commission or any other Governmental Agency with respect to the Exchange Offer or the transactions contemplated thereby without first obtaining your prior approval (which approval shall not be unreasonably withheld or delayed (it being understood that any delay that would result in the Offeror violating any applicable law would be unreasonable)). In the event that the Offeror (a) uses or permits the use of any Exchange Offer Material in connection with the Exchange Offer or files any such material with the Exchange or any Governmental Agency (including the Commission) without your prior approval or (b) shall have breached any of its representations, warranties, agreements or covenants herein, then you shall be entitled to withdraw as Dealer Manager in

connection with the Exchange Offer without any liability or penalty to you or any Indemnified Person (as hereinafter defined) for such withdrawal, and without loss of any right to the indemnification provided in Section 12 hereof, the payment of all fees and expenses payable under this Agreement, which have accrued to the date of such withdrawal or would otherwise be due to you on such date, or the benefit of any other provisions surviving such withdrawal pursuant to Section 15 hereof. If you withdraw as Dealer Manager, the fees accrued and reimbursement for your expenses through the date of such withdrawal shall be paid to you on or promptly after such date.

5. Compensation. The Offeror agrees to pay you, as compensation for your services as Dealer Manager in connection with the Exchange Offer, a fee of equal to _____% (_____) of the principal amount of Wal-Mart Notes issued pursuant to the Exchange Offer, which fee will be payable to the Dealer Manager on the Settlement Date.

6. Expenses of Dealer Manager and Others. In addition to your compensation for your services hereunder pursuant to Section 5 hereof, the Offeror agrees to pay directly, or reimburse you, as the case may be, for (a) all fees and expenses incurred by you relating to the preparation, printing, filing, mailing and publishing of Exchange Offer Material, (b) all initial and ongoing fees and expenses of the Exchange Agent, the Information Agent, the London Agent or other persons rendering services in connection with the Exchange Offer in accordance with the terms of the Offeror's agreements with each such person, (c) all advertising charges in connection with the Exchange Offer or the transactions contemplated thereby, including those of any public relations firm or other person or entity rendering

services in connection therewith, (d) all fees, if any, payable to Dealers (including you), and banks and trust companies as reimbursement for their customary mailing and handling expenses incurred in forwarding the Exchange Offer Material to their customers, (e) all fees and expenses, if any, payable in connection with the registration or qualification of the Wal-Mart Notes under applicable United States "blue sky" state or similar non-U.S. securities laws, (f) all fees and expenses relating to the listing of the Wal-Mart Notes on the Exchange and (g) all other out-of-pocket fees and expenses incurred by you in connection with the Exchange Offer or the transactions contemplated thereby or otherwise in connection with the performance of your services hereunder in an amount agreed upon between the Offeror and you (including advertising and announcement expenses and fees and disbursements of your legal counsel in an amount agreed upon between the Offeror and you), provided, however, that the Offeror will not pay directly or reimburse you for any value added tax except to the extent that such tax (1) is imposed on fees and disbursements listed in the parenthetical of subsection (g) of this Section 6 and (2) does not exceed $19, 250. All payments to be made by the Offeror pursuant to this Section 6 shall be made promptly against delivery to the Offeror of statements therefor. The Offeror shall be liable for the foregoing payments whether or not the Exchange Offer or the transactions contemplated thereby are commenced, withdrawn, terminated or cancelled prior to the acceptance of any Target Notes or whether the Offeror or any of its subsidiaries or affiliates acquires any Target Notes pursuant to the Exchange Offer or whether you withdraw pursuant to Section 4 hereof.

7. Noteholder Lists. The Offeror will cause the Information Agent and the Exchange Agent, as the case may be, to provide you, to the extent available, with cards or lists or other records in such form as you may reasonably request showing the names and addresses of, and the principal amount of Target Notes held by, the holders of Target Notes as of a recent date and will cause the Information Agent and the Exchange Agent, as the case may be, to advise you from day to day during the period of the Exchange Offer as to any transfers of record of Target Notes. The Offeror will have no liability to you or any other person for the inaccuracy or incompleteness of any such information.

8. Additional Obligations of the Offeror.

a) Unless the Offeror terminates the Exchange Offer, the Offeror will prepare and file, as required, any and all necessary amendments or supplements to any of the Exchange Offer Material, will promptly furnish to you true and complete copies of each such amendment and supplement within a reasonable period of time prior to the transmission thereof to any Governmental Agency, the Exchange and/or holders of Target Notes, as the case may be, and will use its reasonable efforts to obtain all necessary approvals from any Governmental Agency as promptly as practicable.

b) The Offeror shall advise you promptly of (i) the occurrence of any event which would cause the Offeror to withdraw, rescind, terminate or modify the Exchange Offer or would permit the Offeror to exercise any right not to accept Target Notes tendered under the Exchange Offer, (ii) the occurrence of any event, or the discovery of any fact, the occurrence or existence of which it believes would require the making of any change in any of the Exchange Offer Material then being used or would cause any representation or warranty contained in this Agreement to be untrue or inaccurate in any material respect, (iii) any proposal or requirement to make, amend or supplement any filing required by any Governmental Agency laws in connection with the Exchange Offer or to make any filing in connection with the Exchange Offer pursuant to applicable law, rule or

regulation, (iv) the issuance by any Government Agency, the FSA, or the Exchange of any comment or order or the taking of any other action concerning the Exchange Offer (and, if in writing, will furnish you with a copy thereof), (v) any request for information or other action by any Government Agency or the Exchange in connection with the Exchange Offer, (vi) any material developments in connection with the Exchange Offers, including, without limitation, the commencement of any lawsuit concerning the Exchange Offer and (vii) any other information relating to the Exchange Offer, the Exchange Offer Material or this Agreement which you may from time to time reasonably request. You agree that you will maintain in confidence, and not disclose, distribute or otherwise disseminate to any person (other than the persons within your organizations that are directly engaged in providing services to the Offeror with respect to the Exchange Offer and your attorneys, each of whom shall be notified of the existing and agree to be bound by this confidentiality agreement) or use any information provided to you pursuant to this Section 8 b) or any other provision of this Agreement or otherwise that is material nonpublic information concerning the Offeror or that the Offeror otherwise identifies in writing as confidential information without prior express consent; provided, however that you shall not be required to maintain in confidence (i) any information which at the time of disclosure by you is publicly available, or information which later becomes publicly available through no act or omission of you in violation of this Agreement, (ii) any information you can demonstrate was in your possession prior to your disclosure or that you acquired from a third party who, to your knowledge, did not acquire such information on a confidential basis from the Offeror or (iii) any information required to be disclosed by you to the Exchange, any Governmental Agency or pursuant to applicable law. If at any time the qualification of the Exchange Offer or the Wal-Mart Notes is suspended or enjoined by any Governmental Agency, the FSA or the Exchange, the Offeror shall make reasonable efforts to obtain the withdrawal of such order at the earliest practicable time.

c) Prior to the issuance of the Wal-Mart Notes, the Offeror shall (i) obtain the qualification thereof and all necessary approvals under applicable U.S. and non-U.S. laws as may be required for the consummation of the Exchange Offer provided that in connection therewith the Offeror shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction and (ii) comply with any requirements of the Exchange and applicable Governmental Agencies with respect to the Exchange Offer, including the listing of the Wal-Mart Notes on the Exchange and shall furnish you with preliminary and final forms of any documentation evidencing such qualification, approval and listing; provided, however, that the foregoing covenant shall not limit in any manner the Offeror's right not to commence the Exchange Offer or to terminate the Exchange Offer at your sole discretion.

d) Until the Exchange Offer is completed or terminated, the Offeror will deliver to you, promptly upon their becoming available, copies of all financial statements, reports, notices and proxy statements sent by the Offeror to its security holders, and of all current, regular and periodic reports filed by the Offeror or any of its subsidiaries with any securities exchange or with the Commission or any governmental authority succeeding to any of the Commission's functions. Such financial statements, reports, notice and proxy statements shall be deemed to have been delivered on the date on which the Offeror files such financial statements, reports, notices, proxy statements or documents containing such financial statements or notices with the Commission and they are posted on the Commission's website at www.sec.gov or the Offeror posts such

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financial statements, reports, notices, proxy statements or documents containing such financial statements or notices on its website.

e) In making and consummating the Exchange Offer, the Offeror will fully comply in a timely manner in all material respects with the applicable requirements of the Securities Act and the Exchange Act, the FSMA and any applicable rules and regulations promulgated thereunder and any other applicable non-U.S. laws and requirements.

f) The Offeror undertakes to effect delivery to the Registrar of Companies in England and Wales for registration in accordance with Section 83 of the FSMA of copies of the Offering Memorandum on or before the date of publication of the Offering Memorandum.

g) The Offeror will pay, and, to the extent permitted by applicable law, indemnify and hold harmless the holders of the Target Notes and their affiliates from, any United Kingdom stamp or stamp duty reserve or similar transfer tax or duty (but not any registration duty or any value added tax), and any related interest or penalties thereon of the United Kingdom that would otherwise be payable by the holders of the Target Notes on the transfer of their Asda Debt Securities pursuant to the Exchange Offer.

9. Additional Representations, Warranties and Agreements of the Offeror. The Offeror represents, warrants and agrees that:

a) The Exchange Offer Material complies or will comply in all material respects with the applicable requirements of the Securities Act and the Exchange Act, with all applicable rules or regulations of the Commission and any other Governmental Agency, including applicable United States "blue sky" state or similar non-U.S. securities laws; and none of the Exchange Offer Material contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they are made, not misleading, and any further documents filed and incorporated by reference in any amendment or supplement to the Offering Memorandum, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

b) Otherwise than due to any non-compliance by the Dealer Manager with the restriction contained in Section 10 or non-approval by the Dealer Manager of the advertisement in The Financial Times or press releases to be published by Wal-Mart or Asda, as the case may be, subject to their being in form satisfactory to the Dealer Manager (each a "Dealer Manager Failure"), the issue and exchange of Wal-Mart Notes for Target Notes pursuant to the Exchange Offer, the execution, delivery and performance of this Agreement, the Wal-Mart Notes and the indenture dated as of December 11, 2002 (the "Indenture") by the Offeror and the consummation by the Offeror of the transactions contemplated by this Agreement, the Wal-Mart Notes, the Indenture and the Exchange Offer Material (collectively, the "Transactions") will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default (with or without due notice and/or lapse of time) under, any indenture, mortgage, deed of trust, note,

loan agreement or other agreement or instrument to which the Offeror, Asda or any of their respective subsidiaries is a party or by which the Offeror, Asda or any of their respective subsidiaries is bound or to which any of the property or assets of the Offeror, Asda or their respective subsidiaries is subject, nor will such action result in any violation of the provisions of the Restated Certificate of Incorporation, as amended, or the Bylaws of the Offeror, the charter or similar organizational documents of Asda, the Listing Rules or any statute or any judgment, order, decree, rule or regulation of the Exchange, the Commission or any other Governmental Agency having jurisdiction over the Offeror, Asda or any of their respective subsidiaries or any of their properties.

