

WAL MART STORES INC
Form 424B2
April 02, 2007
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Filed pursuant to Rule 424(b)(2)
SEC File No. 333-130569

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities	Maximum Aggregate	Amount of
to be Registered	Offering Price	Registration Fee(1)(2)
Debt Securities	\$2,250,000,000	\$69,075

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933.

(2) This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in the Company's Registration Statement on Form S-3 (File No. 333-130569) in accordance with Rules 456(b) and 457(r) under the Securities Act of 1933.

PROSPECTUS SUPPLEMENT

(To Prospectus dated December 21, 2005)

\$2,250,000,000

Wal-Mart Stores, Inc.

\$500,000,000 5.000% Notes Due 2012

\$1,000,000,000 5.375% Notes Due 2017

\$750,000,000 5.875% Notes Due 2027

We are offering \$500,000,000 of our 5.000% notes due 2012, \$1,000,000,000 of our 5.375% notes due 2017 and \$750,000,000 of our 5.875% notes due 2027.

We will pay interest on the notes of each series on April 5 and October 5 of each year, beginning on October 5, 2007. Interest will accrue from April 5, 2007. The 2012 notes will mature on April 5, 2012; the 2017 notes will mature on April 5, 2017; and the 2027 notes will mature on April 5, 2027.

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The notes of each series will be our senior unsecured debt obligations and will rank equally with our other senior unsecured indebtedness. The notes of each series will not be convertible or exchangeable. The notes will not be redeemable except upon the occurrence of certain events relating to U.S. taxation as described under "Description of the Notes" "Redemption upon Tax Event" in this prospectus supplement.

We will not list the notes of any series for trading on any securities exchange. Currently, no public market exists for the notes of any series.

	Per 2012 Note	Per 2017 Note	Per 2027 Note	Total
Public Offering Price	99.646%	99.626%	99.813%	\$ 2,243,087,500
Underwriting Discount	0.350%	0.450%	0.875%	\$ 12,812,500
Proceeds, before expenses, to Wal-Mart Stores, Inc.	99.296%	99.176%	98.938%	\$ 2,230,275,000

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

The underwriters expect to deliver the notes in book-entry form through the facilities of The Depository Trust Company on or about April 5, 2007.

Joint Book-Running Managers

DEUTSCHE BANK SECURITIES

JPMORGAN

LEHMAN BROTHERS

Senior Co-Managers

CREDIT SUISSE

CITIGROUP

GOLDMAN, SACHS & Co.

UBS INVESTMENT BANK

Co-Managers

BANC OF AMERICA SECURITIES LLC

DAIWA SECURITIES AMERICA INC.

GUZMAN & COMPANY

MITSUBISHI UFJ SECURITIES

SIEBERT CAPITAL MARKETS

STANDARD CHARTERED BANK

WACHOVIA SECURITIES

March 29, 2007

CASTLEOAK SECURITIES, L.P.

DRESDNER KLEINWORT

HSBC

MIZUHO SECURITIES USA INC.

SANTANDER INVESTMENT

TD SECURITIES

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

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

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WAL-MART STORES, INC.

We are a global retailer, with total net sales of \$345.0 billion in our fiscal year ended January 31, 2007. We operate retail stores in various formats around the world, serving our customers through the operation of three business segments:

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

Sam's Clubs, which include our warehouse membership Clubs in the United States; and

the International segment of our business.

We currently operate in all 50 states of the United States, as well as in Argentina, Brazil, Canada, Costa Rica, El Salvador, Guatemala, Honduras, Japan, Mexico, Nicaragua, Puerto Rico and the United Kingdom, and in China under joint venture agreements. As of January 31, 2007, we operated in the United States:

2,256 supercenters;

1,075 discount stores;

112 Neighborhood Markets; and

579 Sam's Clubs.

As of January 31, 2007, we operated 289 units in Canada, 13 units in Argentina, 299 units in Brazil, 137 units in Costa Rica, 63 units in El Salvador, 132 units in Guatemala, 41 units in Honduras, 392 units in Japan, 889 units in Mexico, 40 units in Nicaragua, 54 units in Puerto Rico, 335 units in the United Kingdom and, under joint venture agreements, 73 units in China. The units in these countries include various retail formats and, in Mexico, restaurants. Our operations in Central America, Japan and Mexico are conducted through majority-owned subsidiaries.