c) Otherwise than due to any Dealer Manager Failure, the Transactions comply and will comply in all material respects with all applicable requirements of United States federal, state, local and applicable non-U.S. laws, including, without limitation, the Listing Rules and all other applicable rules and regulations of the Exchange, the FSA, the Commission and other Governmental Agencies, and all applicable judgments, orders or decrees, and no consent, approval, authorization,

order, exemption, registration or qualification or other action of, or filing with or notice to, the Exchange, the FSA, the Commission or any other Governmental Agency is required for the consummation by the Offeror of the Transactions, except such as have been, or will have been obtained, made or given and all statutory or regulatory waiting periods will have elapsed, prior to the acceptance of the Target Notes on the settlement date (the "Settlement Date") and such consents, approvals, authorizations, registrations or qualifications as may be required under applicable United States "blue sky" state or similar non-U.S. securities laws in connection with the Exchange Offer.

d) Each of this Agreement, the Exchange Offer, the Indenture, the Wal-Mart Notes and the Target Notes conforms or will conform, as the case may be, in all material respects to the descriptions thereof contained in the Offering Memorandum, as amended or supplemented, and in any of the other Exchange Offer Material.

e) The Offeror has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Offering Memorandum, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction; and each subsidiary of the Offeror has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation.

f) (i) The Offeror has full corporate power and authority to take and has duly taken all necessary corporate action to authorize the Transactions and the execution, delivery and performance of all related documents, and (ii) this Agreement, the Exchange Offer Material and all related documents have been duly authorized, executed and delivered, as the case may be, on behalf of the Offeror, and this Agreement is the legal, valid and binding obligation of the Offeror enforceable against it in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws now or hereafter in effect relating to creditors' rights generally and general principles of equity.

g) The Offeror has no knowledge of any material fact or information concerning the Offeror or Asda or any of their respective subsidiaries, or the operations, assets, condition (financial or otherwise) or prospects of the Offeror, Asda or any of their respective subsidiaries, which is required to be made generally available to the public and which has not been, or is not being, or will not be, made generally available to the public through the Exchange Offer Material or otherwise.

h) Other than as described or referred to in the Offering Memorandum, there are no legal or governmental proceedings, actions or suits pending to which the Offeror, Asda or any of their respective subsidiaries is a party or of which any property of the Offeror, Asda or any of their respective subsidiaries is the subject that, if determined adversely to the Offeror, Asda or any of their respective subsidiaries, would individually or in the aggregate have a material adverse effect on the consolidated financial position, stockholders' equity or results of operations of the Offeror or its subsidiaries; and, to the best of the Offeror's knowledge, no such proceedings, actions or suits are threatened or contemplated by any Governmental Agency or threatened by others.

i) None of the Offeror or its subsidiaries have sustained since the date of the latest audited financial statements included or incorporated by reference in the Offering Memorandum any material loss or material interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Offering Memorandum; and, since the respective dates as of which information is given in the Offering Memorandum, there has not been any material change in the capital stock or long-term debt of the Offeror or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management financial position, stockholders' equity or results of operations of the Offeror or its subsidiaries, otherwise than as set forth or contemplated in the Offering Memorandum.

j) The Offeror has an authorized capitalization as set forth in the

Offering Memorandum, and all of the issued shares of capital stock of the Offeror have been duly and validly authorized and issued and are fully paid and nonassessable and all of the issued shares of capital stock of each subsidiary of the Offeror have been duly and validly authorized and issued, are fully paid and nonassessable and (except for directors' qualifying shares and except as otherwise set forth in the Offering Memorandum) are owned directly or indirectly by the Offeror, free and clear of all liens, encumbrances, equities or claims.

k) The Offeror and its subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them, in each case free and clear of all liens, encumbrances and defects except such as are described in the Offering Memorandum or such as do not individually or in the aggregate materially affect the consolidated financial position, stockholders' equity or results of operation of the Offeror and its subsidiaries and do not interfere with the use made and proposed to be made of such property by the Offeror and its subsidiaries; and any real property and buildings held under lease by the Offeror and its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Offeror and its subsidiaries.

l) The Offeror, Asda and their respective subsidiaries own or possess, or can acquire on reasonable terms, adequate trademarks, service marks and trade names necessary to conduct the business now operated by them, and the Offeror has not and, to its knowledge, none of Asda and any of its other subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to any trademarks, service marks or trade names that, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would materially adversely affect the conduct of the business, operations, financial condition or income of the Offeror, Asda and their respective subsidiaries considered as one enterprise.

m) The Wal-Mart Notes have been duly authorized, and, when the Wal-Mart Notes are issued and delivered in accordance with the terms of the Exchange Offer, the Wal-Mart Notes will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Offeror entitled to the benefits provided by the Indenture; the Indenture has been duly authorized and will constitute a valid and legally binding instrument, enforceable in accordance with its terms with respect to the Wal-Mart Notes upon their issuance in accordance with the terms of the Indenture and the Exchange Offer, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

n) Ernst & Young, LLP, who have certified certain financial statements of the Offeror and its subsidiaries, are, to the best knowledge of management of the Offeror, independent public accountants as required by the Securities Act and the rules and regulations of the Commission thereunder.

o) The consolidated financial statements (including the related notes and supporting schedules) of the Offeror included in the Offering Memorandum present fairly the financial position of the Offeror and its consolidated subsidiaries as of the dates indicated and the results of their operations and cash flows for the periods specified; except as otherwise stated therein, said financial statements have been prepared in conformity with United States generally accepted accounting principles applied on a consistent basis throughout the periods involved (except as otherwise may be noted in the notes to those financial statements); and the selected and other financial information in the Offering Memorandum presents fairly the information shown therein and has been compiled on a basis consistent with that of the audited financial statements included in the Offering Memorandum.

p) The Exchange Offer complies with the requirements for the exemption for offerings in connection with an exchange offer for the securities of a "foreign private issuer" under Rule 802 under the Securities Act and the Offering Memorandum as of its date meets the requirements of Rule 802 under the Securities Act. Asda is a "foreign private issuer" as defined in Rule 3b-4 of the Exchange Act. The Exchange Offer complies in all material respects with the requirements of Rule 14d-1(c), also referred to as Tier I, under the Exchange Act providing an exemption from the requirements of Sections 14(d)(1) through 14(d)(7) of the Exchange Act, Regulation 14D and Rules 14e-1 and 14e-2 under the Exchange Act.

q) No form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) was or will be used or engaged in by the Offeror or any of its representatives in interstate commerce in the United States in connection

with the issue and exchange of Wal-Mart Notes for Target Notes pursuant to the Exchange Offer (except as required pursuant to Rule 802 under the Securities Act). Neither the Offeror, Asda, or any of their respective affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act) has directly, or through any agent, sold, offered for sale, solicited offers to buy, exchange or otherwise negotiated in respect of any "security" (as defined in the Securities Act) which is or could be integrated with the issuance of the Wal-Mart Notes pursuant to the Exchange Offer in a manner that would require the registration of the Wal-Mart Notes under the Securities Act.

r) The issuance of the Wal-Mart Notes pursuant to the Exchange Offer and the resale of the Wal-Mart Notes by the holders thereof in the manner contemplated by the Offering Memorandum do not require the registration of the Wal-Mart Notes under the Securities Act, any filing with the Commission pursuant to the Exchange Act (except for any filings made on or prior to the Settlement Date) or the qualification of the Indenture under the United States Trust Indenture Act of 1939, as amended.

s) Prior to the delivery of the Offering Memorandum to the Registrar of Companies in England and Wales, the Offering Memorandum has been approved by or on behalf of the UKLA as a prospectus as required by the Listing Rules and the Offering Memorandum complies with the Listing Rules.

t) The Exchange Offer as conducted by the Offeror has been and will be made only in circumstances which do not constitute an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended) to which such regulations apply and, other than due to any Dealer Manager Failure, in accordance with all other laws applicable in the United Kingdom.

u) Otherwise than due to any Dealer Manager Failure, the Offeror has complied in all material respects with the FSMA and all applicable rules and regulations promulgated thereunder and none of the Exchange Offer Materials have been entered into in the course of carrying on regulated activities in the United Kingdom in contravention of section 19 of the FSMA nor in the course of, nor in consequence of, any communication (within the meaning of section 21 of the FSMA) in contravention of section 21 of the FSMA and none of the Exchange Offer Materials is an agreement to which section 26(1) or 27(1) of the FSMA applies.

v) No stamp or other issuance, transfer or registration taxes or duties and no withholding taxes of any nature are payable by the holders of the Target Notes in the United Kingdom or to any political subdivision or taxing authority thereof or therein, in each case, in connection with the Transactions.

10. Representations, Warranties and Agreements of the Dealer Manager. The Dealer Manager represents, warrants and agrees to the Offeror in relation to the Exchange Offer and the Wal-Mart Notes that:

a) The Dealer Manager has not and will not make any general solicitation or general advertising (except as may be required pursuant to Rule 802 under the Securities Act) as to the Exchange Offer in interstate commerce in the United States or offer on behalf of the Offeror the Wal-Mart Notes in any manner that would constitute a violation of the Securities Act or Exchange Act and that any actions taken or to be taken by the Dealer Manager in connection with the Exchange Offer have been taken and will be taken in a

manner consistent with, and that will permit the Exchange Offer to comply with, the terms of Rule 802 of the Commission and Rule 14d-1(c) of the Commission.

b) The Dealer Manager (i) has not offered or sold and will not offer or sell any Wal-Mart Notes to persons in the United Kingdom prior to publication of the Offering Memorandum; (ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Wal-Mart Notes in, from or otherwise involving the United Kingdom; and (iii) has only

communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Wal-Mart Notes in circumstances in which section 21(1) of the FSMA does not apply to the Offeror.

c) The Dealer Manager will not disseminate any written material for or in connection with the solicitation of tenders of Target Notes pursuant to the Exchange Offer other than the Exchange Offer Material.

The Dealer Manager acknowledges that, other than the approval of the Offering Memorandum together with each Supplementary Offering Memorandum as a prospectus in accordance with the listing rules made under Part VI of the FSMA, the application for admission to listing to the UK Listing Authority, the application for admission to trading to the London Stock Exchange, the delivery of copies of the Offering Memorandum to the Registrar of Companies in England and Wales for registration in accordance with Section 83 of the FSMA (and the approval and delivery of the Supplementary Offering Memorandum), the approval by Credit Suisse First Boston (Europe) Limited of certain press releases and notices, and the delivery (electronically or otherwise) of the Offering Memorandum and each Supplementary Offering Memorandum to the holders of Target Notes in the United Kingdom, no action has been taken or will be taken by the Dealer Manager (on behalf of itself or on behalf of the Offeror) to permit or effect a public offering of the Wal-Mart Notes or the distribution of the Offering Memorandum in any jurisdiction.

The Dealer Manager represents, warrants and agrees to observe all applicable laws and regulations in any jurisdiction in which it may solicit tenders of Asda Debt Securities; and that it will not directly or indirectly solicit tenders of Asda Debt Securities or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except in circumstances that will result in compliance with all applicable laws and regulations.

11. Conditions to Obligations of the Dealer Manager. Your obligation to render services pursuant to this Agreement shall at all times be subject to the satisfaction of the following continuing conditions:

a) The Offeror at all times shall have performed in all material respects all of its obligations hereunder theretofore to be performed.

b) All representations, warranties, covenants and other statements of the Offeror contained in this Agreement are now, at the commencement of, and at all times during the continuance, and upon the consummation of, the Exchange Offer, shall be, true and correct in all material respects.

c) No government order suspending or enjoining the offer, issuance, delivery or exchange of the Wal-Mart Notes pursuant to the Exchange Offer has been issued and no proceedings for that purpose are pending or, to the knowledge of the Offeror, are contemplated, and any request of the Exchange, the FSA, the UKLA, the Commission or any other Government Agency for additional information (to be included in the Offering Memorandum or other Exchange Offer Material) has been complied with or otherwise satisfied.

d) You shall have received an opinion dated the date hereof of Hughes and Luce, special U.S. counsel to the Offeror, with respect to the matters set forth in Exhibit A-1. The Offeror shall have received an opinion addressed to the Offeror dated the date hereof of Simmons & Simmons, special U.K. counsel to the Offeror (addressed to the Offeror), with respect to matters set forth in Exhibit A-2. You shall receive an opinion addressed to you and dated the date hereof of Milbank, Tweed, Hadley & McCloy, special U.K. counsel to the Dealer Manager, confirming the opinion delivered by Simmons & Simmons.

e) You and the Offerors, as the case may be, shall have received opinions dated the date of the first issuance of the Wal-Mart Notes of Hughes and Luce, Simmons & Simmons and Milbank, Tweed, Hadley & McCloy confirming the opinions delivered pursuant to subparagraph (d) above.

f) You shall have received a letter, satisfactory in form to you and your counsel, dated the commencement date of the Exchange Offer (and reaffirmed and updated to the date of the first issuance of the Wal-Mart Notes) and addressed to you, of Ernst & Young, LLP, independent certified public accountants for the Offeror, containing statements and information of the type ordinarily included in

accountants' comfort letters with respect to the financial statements and certain financial information contained in the Exchange Offer Material.

g) On the commencement date of the Exchange Offer and on the Settlement Date, you shall have received a certificate signed by a Vice President or the Treasurer of the Offeror that states that, (i) except as reflected in or contemplated by the Offering Memorandum, since the date as of which information is given in the Offering Memorandum there shall not have been, at the time of such certificate, any material adverse change, financial or otherwise, in the condition of the Offeror or its subsidiaries from that set forth in the Offering Memorandum, (ii) the representations and warranties of the Offeror herein shall be true and correct at the date of such certificate and (iii) the Offeror shall not have failed, at or prior to the time of such certificate, to have performed in all material respects all agreements herein contained which should have been performed by the Offeror at or prior to such time.

h) It shall not have become unlawful under any United States law or regulation, Federal, state or local, or any applicable non-U.S. law or regulation for you to render services pursuant to this Agreement, or to continue so to act, as the case may be.

i) The UKLA having agreed to list the Wal-Mart Notes subject only to issuance on or prior to the Settlement Date.

12. Indemnification.

a) The Offeror agrees to hold harmless and indemnify you (including any of your affiliated companies) and any officer, director, partner, employee or agent of you or any of such affiliated companies and any entity or person controlling (within the meaning of Section 20(a) of the Exchange Act) you, including any affiliated companies (collectively, the "Indemnified Persons"), from and against any and all Losses actually incurred or suffered by the Indemnified Persons (including, but not limited to, any and all expenses incurred in investigating, preparing or defending against any litigation or proceeding, commenced or threatened, or any claims whatsoever whether or not resulting in any liability) (i) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in the Exchange Offer Material or in any other material used by the Offeror, or authorized by the Offeror for use in connection with the Exchange Offer or the Transactions contemplated thereby, or arising out of or based upon the omission or alleged omission to state in any such document a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, (ii) arising out of or based upon the commencement of, or any withdrawal or termination by the Offeror of, or failure by the Offeror to make or consummate the Transactions or any other failure to comply with the terms and conditions specified in the Exchange Offer Material, (iii) arising out of the breach or alleged breach by the Offeror of any representation, warranty or covenant set forth in this Agreement or (iv) arising out of, relating to or in connection with any other action taken or omitted to be taken by an Indemnified Person or (v) otherwise arising out of, relating to or in connection with the Exchange Offer, or your services as Dealer Manager hereunder. The Offeror shall not, however, be responsible for any Loss pursuant to clauses (iii), (iv) or (v) of the preceding sentence of this Section 12 which has been finally judicially determined to have resulted primarily from the bad faith, willful misconduct or gross negligence on the part of any Indemnified Person, other than any Loss arising out of or resulting from actions performed or omitted to be performed at the request of, with the consent of, or in conformity with actions taken or omitted to be taken by, the Offeror.

b) The Offeror and you agree that if any indemnification sought by any Indemnified Person pursuant to this Section 12 is unavailable for any reason or insufficient to hold you harmless, then the Offeror and you shall contribute to the Losses for which such indemnification is held unavailable or insufficient in such proportion as is appropriate to reflect the relative benefits received (or anticipated to be received) by the Offeror, on the one hand, and actually received by you, on the other hand, in connection with the Transactions or, if such allocation is not permitted by applicable law, not only such relative benefits but also the relative faults of the Offeror, on the one hand, and you, on the other hand, as well as any other equitable considerations, subject to the limitation that in any event the aggregate contribution by you to all Losses with respect to which contribution is available hereunder shall not exceed the fees actually received by you in

connection with your engagement hereunder (excluding any amounts paid as reimbursement of expenses). It is hereby agreed that the relative benefits to the Offeror, on the one hand, and you, on the other hand, with respect to the Exchange Offer and the transactions contemplated thereby shall be deemed to be in the same proportion as (i) the aggregate amount of the Wal-Mart Notes issued or proposed to be issued pursuant to the Transactions (whether or not the Exchange Offer is consummated) bears to (ii) the fees actually received by you from the Offeror in connection with your engagement hereunder (excluding any amounts paid as

reimbursement of expenses). The relative fault of the Offeror, on the one hand, and of you and other Indemnified Persons, on the other hand, (x) in the case of an untrue or alleged untrue statement of a material fact, shall be determined by reference to, among other things, whether such untrue or alleged untrue statement or omission relates to information supplied by the Offeror or by you or the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission and (y) in the case of any other action or omission, shall be determined by reference to, among other things, whether such action or omission was taken or omitted by the Offeror or by you and the parties' relative intent, knowledge, access to information and opportunity to prevent such action or omission.

c) The Offeror also agrees to reimburse each Indemnified Person for all expenses (including fees and disbursements of counsel) as they are incurred by such Indemnified Person in connection with investigating, preparing for, defending or providing evidence (including appearing as a witness) with respect to any action, claim, investigation, inquiry, arbitration or other proceeding referred to in this Section 12 or enforcing this Agreement, whether or not in connection with pending or threatened litigation in which any Indemnified Person is a party. Promptly after receipt by any Indemnified Person under Section 12 a) of notice of the commencement of any action, such Indemnified shall, if a claim in respect thereof is to be made against the Offeror under such subsection, notify the Offeror in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability that it may have to any Indemnified Person otherwise than under such subsection.

d) The Offeror agrees that it will not, without your prior written consent, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification may be sought hereunder (whether or not you, any other Indemnified Person or the Offeror is an actual or potential party), unless such settlement, compromise or consent (i) includes an unconditional release of each Indemnified Person from all liability arising out of such claim, action or proceeding and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of an Indemnified Person.

e) The foregoing rights to indemnity and contribution shall apply whether or not the Indemnified Person is a formal party to such litigation or proceeding and shall be in addition to any other right which you and the other Indemnified Persons may have against the Offeror at common law or otherwise.

13. Reference to Dealer Manager. The Offeror agrees that any reference to you
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or your affiliates in any Exchange Offer Material, or any other release, publication or communication to any party outside the Offeror, is subject to your prior approval. If you resign or are terminated prior to the dissemination of any Exchange Offer Material or any other release or communication, no reference shall be made therein to you without your prior written permission.

14. Access to Information. In connection with your activities hereunder, the
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Offeror agrees to furnish you and your counsel with all information concerning the Offeror that you may reasonably request and agrees to provide you with reasonable access to the Offeror's officers, directors, accountants, counsel, consultants and other appropriate agents and representatives, all as necessary for you to discharge your obligations and duties under this Agreement, it being understood that you will be entitled to rely upon such information

supplied by the Offeror and such persons without assuming any responsibility for independent investigation or verification thereof. In providing any information to you or any of your representatives or

advisers, whether pursuant to this Agreement or otherwise, you and your representatives and advisers shall be entitled to receive such information only upon their execution of such confidentiality agreements as the Offeror may reasonably request.

15. Termination. This Agreement shall terminate upon the expiration, termination or withdrawal of the Exchange Offer or upon withdrawal by you as Dealer Manager pursuant to Section 4 hereof, it being understood that Sections 3, 5, 6, 8, 9, 10, 12, 15, 17, 20, 21, 22, 23, 24, 25 and 26 hereof shall survive any termination of this Agreement. In addition, you shall have the right to terminate this Agreement if the opinions of counsel specified in Section 11 hereof are not received by you upon request.

16. Notices. All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be given (and shall be deemed to have been given upon receipt) by delivery in person, by cable, by telecopy, by telegram, by telex or by registered or certified mail (postage prepaid, return receipt requested) to the applicable party at the addresses indicated below:

a) if to you:

Credit Suisse First Boston (Europe) Limited
One Cabot Square
London E14 4QJ
England
Telecopy No.: 44 20 7890 2367
Attention: Michael Saron

with a copy to:

Milbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, New York 10005

Telecopy No.: 212-530-5219
Attention: Arnold B. Peinado, III

b) if to Offeror:

Wal-Mart Stores, Inc,
702 S.W. 8th Street
Bentonville,
Arkansas 72716 U.S.A.

Telecopy No.:
Attention:

with a copy to:

Hughes & Luce LLP
1717 Main Street, Suite 2800
Dallas, TX
75201 U.S.A.

Telecopy No.: 214-939-6100
Attention: Dudley Murrey

17. Consent to Jurisdiction; Service of Process. The Offeror hereby (a) submits to the jurisdiction of any New York State or Federal court sitting in the City of New York with respect to any actions and proceedings arising out of or relating to this Agreement, (b) agrees that all claims with respect to such actions or proceedings may be heard and determined in such New York State or Federal court, (c) waives the defense of an inconvenient forum, (d) agrees not to commence any action or proceeding relating to this Agreement other than in a New York State or Federal court sitting in the City of New York and (e) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

18. Entire Agreement. This Agreement (the provisions of which are ratified and confirmed in all respects) constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof.

19. Amendment. This Agreement may not be amended except in writing signed by each party to be bound thereby.

20. Governing Law. The validity and interpretation of this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, applicable to contracts made and to be performed therein.

21. Waiver of Jury Trial. THE OFFEROR HEREBY AGREES ON ITS OWN BEHALF TO WAIVE ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTER-CLAIM OR ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (INCLUDING, WITHOUT LIMITATION, THE EXCHANGE OFFER).

22. Counterparts; Severability. This Agreement may be executed in two or more separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction.

23. Parties in Interest. This Agreement, including rights to indemnity and contribution hereunder, shall be binding upon and inure solely to the benefit of each party hereto, the Indemnified Persons and their respective successors, heirs and assigns, and nothing in this

Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

24. Tombstone. The Offeror acknowledges that you may at your expense place an announcement in such newspapers and periodicals as you may choose, stating that you have acted or are acting as Dealer Manager and financial advisor to the Offeror in connection with the Exchange Offer and the transactions contemplated thereby; provided that, at least 48 hours prior to the submission of such announcement for publication you will provide a copy of the proposed announcement to the Offeror for its review and comment. Notwithstanding any provision herein to the contrary, it is expressly understood that expenses incurred in respect of the "Notice of Exchange Offer" to be published in The Financial Times, The Wall Street Journal, The New York Times or any other publication in connection with the Exchange Offer as and to the extent required by applicable law shall be borne by the Offeror.