Wal-Mart Stores, Inc. is the parent company of a group of subsidiary companies, including Wal-Mart.com, Inc., Asda Group Limited, The Seiyu, Ltd., Wal-Mart de Mexico, S.A. de C.V., Wal-Mart Central America, Sam's West, Inc., Sam's East, Inc., Wal-Mart Stores East, LP, Sam's Property Co., Wal-Mart Property Co., Wal-Mart Real Estate Business Trust and Sam's Real Estate Business Trust. The information presented above relates to our operations and our subsidiaries on a consolidated basis.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the notes will be approximately \$2,230,075,000 after underwriting discounts and payment of transaction expenses.

We will use the net proceeds from the sale of the notes to repay a portion of our commercial paper indebtedness.

Table of Contents**CAPITALIZATION**

The following table presents the consolidated capitalization of Wal-Mart Stores, Inc. and its subsidiaries at January 31, 2007 and as adjusted to give effect to the offering of the notes being offered hereby and the application of the net proceeds from the sale of the notes (after underwriting discounts and estimated transaction expenses) to repay a portion of our commercial paper indebtedness.

	January 31, 2007	
	Actual	As Adjusted
	(in millions)	
Short-term debt		
Commercial paper	\$ 2,570	\$ 340
Long-term debt due within one year	5,428	5,428
Obligations under capital leases due within one year	285	285
Total short-term debt and capital lease obligations	8,283	6,053
Long-term debt		
5.000% notes due 2012		500
5.375% notes due 2017		1,000
5.875% notes due 2027		750
Other long-term debt	27,222	27,222
Long-term obligations under capital leases	3,513	3,513
Total long-term debt and capital lease obligations	30,735	32,985
Shareholders' equity		
Common stock and capital in excess of par value	3,247	3,247
Retained earnings	55,818	55,818
Accumulated other comprehensive income	2,508	2,508
Total shareholders' equity	61,573	61,573
Total debt and capital lease obligations and shareholders' equity	\$ 100,591	\$ 100,611

We are offering the notes pursuant to a shelf registration statement that we have on file with the SEC (Registration No. 333-130569), of which the accompanying prospectus is a part and this prospectus supplement is deemed to be a part. No limit exists on the amount of our debt securities that we may offer and sell pursuant to that shelf registration statement.

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

	2007	Fiscal Years Ended January 31,			2003
		2006	2005	2004	
		(in millions)			
Income Statement Data:					
Net sales	\$ 344,992	\$ 308,945	\$ 281,488	\$ 252,792	\$ 226,479
Cost of sales	264,152	237,649	216,832	195,922	175,769
Operating, selling, general and administrative expenses	64,001	55,739	50,178	43,877	39,178
Interest expense, net	1,529	1,178	980	825	930
Income from continuing operations	12,178	11,408	10,482	9,096	7,940
Net income	11,284	11,231	10,267	9,054	7,955

	2007	As of January 31,			2003
		2006	2005	2004	
		(in millions)			
Balance Sheet Data:					
Current assets of continuing operations	\$ 46,588	\$ 43,146	\$ 37,913	\$ 33,548	\$ 28,867
Inventories	33,685	31,910	29,419	26,263	24,098
Property, equipment and capital lease assets, net	88,440	77,865	66,549	57,591	50,053
Total assets of continuing operations	151,193	135,624	117,139	102,455	90,229
Current liabilities of continuing operations	51,754	48,348	42,609	37,308	31,752
Long-term debt	27,222	26,429	20,087	17,088	16,545
Long-term obligations under capital leases	3,513	3,667	3,073	2,888	2,903
Shareholders' equity	61,573	53,171	49,396	43,623	39,461

The above selected financial data as of and for the fiscal years ended January 31, 2003, 2004, 2005, 2006 and 2007 have been reclassified to reflect the dispositions of our operations in South Korea and Germany, both of which were completed in the third quarter ended October 31, 2006. The amounts related to our South Korean and German operations, including our gain on the disposition of our South Korean operations and the loss on our disposition of our German operations, and the assets and liabilities of those operations have been treated as discontinued operations in our consolidated statements of income, condensed statements of cash flows and condensed balance sheets commencing in the quarter ended July 31, 2006. In addition, the above selected financial data as of January 31, 2003 and for the fiscal year then ended have been reclassified to reflect the sale of McLane Company, Inc. (McLane) on May 23, 2003. McLane has been treated as a discontinued operation commencing in the quarter ended July 31, 2003.