25. Trading Activities. The Offeror acknowledges that you may trade one or more series of the Target Notes for your own account or for the accounts of your customers, and hold a long or a short position in the Target Notes, in each case in accordance with the requirements of applicable law. The Offeror also acknowledges that your affiliates, or funds managed by your affiliates, may hold or trade one or more series of the Target Notes on behalf of asset management clients, in each case in accordance with the requirements of applicable law. The Offeror acknowledges that, at any given time, you may trade the Wal-Mart Notes for your own account or for the accounts of your customers, and accordingly may hold a long or a short position in the Wal-Mart Notes, in each case in accordance with the requirements of applicable law.

26. Expenses to be Reasonable. In each instance in which any party hereto undertakes to pay or reimburse another party for certain expenses, costs or disbursements of that other party (including attorney's fees, disbursements and other costs), unless expressly provided to the contrary, such undertaking shall be deemed to be an undertaking to pay such expenses, costs and disbursements that are reasonable within the context in which they were incurred and are of amounts, and were incurred based on rates, that are reasonable within the marketplace.

Please indicate your willingness to act as Dealer Manager and your acceptance of the foregoing provisions by signing in the space provided below for that purpose and returning to us a copy of this Agreement so signed, whereupon this Agreement and your acceptance shall constitute a binding agreement between us.

Very truly yours,

WAL-MART STORES, INC.

By:

Name:
Title:

Accepted as of the date first above written:

CREDIT SUISSE FIRST BOSTON (EUROPE) LIMITED

By:

Name:
Title:

Exhibit A-1

Matters to be Addressed in the Opinion of Hughes & Luce LLP

[Text not included]

Exhibit A-2

Matters to be Addressed in the Opinion of Simmons & Simmons

[Text not included]

Exhibit II.6.

Form of Paying Agency Agreement

WAL-MART STORES, INC.

and

BANK ONE, NA, acting through its LONDON BRANCH
As Registrar, London Paying Agent and London Transfer Agent

AGENCY AGREEMENT for [__]% Notes due 2013

Dated as of January __, 2003

THIS AGREEMENT is made in London as of January __, 2003 between

(1) WAL-MART STORES, INC. (the "Issuer"), and

(2) BANK ONE, NA, LONDON BRANCH ("Bank One, NA"), which shall act as registrar, London paying agent and London transfer agent with respect to the Notes (as defined below). Bank One, NA is hereinafter referred to in such respective capacities as "Registrar," "London Paying Agent" and "London Transfer Agent," which expressions shall include any successor or successors thereto.

WHEREAS pursuant to the dealer manager agreement (the "Dealer Manager Agreement") dated January __, 2003, between the Issuer and Credit Suisse First Boston (Europe) Limited, as Dealer Manager, the Issuer has agreed to issue (Pounds)_____ of [__]% Notes due 2013 (the "Notes"); and

WHEREAS the Issuer wishes to appoint Bank One, NA, acting through its London branch, to act as Registrar, London Paying Agent and London Transfer Agent in relation to the Notes upon the terms and conditions set forth in this Agreement and the Schedules hereto.

IT IS HEREBY AGREED as follows:

1. DEFINITIONS, INTERPRETATION

The following terms shall, unless the context otherwise requires, have the respective meanings indicated below:

"London Agent(s)" means any of the Registrar, London Paying Agent or London Transfer Agent.

"Conditions" means the terms and conditions of the issue of the Notes, as contained in the Global Note, the Series Terms Certificate and the Indenture.

"Global Note" means the Global Note dated January __, 2003, in the form of Schedule 1 attached hereto.

"Indenture" means the Indenture dated as of December 11, 2002, between the Issuer and Bank One Trust Company, NA, as Trustee (the "Trustee"), a copy of which is attached hereto as Schedule 2.

"Paying Agents" means the London Paying Agent and the U.S. Paying Agent (as defined in the Indenture).

"Series Terms Certificate" means the Series Terms Certificate dated January __, 2003, in the form of Schedule 3 attached hereto.

Terms not defined herein shall have the same meanings ascribed to them in the Dealer Manager Agreement or the Conditions, as the case may be.

2. APPOINTMENTS

2.1 The Issuer hereby appoints Bank One, NA, acting through its London branch, to act as Registrar, London Paying Agent and London Transfer Agent in respect of the Notes and Global Note.

2.2 Bank One, NA, acting through its London branch, hereby accepts such appointments and the resulting obligations, and agrees to act in such capacities, on the terms and conditions set out in this Agreement and the Schedules hereto. In particular, the London Paying Agent agrees to effect any publication of notices pursuant to the Conditions.

2.4 The obligations of the Agents are several and not joint.

3. THE NOTES

3.1 The Notes shall be represented by a permanent Global Note without interest coupons as specified in the Conditions. The Global Note shall be substantially in the form attached hereto as Schedule 1, in each case with such changes as may be agreed between the Issuer and the Trustee. Individual Notes shall not be issued, except as expressly provided in the Global Note.

3.2 The Global Note shall be signed manually by a duly authorized officer of the Issuer and dated January __, 2003. The Global Note shall be authenticated manually by the Trustee and delivered to Bank One Nominees Limited, as nominee for Bank One, NA, common depositary for Euroclear and Clearstream.

4. PAYING AGENCY

4.1 The Issuer shall remit the funds necessary for the payment of interest on and principal of or any redemption price payable with respect to the Notes to the Paying Agents, in British pounds sterling, in same-day funds. The portion of such funds remitted to the London Paying Agent shall be remitted to such account at the London Paying Agent as the London Paying Agent may from time to time specify (the "Redemption Account") on the Business Day such payment is due, provided always that, if any due date shall not be a Business Day, the Issuer shall make such transfer to the account of the London Paying Agent on the next succeeding Business Day (for purposes of this Agreement, the term "Business Day" shall have the meaning ascribed to it in the Indenture).

The Issuer hereby authorizes and directs the London Paying Agent, from the amounts so paid to it, to make payment of the principal of or any redemption price payable with respect to, and interest on, the Notes on the due date for payment set forth in the Conditions and this Agreement. If applicable, the London Paying Agent will, from funds so received from the Issuer, credit to the account of the London Paying Agent the

amounts of all such payments made by it in accordance with the provisions of this Agreement.

The Issuer understands that it should confirm to the London Paying Agent not later than 10:00 a.m. (London time) on the second Business Day before the relevant date for such payment that it has issued irrevocable payment instructions for such payment to be made. The London Paying Agent shall contact the Issuer not later than 10 Business Days before the respective due date with regard to such payment. The Redemption Account shall be free of charge.

4.2 If for any reason (other than negligence or willful misconduct on the part of the London Paying Agent or its officers, employees or agents) the London Paying Agent does not receive unconditionally its full proportionate share of the amount payable by the Issuer on the relevant due date in respect of all the outstanding, maturing or redeemed Notes, the London Paying Agent shall forthwith notify immediately the Issuer by telephone followed by facsimile and the London Paying Agent shall not be bound to make any payment of principal on or any redemption price payable with respect to, or interest on, the Notes until the London Paying Agent has received to its order its full proportionate share of the amount of the monies then due and payable in respect of all outstanding, maturing or redeemed Notes, provided, however, that if the London Paying Agent shall, in its discretion, make any payment of principal on or any redemption price payable with respect to or interest on the Notes on or after the due date therefor in respect of the Notes prior to its unconditional receipt of its full proportionate share of the amount then due and payable in respect of the Notes, the Issuer will promptly pay such amount to the London Paying Agent and will compensate the London Paying Agent at a rate equal to the London Paying Agent's cost of funding.

4.3 Out of the sums paid to the London Paying Agent in respect of interest on and principal on or any redemption price payable with respect to the Notes, the London Paying Agent will make payment free of charge to the registered holder of the Global Note as stipulated in Clause 6 below, in the amounts specified in the Conditions. The Registrar shall supply such details as are required for the London Paying Agent to make payment as stated above.

4.4 In respect of the monies paid to it relating to any Note, the London Paying Agent:

4.4.1 shall not be entitled to exercise, and to the extent permitted by law, hereby waives and releases with respect to such monies, any lien, right of set-off or similar claim (including without limitation any claim arising from or relating to any other issue of securities by the Issuer),

4.4.2 shall not be required to account for interest thereon,

4.4.3 need not segregate such monies except as required by law, and

4.4.4. shall comply with any tax withholding requirements imposed by the United States, in accordance with Section 6.02(b) of the Indenture.

5. DOCUMENTS FOR INSPECTION AND PUBLICATION OF NOTICES

5.1 On behalf and at the request and expense of the Issuer, the London Paying Agent shall cause to be published any notices required to be given by the Issuer in accordance with the Conditions.

5.2 The Issuer shall provide to the London Paying Agent sufficient copies of all documents required by the Conditions to be available for issue or inspection, and the London Paying Agent shall make such copies available to all holders of Notes upon their request.

5.3 To the extent practicable, the Issuer shall provide the London Paying Agent with a copy (prior to publication) of all notices to be issued in connection with the Notes.

6. DUTIES OF THE LONDON TRANSFER AGENT

If and to the extent so specified by the Conditions and in accordance therewith, or if otherwise requested by the Issuer, the London Transfer Agent shall make available all relevant forms of transfer, inform the Registrar of the name and address of the relevant person to be inserted in the Register, cancel any Global Note upon the exchange of that Global Note for Certificated Notes (as defined in the Global Note) and carry out such other acts as may be necessary to give effect to the Conditions and this Agreement.

7. DUTIES OF THE REGISTRAR

If and to the extent so specified by the Conditions and in accordance therewith, or if otherwise requested by the Issuer, the Registrar shall supply such details to the London Paying Agent as are required for the London Paying Agent to make payments as stated in Clause 4 above. Additionally, the Registrar shall, based on information received from the London Transfer Agent, insert the name and address of the relevant person in the Register, and carry out such other acts as may be necessary to give effect to the Conditions and this Agreement.

8. CONDITIONS OF APPOINTMENT

8.1 The Issuer will pay to the London Agents a remuneration for all services rendered hereunder by the London Agents in connection with the Notes together with any expenses incurred only to the extent separately agreed upon by the London Agents and the Issuer.

8.2 The Issuer will indemnify and hold harmless each of the London Agents against any loss, liability or expense which it may incur or any claim, action or demand which may be made against it resulting from the negligence or willful misconduct on the part of the Issuer (or its officers, employees or agents (other than the London Agents and their officers, employees, and agents)) and arising out of or in connection with such London Agent's appointment or the exercise of its powers and duties hereunder without gross negligence or willful misconduct on the part of such London Agent.

8.3 Each London Agent will indemnify and hold harmless the Issuer against any loss, liability or expense incurred by the Issuer or any claim, action or demand which may be made against the Issuer resulting from the gross negligence or willful misconduct on the part of such London Agent (or such London Agent's officers, employees or agents) and arising out of or in connection with such London Agent's duties hereunder.

8.4 The indemnities above shall survive the termination or expiration of this Agreement.

8.5 Each of the London Agents shall be protected and shall incur no liability for or in respect of any action taken, omitted or suffered in reliance upon any

instruction or communication from the Issuer or any document reasonably believed by it to be genuine and to have been delivered, signed or sent by the proper party or parties in accordance with the provisions hereof, except such as may result from its own negligence or willful misconduct or that of its officers, employees or agents.

8.6 In acting hereunder and in connection with the Notes, the London Agents do not assume any relationship of agency and trust for the holders of the Notes, and shall not have any obligation towards them except that all funds held by the London Paying Agent for payment of principal of or interest on the Notes shall be held exclusively for the benefit of and for payment to the holders of the Notes and shall be applied as set forth herein and in the Conditions.

8.7 Notwithstanding anything to the contrary contained in this Clause 8, (a) no London Agent shall be liable for the loss, theft, destruction or damage of any Note, unless such loss, theft, destruction or damage is the result of such London Agent's gross negligence or willful misconduct, and (b) no London Agent shall have any liability whatsoever for any consequential, special, indirect or speculative loss or damages (including, but not limited to, loss of profits, whether or not foreseeable) suffered by the Issuer in connection with the transactions contemplated by and the relationship established by this Agreement even if such London Agent has been advised as to the possibility of the same, except in the event of a determination of fraud on the part of such London Agent in a non-appealable judgment of a court having jurisdiction.

8.8 Nothing herein shall be deemed to require any London Agent to advance its own funds in the performance of its duties hereunder.

8.9 The London Agents may consult with legal and other professional advisers selected in good faith and satisfactory to them and the advice or opinion of such advisers shall be full and complete protection in respect of any action taken, omitted or suffered hereunder in good faith and without negligence and in accordance with the advice or opinion of such advisers.

8.10 The London Agents shall be obliged to perform such duties and only such duties as are herein specifically set forth, and no implied duties or obligations shall be read into this Agreement against the London Agents. No London Agent shall be under any obligation to take any action hereunder which it expects will result in any expense or

liability of such London Agent, the payment of which within a reasonable time is not, in its opinion, assured to it.

8.11 The London Agents and their officers, employees and affiliates, in their individual or any other capacity, may become the owners of, or acquire any interest in, any Notes with the same rights that the London Agents would have if they were not the London Agents hereunder.

9. CHANGE IN AGENTS

9.1 Each of the Registrar, London Paying Agent and London Transfer Agent in its capacity as such may be removed at any time by the giving to it of at least 30 days' written notice to that effect signed on behalf of the Issuer specifying the date on which such removal shall become effective. Each of the Registrar, London Paying Agent and London Transfer Agent may at any time resign by giving at least 30 days' written notice (unless the Issuer agrees to accept less notice) to that effect to the Issuer specifying the date on which such resignation shall become effective. Notwithstanding the foregoing, no such resignation or removal shall take effect within 30 days before or after any due date for payment of any Notes or before a new Registrar, London Paying Agent or London Transfer Agent, as the case may be, shall have been appointed by the Issuer as hereinafter provided, and such new London Agent shall have accepted such appointment. Any change in any London Agent shall be notified by the Issuer to the other London Agent(s).

9.2 The Issuer agrees with the London Paying Agent that if, by the day falling 10 days before the expiration of any notice under Clause 9.1 above, the Issuer has not appointed a replacement London Paying Agent, then the London Paying Agent shall be entitled, on behalf of the Issuer, to appoint in its place any reputable financial institution of good standing and the Issuer shall not unreasonably object to such appointment.

9.3 Upon the effectiveness of the appointment of any successor Registrar, London Paying Agent or London Transfer Agent, as the case may be, pursuant to Clause 9.1, the Registrar, London Paying Agent or London Transfer Agent so removed shall cease to be a Registrar, London Paying Agent or London Transfer Agent, as the case may be, hereunder. Prior to the effectiveness of such appointment, the London Paying Agent shall hold all monies deposited with it or held by it hereunder in respect of the Notes to the order of the respective successor London Paying Agent.

10. NOTICES

Notices shall be in writing (including by facsimile) and addressed to the relevant party hereto as follows:

(a) If to the Issuer:

Wal-Mart Stores Inc.
702 S.W. 8th Street
Bentonville, AR 72716-8315

Attention: Treasurer--Mail Stop 0100
Telephone: (479) 273-4381
Facsimile: (479) 277-1969

With a copy to:

Assistant Secretary--Mail Stop 0290
Telephone: (479) 277-2302
Facsimile: (479) 277-5991

(b) If to the Registrar, London Paying Agent or London Transfer Agent

Bank One, NA
27 Leadenhall Street
London
EC3A 1AA
Attn: Corporate Trust Operations
Telephone: 44(0) 207 903 4913
Facsimile: 44(0) 207 867 9186

or at any other address of which any of the foregoing shall have notified the others, and shall be deemed to have been given when received by the relevant party.

11. APPLICABLE LAW, PLACE OF JURISDICTION

11.1 This Agreement shall be governed by New York law.

11.2 The non-exclusive place for all proceedings arising out of this Agreement shall be New York.

12. MISCELLANEOUS

12.1 The London Paying Agent shall promptly advise the Issuer of any notice, including any notice declaring Notes due, which it may receive pursuant to the Conditions.

12.2 Should any of the provisions of this Agreement be or become invalid, in whole or in part, the other provisions of this Agreement shall remain in force. Invalid provisions shall, according to the intent and purpose of this Agreement, be replaced by such valid provisions which in their economic effect come as close as legally possible to that of the invalid provisions.

12.3 This Agreement may be signed in one or more counterparts.

12.4 Terms not defined in this Agreement shall have the meanings ascribed to them in the Dealer Manager Agreement or the Conditions, as the case may be.

12.5. If there is any conflict between the terms of this Agreement and the terms of the Indenture, the terms of the Indenture shall control.

12.6. The terms of the United States Trust Indenture Act of 1939, as amended, shall be incorporated by reference herein to the extent applicable. Each of the London Agents shall abide by the United States Trust Indenture Act of 1939, as amended, to the extent applicable. Nothing in this Agreement shall be deemed to conflict with the Trust Indenture Act of 1939 and, to the extent of any such conflict and to the extent applicable, the terms of the Trust Indenture Act of 1939 shall be deemed to govern.

This Agreement has been entered into as of the date stated at the beginning hereof.

WAL-MART STORES INC.

By: _____
Name: Rick W. Brazile
Title: Vice President of Planning and Analysis

BANK ONE, NA, LONDON BRANCH

By: _____
Name:
Title:

Exhibit II.7.

RESTATED CERTIFICATE OF INCORPORATION
OF
WAL-MART STORES, INC.

WAL-MART STORES, INC., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The name of the corporation is:

WAL-MART STORES, INC.

The date of filing its original Certificate of Incorporation with the Secretary of State was October 31, 1969.

2. This Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the Certificate of Incorporation of this corporation as heretofore amended or supplemented and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.

3. The text of the Certificate of Incorporation as amended or supplemented heretofore is hereby restated without further amendments or changes to read as herein set forth in full:

FIRST: The name of the Corporation is

WAL-MART STORES, INC.

SECOND: Its registered office in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name and address of its registered agent is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware.

THIRD: The purpose of the Corporation is to engage n any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is One Billion, Four Hundred Million (1,400,000,000) shares, of which One Billion, Three Hundred Million (1,300,000,000) shares shall be classified as Common Stock, of the par value of 10(cent) per share (herein called "Common Stock"), and of which One Hundred Million (100,000,000) shares shall be classified as Preferred Stock of the par value of 10(cent) per share (herein called "Preferred Stock").

The designations, preferences, limitations and relative rights of the shares of Preferred Stock and of Common Stock are as follows:

1. Preferred Stock. The Preferred Stock may be issued in such one or more series as shall from time to time be created and authorized to be issued by the Board of Directors as hereafter provided.

The Board of Directors is hereby expressly authorized, by resolution or resolutions from time to time adopted providing for the issuance of Preferred Stock, to fix and state the designations, powers, preferences and relative, participating, optional and other special rights of the shares of each series of Preferred Stock, and the qualifications, limitations and restrictions thereof, including (but without limiting the generality of the foregoing) any of the following with respect to which the Board of Directors shall determine to make affirmative provisions:

a) the distinctive name and serial designations;

b) the annual dividend rate or rates and the dividend payment dates;

c) whether dividends are to be cumulative or non-cumulative and the participating or other special rights, if any, with respect to the payment of dividends;

d) whether any series shall be subject to redemption and, if so, the manner of redemption and the redemption price or prices;

e) the amount or amounts of preferential or other payment to which any series is entitled over any other series or over the Common Stock on voluntary or involuntary liquidation, dissolution or winding up;

f) any sinking fund or other retirement provisions and the extent to

which the charges therefore are to have priority over the payment of dividends on or the making of sinking fund or other like retirement provisions for shares of any other series or over dividends on the Common Stock;

g) any conversion, exchange, purchase or other privileges to acquire shares of any other series or of the Common Stock;

h) the number of shares of such series;

i) the voting rights, if any, of such series;

j) the stated value, if any, for such series, the consideration for which shares of such series may be issued and the amount of such consideration which shall be credited to the capital account.

Each share of such series of Preferred Stock shall have the same relative rights and be identical in all respects with all the other shares of the same series.

Before the Corporation shall issue any shares of Preferred Stock of any series authorized as hereinbefore provided, a certificate setting forth a copy of the resolution or resolutions with

respect to such series adopted by the Board of Directors of the Corporation pursuant to the foregoing authority vested in said Board shall be made, filed and recorded in accordance with the then applicable requirements, if any, of the laws of the State of Delaware, or, if no certificate is then so required, such certificate shall be signed and acknowledged on behalf of the Corporation by its President or a Vice President and its corporate seal shall be affixed thereto and attested by its Secretary or an Assistant Secretary and such certificate shall be filed and kept on file at the principal office of the Corporation in the State of Delaware and in such other place or places as the Board of Directors shall designate.

Shares of any series of Preferred Stock which shall be issued and, thereafter acquired by the Corporation through purchase, redemption, conversion or otherwise, may by resolution or resolutions of the Board of Directors be returned to the status of authorized but unissued Preferred Stock of the same series. Unless otherwise provided in the resolution or resolutions of the Board of Directors providing for the issue thereof, the number of authorized shares of stock of any such series may be increased or decreased (but not below the number of shares thereof then outstanding) by resolution or resolutions of the Board of Directors and the filing of a certificate complying with the foregoing requirements. In case the number of shares of any such series of preferred Stock shall be decreased, the shares representing such decrease shall, unless otherwise provided in the resolution or resolutions of the Board of Directors providing for the issuance thereof, resume the status of authorized but unissued Preferred Stock, undesignated as to series.

2. Common. Stock. The Common Stock shall have no special rights or limitations.

3. In connection with the merger of KUHNCO, INC. ("Kuhnco"), a wholly-owned subsidiary of WAL-MART STORES, INC. ("Wal-Mart") into KUHN`S-BIG K STORES CORP. ("Kuhn") a series of Preferred Stock is established to which the following provisions shall be applicable:

SECTION 1. Designation of Series. The series shall be designated Series A 8% Cumulative Convertible Preferred Stock, par value $.10 per share with a stated value of $25.00 per share (herein called "Series A Preferred Stock").

SECTION 2. Numbers of Shares. The number of shares of Series A Preferred Stock to be issued is up to 532,759.