On February 1, 2003, we adopted the expense recognition provisions of the Financial Accounting Standards Board Statement No. 123, Accounting and Disclosure of Stock-Based Compensation (FAS 123), under which we recognize non-cash compensation expense based on the fair value of the stock options granted by us. We have chosen to restate retroactively our results of operations for that accounting charge. The above income statement data for the year ended January 31, 2003 has been restated from prior presentations to reflect that expense recognition. Following the provisions of FAS 123, we have reflected in the above table the recognition of pre-tax stock option expense of \$130 million for fiscal year 2003. This expense is included in the amounts under Operating, selling, general and administrative expenses in the above income statement data. We adopted the revision to FAS 123 issued by the Financial Accounting Standards Board in December 2004 (FAS 123R) upon its release. Our adoption of FAS 123R did not have a material impact on our results of operations, financial position or cash flows.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES**

We have modified the manner in which we calculate our ratio of earnings to fixed charges following the disposition of our German and South Korean operations, which dispositions are discussed under **Selected Financial Data** in this prospectus supplement. For the purpose of computing our ratios of earnings to fixed charges, we now define **earnings** to mean our earnings from continuing operations before income taxes and fixed charges, excluding capitalized interest and earnings attributable to minority interests owned by others in our subsidiaries. The information contained under the **Ratio of Earnings to Fixed Charges** in the accompanying prospectus that describes the manner in which we calculate our ratio of earnings to fixed charges otherwise remains accurate.

As a result of the change described above, certain reclassifications have been made to the periods ended January 31, 2006 to conform to the fiscal 2007 presentation. In addition, the effect of the dispositions of our South Korean and German operations in the quarter ended October 31, 2006 and of the sale of McLane in May, 2003, which is discussed above under **Selected Financial Data**, has been excluded for all periods presented.

The following table sets forth the ratio of our earnings to fixed charges for the periods indicated calculated as described above and otherwise as described in the accompanying prospectus and supersedes the table showing the ratios of earnings to fixed charge set forth under **Ratio of Earnings to Fixed Charges** in the accompanying prospectus:

		Year Ended January 31,		
2007	2006	2005	2004	2003
8.7x	9.8x	10.7x	10.7x	9.1x

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DESCRIPTION OF THE NOTES

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

The notes of each series will be issued under and pursuant to the indenture dated as of July 19, 2005 between us and The Bank of New York Trust Company, N.A., as trustee, as supplemented. The notes will be issued in registered book-entry form without interest coupons in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The notes of each series will be our senior unsecured debt obligations and will rank equally among themselves and with all of our existing and future senior unsecured debt.

The 2012 notes will mature on April 5, 2012; the 2017 notes will mature on April 5, 2017; and the 2027 notes will mature on April 5, 2027. Unless previously redeemed or purchased and cancelled, we will repay the notes of each series at 100% of their principal amount, together with accrued and unpaid interest thereon, at their maturity. We will pay principal of and interest on the notes in U.S. dollars.

The 2012 notes will be initially issued in a total principal amount of \$500,000,000; the 2017 notes will be initially issued in a total principal amount of \$1,000,000,000; and the 2027 notes will be initially issued in a total principal amount of \$750,000,000. We may, without the consent of the holders of the notes of a series, create and issue additional notes of that series ranking equally with and otherwise similar in all respects to the notes of that series (except for the public offering price and the issue date) so that those additional notes will be consolidated and form a single series with the other outstanding notes of that series. No additional notes of a series may be issued if an event of default under the indenture has occurred and is continuing.

The notes of each series will bear interest from April 5, 2007 at the annual interest rate specified for that series on the cover page of this prospectus supplement. Interest on each note will be payable semi-annually in arrears on April 5 and October 5 of each year, beginning on October 5, 2007, to the person in whose name the note is registered at the close of business on the immediately preceding April 1 or October 1, as the case may be. Interest on the notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

We will pay to beneficial owners of notes who are non-U.S. persons additional amounts in the event of deduction or withholding of taxes, assessments or other governmental charges imposed by the United States or any taxing authority thereof or therein, subject to the terms and limitations set forth under *Description of the Debt Securities Payment of Additional Amounts* in the accompanying prospectus.