SECTION 3. Dividend Rate. The dividend rate for Series A Preferred Stock is $2.00 per share per annum; provided, however, that dividends may be declared and paid only out of retained earnings of Wal-Mart, and provided, further, that the dividend payable on the first dividend payment date subsequent to the effective date of the merger of Kuhnco into Kuhn shall be that proportion of the $.50 per share regular quarterly dividend equal to that portion of Wal-Mart's fiscal quarter ended next preceding such dividend payment date which occurs subsequent to the effective date of the merger of Kuhnco into Kuhn. Dividends on the Series A Preferred Stock shall be preferential and cumulative, so that so long as any Series A Preferred Stock shall be outstanding Wal-Mart will not declare or pay, or set apart for payment, any dividends (other than dividends payable in shares of any class or classes of stock of Wal-Mart ranking junior to

the Series A Preferred Stock), and will not redeem, purchase or otherwise acquire, directly or indirectly, whether voluntarily, for a sinking fund, or

otherwise, any shares of any class or classes of stock of Wal-Mart ranking junior to the Series A Preferred Stock if at the time of making such declaration, payment, setting apart, distribution, redemption, purchase or acquisition, full cumulative dividends upon all outstanding shares of Series A Preferred Stock shall not have been paid or declared and set apart for payment for all past quarterly dividend periods, provided that notwithstanding the foregoing Wal-Mart may at any time redeem, purchase or otherwise acquire shares of stock of any such junior class in exchange for, or out of the net cash proceeds from the concurrent sale of, other shares of stock of any such junior class.

SECTION 4. Dividend Payment Dates. The dates at which dividends on the Series A Preferred Stock shall be payable are May 15, August 15, November 15 and February 15 of each year.

SECTION 5. Redemption.

(a) The Series A Preferred Stock shall not be redeemable by Wal-Mart prior to October 1, 1986. Thereafter, the Series A Preferred Stock shall be redeemable by Wal-Mart, at its option, in whole or in part (if in part, the shares to be redeemed shall be selected by lot) and the redemption price for the Series A Preferred Stock shall be $27.50 per share plus accrued and unpaid dividends; provided, however, that until September 1, 1991, no redemption shall, be permitted other than pursuant to paragraph (b) below or the last sentence of this paragraph (a), unless for any period of ten (10) consecutive trading days within the thirty (30) days preceding the date notice of redemption shall be given pursuant to paragraph (c) below the average of the last reported sales prices for the Common Stock (as defined in Section 8 below) on the New York Stock Exchange shall be equal to at least 125% of the amount of the conversion price for the Common Stock as then in effect under Section 8 below. Notwithstanding the foregoing, if Wal-Mart should be a party to any consolidation or merger whereby the outstanding shares of Common Stock are to be exchanged for or converted into cash or other securities of an issuer unrelated or unaffiliated with Wal-Mart, Wal-Mart may, at its option exercisable not later than 30 days prior to the effective date of any such consolidation or merger, redeem any or all of the outstanding shares of the Series A Preferred Stock effective as of the later of October 1, 1986 or the effective date of any such consolidation or merger at a price of $27.50 per share plus accrued and unpaid dividends.

(b) At December 31 of each year set forth in the table below, Wal-Mart shall redeem from each holder of shares of Series A Preferred Stock the respective number of shares owned by each holder at the record date for such redemption set forth in the table below, at $27.50 per share, plus all dividends accrued and unpaid on such Series A Preferred Stock up to the date fixed, upon giving the notice hereinafter provided:

Year	Percent of Shares of Series A Preferred Stock Owned By Each Holder on Record Date
1986	20.0%
1987	25.0%
1988	33.3%
1989	50.0%
1990	100.0%

During the continuance of a default by Wal-Mart (because of lack of funds legally available or for any other reason) in making any redemption required under this paragraph 5 (b), no sum shall be set aside for or applied to the purchase or redemption (pursuant to any applicable sinking fund or redemption provisions or otherwise) of any shares of any class or series of stock ranking as to dividends or assets on a parity with or junior to Series A Preferred Stock and no dividend shall be declared or paid or any other distribution ordered or made upon any shares of any class or series of stock ranking as to dividends junior to Series A Preferred Stock.

(c) Not less than 30 nor more than 60 days prior to the date fixed for redemption of the Series A Preferred Stock or any part thereof, notice specifying the time and place thereof shall be given by mail to the holders of record of the shares of Series A Preferred Stock selected for redemption at their respective addresses as the same shall appear on the stock books of Wal-Mart and by publication in at least one daily newspaper of general circulation in Nashville, Tennessee and one such newspaper in New York, New York, once each week for three consecutive weeks. The failure to give such notice or any defect therein or in the mailing or publication thereof shall not affect the validity of the proceedings for redemption. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the holder receives the notice. Upon such redemption date, or upon such earlier date as the Board of Directors shall designate for

payment of the redemption price (unless Wal-Mart shall default in the payment of the redemption price as `set forth in such notice), the-holders of shares of Series A Preferred Stock shall have no interest in or claim against Wal-Mart by virtue of the shares to be so redeemed and shall have no voting or other rights with respect to such shares except the right to convert such shares within the time hereinafter set forth and except the right to receive the moneys payable upon such redemption from Wal-Mart or otherwise, without interest thereon, upon surrender (and endorsement, if required by Wal-Mart) of the certificates, and the shares represented thereby shall no longer be deemed to be outstanding. Upon redemption or conversion of Series A Preferred Stock in the manner set out herein, or upon purchase of the Series A Preferred Stock by Wal-Mart, Series A Preferred Stock so acquired by Wal-Mart shall be cancelled and shall not be reissued. Except where Series A Preferred Stock must be converted before the effective date of a consolidation or merger as provided in Section 8(a), after giving any notice of redemption and prior to the close of business on the tenth day prior to the redemption date, as hereinafter provided, the holders of the shares of Series A Preferred Stock so called for redemption may convert such shares into shares of the Common stock o(pound) Wal-Mart, in accordance with the conversion privileges set forth in Section 8 hereof.

(d) No fractional shares of the Series A Preferred Stock shall be redeemed. In the event the number of shares to be redeemed from any holder thereof includes a fractional share,

the number of shares to be redeemed from said holder shall be rounded to the nearest whole number.

(e) Redemption of the Series A Preferred Stock shall be made only out of Retained Earnings of Wal-Mart.

SECTION 6. Voting Rights.

(a) At every meeting of stockholders of Wal-Mart, every holder of Series A Preferred Stock shall be entitled to one vote for each share of Series A Preferred Stock standing in his name on the books of Wal-Mart, with the same and identical voting rights, except as expressly provided herein, as a holder of a share of Wal-Mart Common Stock. The Series A Preferred Stock and any other stock having voting rights shall vote together as one class, except as provided by law and in Paragraphs (b) and (c) hereof.

(b) If and whenever accrued dividends on the Series A Preferred Stock shall not have been paid or declared and a sum sufficient for the payment thereof set aside, in an amount equal to six quarter-annual dividends on any shares of Series A Preferred Stock at the time outstanding, then and in such event, the holders of the Series A Preferred Stock, voting separately as a class, shall be entitled, at any annual meeting of the stockholders or special meeting held in place thereof, or at a special meeting of the holders of the Series A Preferred Stock called as hereinafter provided, to elect two directors. Such right of the holders of Series A Preferred Stock to elect two directors may be exercised until dividends in default on the Series A Preferred Stock shall have been paid in full or funds sufficient therefore set aside, and when so-paid or provided for, then the right of the holders of the Series A Preferred Stock to elect such directors shall cease, but subject always to the same provisions for the vesting of such voting rights in the case of any such future dividend default or defaults. At any time after such voting power shall have so vested in the holders of the Series A Preferred Stock, the Secretary of Wal-Mart may, and upon the written request of the holders of record of 25% or more in amount of the Series A Preferred Stock then outstanding, addressed to him at the principal office of Wal-Mart in the State of Arkansas, shall call a special meeting of the holders of the Series A Preferred Stock for the election of the directors to be elected by them as herein provided, to be held within 40 days after delivery of such request and at the place and upon the notice provided by law and in the By-laws for the holding of meetings of stockholders; provided, however, that the Secretary shall not be required to call such special meeting in the case of any such request received less than 90 days before the date fixed for the next ensuing annual meeting of stockholders. No such special meeting and no adjournment thereof shall be held on a date less than 30 days before the annual meeting of the stockholders or special meeting held in place thereof next succeeding the time when the holders of the Series A Preferred Stock become entitled to elect a director as above provided. If, at any such annual or special meeting or any adjournment thereof the holders of at least a majority of the Series A Preferred Stock then outstanding shall be present or represented by proxy, then by vote of the holders of at least a majority of the Series A Preferred Stock present or so represented at such meeting, the then authorized number of directors of Wal-Mart shall be increased by two, and the holders of the Series A Preferred Stock shall be entitled to elect the two additional directors so provided for. The directors so elected shall serve until the next annual meeting or until, their successors shall be elected and shall qualify; provided,

however, that whenever the holders of the Series A Preferred Stock shall be divested of voting power as above provided, the term of office of the persons elected as directors by the holders of the Series A Preferred Stock as a class shall forthwith terminate, and the number of the Board of Directors shall be reduced accordingly. If, during any interval between any special meeting of the holders of Series A Preferred Stock for the election of a director to be elected by them as provided above and the next ensuing annual meeting of stockholders, or between annual meetings of stockholders for the election of directors, and while the holders of the Series A Preferred Stock shall be entitled to elect two directors the office of either of the directors who have been elected by the holders of the Series A Preferred Stock shall, by reason of resignation, death or removal, be vacant, (1) the vacancy shall be filled by a majority vote of the remaining directors then in office, although less than a quorum, and (2) if not so filled within, 40 days after the creation thereof, the Secretary of Wal-Mart shall call a special meeting of the holders of the Series A Preferred Stock and such vacancy shall be filled at such special meeting. Any director elected to fill any such vacancy by the remaining directors then in office may be removed from office by vote of the holders of a majority of the shares of the Series A Preferred Stock. A special meeting of the holders of the Series A Preferred Stock may be called by a majority vote of the Board of Directors for the purpose of removing such director. The Secretary of Wal-Mart shall, in any event, within ten days after delivery to Wal-Mart at its principal office in the State of Arkansas of a request to such effect signed by the holders of at least 25% of the outstanding shares of the Series A Preferred Stock, call a special meeting for such purpose to be held within 40 days after delivery of such request, provided, however, that the Secretary shall not be required to call such a special meeting in the case of any such request received less than 90 days before the date fixed for the next ensuing annual meeting of stockholders.

(c) The consent of holders of more than two-thirds of the outstanding shares of Series A Preferred Stock is required to amend the certificate of incorporation of Wal-Mart to (i) create or authorize any class of stock ranking prior or superior to the Series A Preferred Stock as to assets or dividends, or any class of securities convertible into any such a class of stock, or (ii) change the terms of the Series A Preferred Stock in any manner prejudicial to the holders thereof; provided, however, that no separate consent of the holders of the Series A Preferred Stock shall be required to amend the certificate of incorporation to create or authorize any class of stock ranking on a parity with the Series A Preferred Stock as to assets or dividends, or as to any class of securities convertible into any such class of stock if such stock or other securities are issued for new consideration and not as a dividend or other distribution to the stockholders of Wal-Mart.

SECTION 7. Liquidation Rights. The amount payable on Series A Preferred Stock in the event of any liquidation, dissolution or winding up of the affairs of Wal-Mart shall be $27.50 per share plus accrued and unpaid dividends, which amount shall be paid and distributed before any distribution may be made with respect to the outstanding shares of Wal-Mart Common Stock or any other class of shares of Wal-Mart ranking junior to the Series A Preferred Stock with respect to payment of dividends or distributions upon dissolution and winding up of Wal-Mart.

SECTION 8. Conversion Right.

(a) Subject to and upon compliance with the provisions of this Section S and except as provided in the last sentence of this paragraph (a), the Series A Preferred Stock may at the option of the holder at any time, or in the case of shares called for redemption until and including the tenth day prior to the date fixed for redemption (but not thereafter if payment of the redemption price has been duly provided for by the date fixed for redemption), be converted into shares of -the Common Stock, par value $.10 per share, of Wal-Mart ("Common Stock") (as such shares shall be constituted at the conversion date) at the conversion price in effect at the conversion date. Notwithstanding the provisions of this paragraph (a) and Section 5(c), if Wal-Mart shall be a party to any consolidation or merger whereby the outstanding shares of Common Stock are to be exchanged for or converted into cash or other securities of an issuer unrelated or unaffiliated with Wal-Mart and Wal-Mart exercises its option to redeem the Series A Preferred Stock pursuant to the last sentence of Section 5(a), the Series A Preferred stock may not be converted after the effective date of any such consolidation or merger.

(b) The holder of each share of Series A Preferred Stock may exercise the conversion privilege in respect thereof by delivering to any transfer agent of the Series A Preferred Stock (i) the shares to be converted, (ii) written notice that the holder elects to convert such shares and stating the name or names (with address) in which the stock certificate for Common Stock is to be issued. Conversion shall be deemed to have been effected on the date when such delivery is made, and such date is referred to in this Section as the "conversion date." On the conversion date or as promptly thereafter as practicable, Wal-Mart shall issue and deliver to the holder of the Series A Preferred stock surrendered for conversion, or on his written order, a certificate for the number of full shares

of Common Stock issuable upon the conversion of such Series A Preferred Stock and a check or cash in respect or any fraction of a share as provided in subparagraph (c) of this Section 8. The person in whose name the stock certificate is to be issued shall be deemed to have become a holder of Common Stock of record on the conversion date. No adjustment shall be made for any dividends on such shares of series A Preferred Stock or for dividends on the shares of Common Stock issued on conversion.

(c) Wal-Mart shall not be required to issue fractional shares of Common Stock upon conversion o(pound) Series A Preferred Stock. The number of full shares of Common stock issuable upon conversion of the shares of Series A Preferred stock surrendered therefore shall be computed on the basis of the aggregate number of shares so surrendered. If any transactional interest in a share of Common Stock would be deliverable upon the conversion of any Series A Preferred Stock, Wal-Mart shall in lieu of delivering the fractional share therefore make an adjustment therefore in cash at the current market value thereof, computed on the basis of the last reported sale price of the shares of Common Stock on the New York Stock Exchange on the last business day before the conversion date or, if there was no reported sale on that day, on the basis of the mean of the closing bid and asked quotations on that Exchange on that day, or if the Common Stock is not then listed on that Exchange, on the basis of the mean of the closing bid and asked quotations in the over-the-counter market on that day as reported by NASDAQ, or any similar reporting service.

(d) Unless and until an adjusted conversion price of the Common Stack is required to be computed as hereinafter provided, the conversion price for such Common Stock shall be $45.60 per share, provided, however, that in the event that the average of the last reported sales

prices for trades of shares of Wal-Mart Common Stock on the New York Stock Exchange for the five trading days immediately preceding the effective date of the Merger of Kuhnco into Kuhn (the "Five-Day Average Price") is less than $36.50 per share, the conversion price shall be equal to 125% of the Five-Day Average Price; provided, further that in the event that the Five-Day Average Price is greater than $39.50 per share, the conversion price shall be equal to 120% of the Five-Day Average Price, The number of shares of Common Stock issuable upon conversion of one share of Series A Preferred Stock shall be determined by dividing $25.00 by the conversion price then in effect.

(e) In case Wal-Mart shall pay or make a dividend or other distribution on any class of its capital stock in Common Stock, the conversion price in effect at the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be reduced by multiplying such conversion price by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this paragraph (e), the number of shares of Common, Stock at any time outstanding shall not include shares held in, the treasury of Wal-Mart but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. Wal-Mart will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of Wal-Mart.

(f) In case Wal-Mart shall issue rights or warrants (other than employee stock options granted under any of Wal-Mart's employee stock option plans) to all holders of its Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share (determined as provided in paragraph (j) below) of the Common Stock on the date fixed for the determination of stockholders entitled to receive such rights or warrants, the conversion price in effect at the opening of business on the day following the date fixed for such determination shall be reduced by. multiplying such conversion price by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock which the aggregate of the offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at such current market price and the denominator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock so offered for subscription or purchase, such reduction to become effective immediately after the opening o(pound) business on the day following the date fixed for such determination. For the purposes of this paragraph (f) the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of Wal-Mart but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of Common Stock. Wal-Mart will not issue any rights or warrants in respect of shares of Common Stock held in the treasury of Wal-Mart.

(g) In case outstanding shares of Common stock shall be subdivided into a

greater number of shares of Common Stock, the conversion price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be

proportionately reduced, and, conversely, in case outstanding shares of Common Stock shall each be combined into a smaller number of shares of Common Stock, the conversion price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased, such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(h) In case tidal-Mart shall, by dividend or otherwise, distribute to all holders of its Common Stock evidences of its indebtedness or assets (including securities, but excluding any rights or warrants referred to in paragraph (f) above, any dividend or distribution paid in cash out of the retained earnings of Wal-Mart and any dividend or distribution referred to in paragraph (e) above), the conversion price shall be adjusted so that the same shall equal the price determined by multiplying the conversion price in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such distribution by a fraction of which the numerator shall be the current market price per share (determined as provided in paragraph (j) below) of the Common Stock on the date fixed for such determination less the then fair market value (as determined by the Board of Directors, whose determination shall be conclusive) of the portion of the assets or evidences of indebtedness so distributed applicable to one share of Common Stock and the denominator shall be such current market price per share of the Common Stock, such adjustment to become effective immediately prior to the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such distribution.

(i) The reclassification (including any reclassification upon a consolidation or merger in which Wal-Mart is the surviving corporation) of Common Stock into securities other than Common Stock shall be deemed to involve (a) a distribution of such securities other than Common Stock to all holders of Common Stock (and the effective date of such reclassification shall be deemed to tie "the date fixed for the determination of stockholders entitled to receive such distribution" and "the date fixed for such determination" within the meaning of paragraph (h) above), and (b) a subdivision or combination, as the case may be, of the number of shares of Common Stock outstanding immediately prior to such reclassification into the number of shares of Common Stock outstanding immediately thereafter (and the effective date of such reclassification shall be deemed to be "the day upon which such subdivision becomes effective" or "the day upon which such combination becomes effective," as the case may be, and "the day upon which such subdivision or combination becomes effective" within the meaning of paragraph (g) above).

(j) For the purpose of any computation under paragraphs (f) and (h) above, the current market price per share of Common Stock on any date shall be deemed to be the average of the daily closing prices for the 30 consecutive business days selected by Wal-Mart commencing not more than 45 business days before the day in question. The closing price for each day shall be the last reported sales price regular way or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the New York Stock Exchange, or, if the Common Stock is not listed or admitted to trading on such Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national

securities exchange, the average of the closing bid and asked quotations in the over-the-counter market, as reported by NASDAQ, or any similar reporting service. For the purposes of this paragraph (j), the term "business day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday, other than any day on which securities are not traded on such exchange or in such market.

(k) Wal-Mart may make such reductions in the conversion price, in addition to those required by paragraphs (e), (f), (g) and (h) above, as it considers to be advisable in order that any event treated for Federal income tax purposes as a dividend of stock or stock rights shall not be taxable to the recipients.

(1) Whenever the conversion price is adjusted as herein provided:

(i) Wal-Mart shall compute the adjusted conversion price in accordance with this Section 8 and shall prepare a certificate signed by the Treasurer of Wal-Mart setting forth the adjusted conversion price and showing in reasonable detail the facts upon which such adjustment is based, and such certificate shall forthwith be filed with the Transfer Agent for the Series A Preferred Stock.

(ii) a notice stating that the conversion price has been adjusted and setting forth the adjusted conversion price shall forthwith be required, and as soon as practicable after it is required, such notice shall be mailed to the holders of record of the outstanding shares of Series A Preferred Stock; provided, however, that if within 10 days after the completion of mailing such a notice, an additional notice is required, such additional notice shall be deemed to be required pursuant to this clause (ii) as of the opening of business on the tenth day after such completion of mailing and shall set forth the conversion price as adjusted at such opening of business, and, upon the completion of mailing of such additional notice, no other notice need be given of any adjustment in the conversion price occurring at or prior to such opening of business and after the time that the next preceding notice given by mail became required.

(m) in case:

(i) Wal-Mart shall declare a dividend (or any other distribution) on its Common Stock payable otherwise than in cash out of its retained earnings; or

(ii) Wal-Mart shall authorize the granting to the holders of its Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or-of any other rights; or

(iii) of any reclassification of the capital stock of Wal-Mart (other than a subdivision or combination of its outstanding shares of Common Stock), or of any consolidation or merger to which Wal-Mart is a party for which approval of any stockholders of Wal-Mart is required, or of the sale or transfer of all or substantially all. of the assets of Wal-Mart; or

(iv) of the voluntary or involuntary dissolution, liquidation, or winding up of Wal-Mart:

then Wal-Mart shall cause to be mailed to the Transfer Agent of the then Series A Preferred Stock and to the holders of record of the outstanding shares of this Series, at least 20 days (or 10 days in any case specified in clause (x) or (ii) above) prior to the applicable record date hereinafter specified, a notice stated (x) the date on which a record is to be taken for the purpose of such dividend, distribution, rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, rights or warrants are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up.

(n) The issue of stock certificates on conversions of Series A Preferred Stock shall be without charge to the converting shareholder for any tax in respect of the issue thereof. Wal-Mart shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares in arty name other than that of the holder of the Series A Preferred Stock converted, and Wal-Mart shall not be required to issue or deliver any such stock certificate unless and until the person or persons requesting same shall have paid to Wal-Mart the amount of such tax or shall have established to the satisfaction of Wal-Mart that such tax has been paid.

(o) Wal-Mart shall at all times reserve and keep available, free from pre-emptive rights, out of its authorized but unissued stock, for the purpose of effecting the conversion of Series A Preferred Stock such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Series A Preferred Stock.

FIFTH: The Corporation is to have perpetual existence,

SIXTH: In furtherance, an not in limitation, of the powers conferred by law, the Board of Directors of the Corporation is expressly authorized to make, alter or repeal the by-lags of the Corporation in the manner provided in such by-laws. Elections of directors need not be by written ballot unless the by-laws of the Corporation shall so provide,

SEVENTH: The Corporation reserves the right to amend, alter or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by the statutes of the State of Delaware, and all rights and powers conferred on Directors and stockholders herein are granted subject to this reservation.

EIGHTH: Whenever a compromise or arrangement is proposed between this

Corporation and its creditors-or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or

stockholder thereof, or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

NINTH: To the fullest extent permitted by Delaware General Corporation Law as the same exists or may hereafter be. amended, a director of this Corporation shall not be liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director.

4. This Restated Certificate of Incorporation was duly adopted by the board of directors in accordance with Section 245 of the General Corporation Law of the States of Delaware.

IN WITNESS WHEREOF, said WAL-MART STORES, INC, has caused this certificate to be signed by Robert K. Rhoads, its vice President and attested by J. Scott Melton, its Assistant Secretary, this 25th of October, 1988.

WAL-MART STORES, INC.

By: /s/ Robert K. Rhodes

Robert K. Rhodes
Vice President

ATTEST:

By: /s/ J. Scott Melton

J. Scott Melton
Assistant Secretary

CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION

WAL-MART STORES, INC., a corporation organized and existing under and by virtue of the General corporation Law of the State of Delaware, DOES HEREBY CERTIFY.