The notes will not be subject to a sinking fund and will not be convertible or exchangeable. The notes will not be redeemable prior to maturity, except as set forth under *Redemption upon Tax Event* in this prospectus supplement. The notes of each series will be subject to defeasance as described in the accompanying prospectus.

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

If any interest payment date for the notes of a series would otherwise be a day that is not a business day, then the interest payment date will be postponed to the following date that is a business day. Interest will not accrue as a result of any delayed payment. The term *business day* means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are generally authorized or required by law or regulation to close in The City of New York.

Notices to holders of the notes will be mailed to such holders. Any notice shall be deemed to have been given on the date of mailing. So long as the notes of a series are in book-entry form and registered in the name of

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The Depository Trust Company (DTC) or its nominee, any notices required to be given to the holders of those notes will be given to DTC. You will not receive notices regarding the notes directly from us unless we reissue the notes to you in fully certificated form.

The Bank of New York Trust Company, N.A. is the trustee under the indenture governing the notes. The Bank of New York Trust Company, N.A. is a national banking association organized under and governed by the laws of the United States and provides trust services and acts as indenture trustee for numerous corporate securities issuances, including for other series of debt securities of which we are the issuer. The Bank of New York Trust Company, N.A. will also be the registrar, paying agent and transfer agent for the notes.

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

The notes will not be listed for trading on any exchange. Currently, no public market exists for the notes of any series, and no assurance can be given that one will develop.

Same-Day Settlement and Payment

We will make all payments of principal and interest on the notes to DTC in immediately available funds. The notes will trade in the same-day funds settlement system in the United States until maturity. Purchases of notes in secondary market trading must be in immediately available funds. Secondary market trading in the notes between participants in Clearstream Banking, société anonyme (Clearstream) and Euroclear Bank S.A./N.V. (Euroclear) will occur in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to eurobonds in immediately available funds. See Book-Entry Issuance in this prospectus supplement and the accompanying prospectus.

Redemption upon Tax Event

We may redeem the notes of a series if certain tax-related events occur as described under Description of the Debt Securities Redemption upon Tax Event in the accompanying prospectus. For purposes of such redemption right, the date of this prospectus supplement will be deemed to be the date of the prospectus supplement relating to the first offer and sale of debt securities of that series as that phrase is used in Description of the Debt Securities Redemption upon Tax Event in the accompanying prospectus.

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BOOK-ENTRY ISSUANCE

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

Additional information concerning book-entry procedures, as well as DTC, Clearstream and Euroclear, is set forth under **Book-Entry Issuance** in the accompanying prospectus.

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

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

Notes of a series represented by global securities will be exchangeable for certificated securities with the same terms in authorized denominations only in the circumstances described in **Book-Entry Issuance Definitive Debt Securities** in the accompanying prospectus. If the global securities are exchanged for certificated securities, the trustee will keep the registration books for the notes at its corporate office and follow customary practices and procedures regarding those certificated securities.

Links have been established among DTC, Clearstream and Euroclear to facilitate the initial issuance of the notes sold outside of the United States and cross-market transfers of the notes associated with secondary market trading.

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

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

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

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

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

You should be aware that you will only be able to make and receive deliveries, payments and other communications involving the notes through Clearstream and Euroclear on the days when those clearing systems are open for business. 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 and Euroclear on the same business day as in the United States.

TAX CONSEQUENCES TO HOLDERS

For a discussion of material U.S. federal income tax consequences of ownership of the notes, see "Tax Consequences to Holders" in the accompanying prospectus.

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Deutsche Bank Securities Inc., J.P. Morgan Securities Inc. and Lehman Brothers Inc. are acting as joint book-running managers of the offering of the notes and as representatives of the underwriters named below. Subject to the terms and conditions of the underwriting agreement and the related pricing agreement entered into among the underwriters and us, the underwriters named below have severally agreed to purchase from us the principal amount of notes set forth opposite their name below:

Underwriters	Principal Amount of 2012 Notes	Principal Amount of 2017 Notes	Principal Amount of 2027 Notes
Deutsche Bank Securities Inc.	\$ 100,000,000	\$ 200,000,000	\$ 150,000,000
J.P. Morgan Securities Inc.	100,000,000	200,000,000	150,000,000
Lehman Brothers Inc.	100,000,000	200,000,000	150,000,000
Credit Suisse Securities (USA) LLC	25,000,000	50,000,000	37,500,000
Citigroup Global Markets Inc.	25,000,000	50,000,000	37,500,000
Goldman, Sachs & Co.	25,000,000	50,000,000	37,500,000
UBS Securities LLC	25,000,000	50,000,000	37,500,000
Banc of America Securities LLC	15,000,000	30,000,000	22,500,000
Mizuho Securities USA Inc.	15,000,000	30,000,000	22,500,000
Wachovia Capital Markets, LLC	15,000,000	30,000,000	22,500,000
HSBC Securities (USA) Inc.	7,500,000	15,000,000	11,250,000
Standard Chartered Bank	7,500,000	15,000,000	11,250,000
CastleOak Securities, L.P.	5,000,000	10,000,000	7,500,000
Daiwa Securities America Inc.	5,000,000	10,000,000	7,500,000
Dresdner Kleinwort Securities LLC	5,000,000	10,000,000	7,500,000
Guzman & Company	5,000,000	10,000,000	7,500,000
Mitsubishi UFJ Securities International plc	5,000,000	10,000,000	7,500,000
Muriel Siebert & Co., Inc.	5,000,000	10,000,000	7,500,000
Santander Investment Securities Inc.	5,000,000	10,000,000	7,500,000
TD Securities (USA) LLC	5,000,000	10,000,000	7,500,000
Total	\$ 500,000,000	\$ 1,000,000,000	\$ 750,000,000

The underwriting agreement and the pricing agreement provide that the obligations of the several underwriters to purchase the notes included in this offering are subject to approval of certain legal matters by counsel and to certain other conditions. The underwriters are obligated to purchase all the notes if they purchase any of the notes.

The underwriters have advised us that they propose to offer the notes of each series initially at the price for that series set forth on the cover page of this prospectus supplement. The underwriters may also offer notes of that series to dealers at that price less concessions not in excess of 0.200% of the principal amount of the 2012 notes, 0.250% of the principal amount of the 2017 notes and 0.500% of the principal amount of the 2027 notes. The underwriters may allow, and these dealers may reallow, a concession to other dealers not in excess of 0.100% of the principal amount of the 2012 notes, 0.125% of the principal amount of the 2017 notes and 0.250% of the principal amount of the 2027 notes. After the offering of the notes is completed, the underwriters may change the offering price and other selling terms for the notes of any series.

In connection with the offering, Lehman Brothers Inc., on behalf of the underwriters, may engage in certain transactions that stabilize the price of the notes of one or more series, subject to applicable laws and regulations. These transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the notes of a series. If Lehman Brothers Inc. creates a short position in the notes of a series in connection with the offering by selling a larger principal amount of notes of that series than as set forth on the cover page of this prospectus supplement, Lehman Brothers Inc. may reduce that short position by purchasing notes of that series in the open market. In general, purchases of a security for the purpose of stabilization or to reduce a short position

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could cause the price of the security to be higher than it might otherwise be in the absence of such purchases. Neither the underwriters nor we can make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes of a series as to which such transactions occur. In addition, neither the underwriters nor we make any representation that the underwriters will engage in such transactions, or that such transactions, once begun, will not be discontinued without notice.

The underwriters and their affiliates may, from time to time, in the ordinary course of business provide, and have provided in the past, investment or commercial banking services and/or advisory services to us and our affiliates. Affiliates of Deutsche Bank Securities Inc., Lehman Brothers Inc., Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc. and Goldman, Sachs & Co. are dealers in one or more of our euro-denominated and U.S. dollar-denominated commercial paper programs. Affiliates of certain of the underwriters are also lenders to us. This offering is being conducted pursuant to Conduct Rule 2710(h) of the NASD.

Standard Chartered Bank is not a U.S. registered broker-dealer and, therefore, will not effect any sales of the notes in the United States. Mitsubishi UFJ Securities International plc is not a U.S. registered broker-dealer and, therefore, to the extent that it intends to effect any sales of the notes in the United States, it will do so through one or more U.S. registered broker-dealers as permitted by NASD regulations.

We will pay transaction expenses, estimated to be approximately \$200,000, relating to the offering of the notes.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriters may be required to make in respect of any of these liabilities.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of the notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the notes to the public in that Relevant Member State at any time: (a) to legal entities which