FIRST: That at a meeting of the Board of Directors of WAL-MART STORES, INC. resolutions were duly adopted setting forth a proposed amendment to the Restated Certificate bf Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting. of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Restated Certificate of Incorporation of this corporation be amended by changing the first paragraph of Article Fourth thereof so that, as amended, said paragraph shall be and read as follows:

> "FOURTH. The total. number of shares of all classes of stock which the Corporation shall have authority to issue is Five Billion, Six Hundred Million (5,600,000,000) shares, of which Five Billion, Five Hundred Million (5,500,000,000) shares shall be classified. as Common Stock, of the par value of 10(cent) per share (herein called "Common Stock"), and of which One Hundred Million (100,000,000) shares shall. be classified as Preferred Stock of the par value of 104 per share (herein called "Preferred Stock")."

SECOND: That thereafter, pursuant to resolution of its Board of Directors, the annual meeting of the stockholders of said corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 Of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said WAL-MART STORES, INC. has caused this certificate to be signed by Robert K. Rhoads, its Vice President and attested by J. Scott Melton, its Assistant Secretary, this 19th day of August, 1991.

By: /s/ Robert K. Rhodes

Robert K. Rhodes
Vice President

ATTEST:

By: /s/ J. Scott Melton

J. Scott Melton
Assistant Secretary

CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION

WAL-MART, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HERBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of WAL-MART STORES, INC. resolutions were duly adopted setting forth a proposed amendment to the Restated Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolutions setting forth the proposed amendment is as follows:

RESOLVED, that the Restated Certificate of Incorporation of this corporation be amended by changing the first paragraph of Article Fourth hereof so that, as amended said paragraph shall be and read as follows:

> "FOURTH. The total. number of shares of all classes of stock which the Corporation shall have authority to issue is Five Billion, Six Hundred Million (5,600,000,000) shares, of which Five Billion, Five Hundred Million (5,500,000,000) shares shall be classified. as Common Stock, of the par value of 10(cent) per share (herein called "Common Stock"), and of which One Hundred Million (100,000,000) shares shall. be classified as Preferred Stock of the par value of 104 per share (herein called "Preferred Stock")."

SECOND: That thereafter, pursuant to resolution of its Board of Directors, the annual meeting of the stockholders of said corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in `accordance with the provisions of Section 242 Of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said WAL-MART STORES, INC. has caused this certificate to be signed by Martin G. Gilbert, Vice President and attested by Allison D. Garrett, its Assistant Secretary, this 27th day of July, 1999.

By: /s/ Martin G. Gilbert

Martin G. Gilbert
Vice President

ATTEST:

By: /s/ Allison D. Garrett

Allison D. Garrett
Assistant Secretary

Exhibit II.8.

BY-LAWS
OF
WAL-MART STORES, INC.

AS AMENDED JUNE 3, 1993

ARTICLE I

OFFICES

Section 1. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETING OF STOCKHOLDERS

Section 1. All meetings of the stockholders shall be held in the City of Bentonville, State of Arkansas, as such place and time as may be fixed by the Board of Directors or at any other place as may be designated by the Board of Directors and stated in the notice of the meeting.

Section 2. Annual meetings of the stockholders for the election of directors, commencing with the year 1970, shall be held on the last Tuesday of April if not a legal holiday, and if a holiday, then on the next secular day following, at 2:00 o'clock P.M., or at such other date and time as shall be designated by the Board of Directors and stated in the notice of the meeting.

Section 3. Notice of meeting of stockholders stating the time and place and in the case of a special meeting the purposes thereof shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than fifty days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, may be called by the President and shall be called by the President or Secretary at the request in writing of a majority of the Board of Directors.

Section 6. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

Section 7. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the statutes or of the Certificate of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 8. Unless otherwise provided in the Certificate of Incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

Section 9. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must (a) be specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) be otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) satisfy the notice requirements set forth below in this Section 9 and otherwise be properly brought before the meeting by a stockholder.

For business to be brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 75 days nor more than 100 days prior to the meeting; provided, however, that in the event that less than 85 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. A stockholder's notice to the secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (c) the class and number of shares of the Corporation which are

beneficially owned by the stockholder, and (d) any material interest of the stockholder in such business.

Notwithstanding anything in these By-laws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 9. The chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that a matter of business was not properly brought before the meeting in accordance with the provisions of this Section 9 or otherwise, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before this meeting shall not be transacted.

ARTICLE III

DIRECTORS

Section 1. The number of directors which shall constitute the whole Board shall be not less than three nor more than twenty. The first Board shall consist of three directors. Thereafter, within the limits above specified, the number of directors shall be determined by resolution of the Board of Directors or by the stockholders at the annual or a special meeting. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 and Section 10 of this Article.

Section 2. Except as provided in Section 10 of this Article, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director.

Section 3. The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected Board of Directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

Section 4. Meetings of the Board of Directors may be held upon three days' notice at such time and place as shall be determined by the Board.

Section 5. Special meetings of the Board may be called by the President on three days' notice to each director; special meetings shall be called by the President or Secretary in like manner and on notice on the written request of two directors; and special meetings may be called on notice by two directors if there is no President or Secretary.

Section 6. At all meetings of the Board a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may otherwise be specifically provided by statute or by the Certificate of Incorporation. If a quorum

shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 8. In the absence or disqualification of a member of a committee of directors created by the Board of Directors, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

Section 9. Any committee of directors shall keep regular minutes of its meetings and report the same to the Board of Directors.

Section 10. Any director may be removed, for cause or without cause, by a majority vote of the stockholders entitled to vote for the election of such director at any annual or special meeting of the stockholders. Upon such removal of a director, the stockholders (and not the remaining directors) shall elect a director to replace such removed director at the same stockholders' meeting at which such removal took place or at a subsequent stockholders meeting.

Section 11. To the fullest extent provided by statutes now in effect or as such statutes may be amended in the future:

(a) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstance of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

(c) To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this Section 11, or in defense of any claim, issue or matter therein,

he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under subsections (a) and (b) of this Section 11 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b) of this Section 11. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders.

(e) Expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Section 11. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board of Directors deems appropriate.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this Section 11 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any By-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

(g) The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under this Section 11.

(h) For purposes of this Section 11, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this section with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(i) For purposes of this Section 11, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interest of the Corporation" as referred to in this Section 11.

(j) The indemnification and advancement of expenses provided by, or granted pursuant to, this Section 11 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 12. There shall be an Executive Committee of the Board, to be composed of members so designated by the Board, which shall have all the powers and duties of the Board, except as may be limited by law, and that it shall function, in its discretion, between Board meetings and while the Board is not in session. Further, the Committee without limiting the foregoing powers and

duties, shall specifically have the power and authority to adopt a certificate of ownership and merger pursuant to Section 253 of the Del. Law.

ARTICLE IV

NOTICES

Section 1. Whenever, under the provisions of the statutes or of the Certificate of Incorporation or of these By-laws, notice is required to be given to any director or stockholder, it shall not be construed to require personal notice, but such notice may be personal or by telephone or may be given in writing, by mail or by telegraph, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail or delivered to the sending telegraph office.

Section 2. Whenever notice is required to be given under any provision of the statutes or of the Certificate of Incorporation or of these By-laws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice.

ARTICLE V

OFFICERS

Section 1. The Board of Directors, as soon as possible after the election thereof each year, shall elect a President, a Vice President, a Secretary and a Treasurer, and from time to time may elect or appoint a Chairman of the Board; one or more Vice Chairmen; Executive Vice Presidents; Senior Vice Presidents; and a Controller; General Counsel; and such Assistant Secretaries, Assistant Treasurers, Assistant General Counsels, and such other officers of the Company, agents and employees, having such titles, as the Board of Directors may deem proper. More than one office may be held by the same person.

Section 2. The term of office of all officers shall be until their respective successors are elected and qualify, but any officer may be removed from office, with or without cause, at any time by vote of the Board of Directors. A vacancy in any office arising from any cause may be filled for the unexpired portion of the term by the Board of Directors.

Section 3. The officers of the Corporation shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred upon them by the Board of Directors. The chief executive officer of the Corporation shall be either the Chairman of the Board or the President, as may be specified by the Board of Directors. The President shall have general and active management of the business of the Corporation and shall see to it that all orders and resolutions of the Board are carried into effect. Without limitation of the foregoing, the Chairman of the Board, Vice-Chairman, President, Executive Vice President, Senior Vice President and Vice President shall have the

authority as specified in Section 7 of Article VII to execute all instruments requiring execution of the Corporation.

Section 4. Unless otherwise ordered by the Board of Directors, the Chairman of the Board and the President, or, in the event of their absence or inability to act, a Vice Chairman or Vice President; shall each have full power and authority on behalf of the Corporation to attend and to act and to vote, in person or by proxy, at any meetings of security holders of corporations in which the Corporation may hold securities, and at such meetings shall possess and may exercise any and all rights and powers incident to the ownership of such securities, and which as the owner thereof the Corporation might be possessed and exercised, if present. The Board of Directors by resolution from time to time may confer like powers upon any other person or persons.

Section 5. The Board of Directors may appoint persons as "divisional" officers. Each such divisional officer shall have all of the powers and authority of an officer of the Corporation as more fully specified herein but only with respect to any action, business or transactions being undertaken by the division of the Corporation for which such person has been designated an officer.

ARTICLE VI

CERTIFICATES OF STOCK

Section 1. The interest of each stockholder of the Corporation shall be evidenced by certificates for shares of stock, certifying the number of shares represented thereby and in such form as the Board of Directors may from time to time prescribe.

Transfers of shares of the capital stock of the Corporation shall be made only on the books of the Corporation by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, or with a transfer clerk or a transfer agent appointed by the Board of Directors, and on surrender of the certificate or certificates for such shares properly endorsed. The Board may, from time to time, make such additional rules and regulations as it may deem expedient, not inconsistent with these By-laws, concerning the issue, transfer, and registration of certificates for shares of the capital stock of the Corporation.

The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof, and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

The certificates of stock shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and sealed with the seal of the Corporation. Such seal may be a facsimile, engraved or printed. Where any such certificate is signed by a transfer agent or a transfer clerk and by a registrar, the signatures of the President, Vice President, Secretary, Assistant Secretary, Treasurer or Assistant Treasurer upon such certificate may be facsimiles, engraved or printed. In case any such officer who has signed

or whose facsimile signature has been placed upon such certificate shall have ceased to be such before such certificate is issued, it may be issued by the Corporation with the same effect as if such officer had not ceased to be such at the time of its issue.

Section 2. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 3. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other

purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 3. The Board of Directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the Corporation.

Section 4. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 5. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 6. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 7. All instruments requiring execution by the Corporation including but not limited to all contracts, checks or demands for money, notes, bonds or other obligations, and mortgages may be executed without the express authority conferred by the Board of Directors, by the Chairman of the Board, or any Vice Chairman, President, Executive Vice President, Senior Vice President or Vice President. Any person having authority to sign on behalf of the Corporation may delegate, from time to time, by instrument in writing, all or any pact of such authority to an associate (employee) of the Corporation unless such a delegation of authority is specifically limited by the Board of Directors.

ARTICLE VIII

AMENDMENTS

Section 1. These By-laws may be altered, amended or repealed or new By-laws may be adopted by the stockholders or by the Board of Directors at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new By-laws be contained in the notice of such special meeting.