

WAL MART STORES INC

FORM 8-K

(Current report filing)

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| Address | 702 SOUTHWEST 8TH ST BENTONVILLE, AR 72716 |
| Telephone | 5012734000 |
| CIK | 0000104169 |
| Symbol | WMT |
| SIC Code | 5331 - Variety Stores |
| Industry | Retail (Department & Discount) |
| Sector | Services |
| Fiscal Year | 01/31 |

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported):
September 28, 2005

Wal-Mart Stores, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other Jurisdiction of
Incorporation)

001-06991
(Commission File Number)

71-0415188
(IRS Employer Identification
No.)

702 S.W. 8th Street
Bentonville, Arkansas 72716
(Address of principal executive offices) (Zip code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On September 29, 2005, the Board of Directors (the "Board") of Wal-Mart Stores, Inc. ("Wal-Mart" or the "Company") appointed John B. Menzer, age 54, as the Vice Chairman of the Wal-Mart Stores Division. Mr. Menzer joined the Company in September 1995 as Executive Vice President and Chief Financial Officer (the "CFO"). He served as the Company's CFO until June 1999, when he was appointed as the Executive Vice President and President and Chief Executive Officer of the Company's International Division. Mr. Menzer also serves as a director of Emerson Electric Co., Wal-Mart de Mexico, S.A. de C.V., and the Seiyu, Ltd.

In addition, the Board appointed Michael T. Duke, age 55, as the Vice Chairman of the International Division. Mr. Duke joined the Company in July 1995 as the Senior Vice President of Logistics. Mr. Duke previously served as the Executive Vice President and President and Chief Executive Officer of the Wal-Mart Stores Division, since April 2003, and prior to that position, he served as the Executive Vice President of Administration, since July 2000. He has also served as the Company's Executive Vice President of Logistics.

The following transaction indirectly involving Mr. Duke was reported under Item 404(a) of Regulation S-K during the fiscal year ended January 31, 2005 ("fiscal 2005") and was disclosed in Company's 2005 proxy statement, filed on April 15, 2005: Stephen P. Weber, a manager in the Company's Information Systems Division, is the son-in-law of Mr. Duke. For fiscal 2005, the Company paid Mr. Weber a salary of \$82,031 and a bonus of \$16,782. Mr. Weber also received a grant of options to purchase 839 Shares at an exercise price of \$53.01 per Share. For the fiscal year ending January 31, 2006, the Company has paid Mr. Weber approximately \$60,500 in salary to date.

The Company entered into a covenant not to compete with Mr. Menzer in July 1998 and Mr. Duke in May 1998. The form of the agreement is substantially similar to the form of agreements entered into with other executive officers of the Company that is attached as Exhibit 10(o) to the Company's Form 10-K/A filed on August 26, 2004. The agreements prohibit Messrs. Menzer and Duke, for a period of two years following their termination of employment with the Company for any reason, from participating in a business that competes with the Company and from soliciting the Company's associates for employment. The agreement also provides that, if Messrs. Menzer and Duke are terminated from the Company for any reason other than their violation of Company policy, the Company will continue to pay their base salaries for two years following termination of employment, less any earnings they receive from other employment. The agreements also provided for a stock option grant to Messrs. Menzer and Duke equal to 100 percent of their respective base salaries at the time of execution in 1998.

On September 28, 2005, the Board appointed Jim C. Walton as a director. In addition, Mr. Walton was appointed to the Strategic Planning and Finance Committee of the Board. There is no arrangement or understanding between Mr. Walton and any other persons or entities pursuant to which Mr. Walton was appointed as a director.

During fiscal 2005, Mr. Walton and Wal-Mart were parties to certain transactions that are reportable under Item 404(a) of Regulation S-K. The transactions during fiscal 2005 were

disclosed in Wal-Mart's 2005 proxy statement, filed on April 15, 2005 and are described below, with the amounts involved updated to include amounts paid during this fiscal year that are reportable under Item 404(a):

Companies owned by Mr. Walton; S. Robson Walton, a director, executive officer, and beneficial owner of more than five percent of Wal-Mart stock; the Estate of John T. Walton, a beneficial owner of more than five percent of the Wal-Mart stock; and Helen R. Walton, a beneficial owner of more than five percent of Wal-Mart stock, paid a total of \$213,582 during fiscal 2005 and approximately \$78,112 during the current fiscal year to Wal-Mart and its subsidiaries for aviation-related expenses, substantially all of which was for maintenance and fuel at the same prices paid by unrelated third parties.

A banking corporation and its affiliates, collectively owned by Mr. Walton, S. Robson Walton, the Estate of John T. Walton, and Helen R. Walton made payments to Wal-Mart in the amount of \$658,928 during fiscal 2005 and approximately \$439,622 during the current fiscal year for banking facility rent and related ATM surcharges. The banking corporation and its affiliates made additional payments to Wal-Mart pursuant to similar arrangements awarded by Wal-Mart on a competitive-bid basis.

In June 1988 and January 1990, Walton Enterprises, Inc. ("WEI"), an entity in which Mr. Walton, S. Robson Walton, John T. Walton, Helen R. Walton, and Alice L. Walton formerly had an interest, entered into various leases for retail grocery space in Arkansas. WEI subsequently assigned the leases to The Phillips Companies, Inc. ("Phillips"), an unrelated party, in 1990, which agreed to indemnify WEI for any breach of the leases. Two of the leases were assigned to a company that eventually merged with Fleming Companies ("Fleming"). In 1991, in an unrelated transaction, Phillips was acquired by Wal-Mart. Fleming filed for bankruptcy in 2003 and the lease obligations were rejected by the U.S. Bankruptcy Court. As a result, the landlords filed lawsuits against the Wal-Mart subsidiary that became the successor to Phillips and WEI (and S. Robson Walton in one of the lawsuits) for unpaid lease obligations and future rents. In defense of its own interests and in order to fulfill its contractual indemnification obligations, Wal-Mart has assumed the defense of the lawsuits and paid an aggregate amount of \$103,874 during fiscal 2005 and approximately \$93,264 during the current fiscal year in attorneys' fees in connection with the litigation. Wal-Mart paid approximately \$2.46 million to settle the lawsuits during the current fiscal year.

Copies of the press releases announcing the promotions of Messrs. Menzer and Duke and Mr. Walton's appointment to the Board are attached as Exhibits 99.1 and 99.2 to this current report on Form 8-K and incorporated herein.

Item 1.01. Entry into a Material Definitive Agreement.

Upon his appointment to the Board, Mr. Walton became entitled to a prorated portion of the non-management directors' compensation awarded pursuant to the Wal-Mart Stores, Inc. Director Compensation Plan. The non-management directors' compensation was disclosed in the Company's current report on Form 8-K filed on June 9, 2005. As part of his non-management

director compensation, on September 29, 2005, Mr. Walton received a prorated stock award in the amount of 2006 shares of Wal-Mart common stock. Mr. Walton will also receive a prorated portion of the \$60,000 annual retainer for non-management directors, which will be paid quarterly during the remainder of the calendar year, and which he may take in cash, Wal-Mart common stock, defer in an interest bearing account, or any combination thereof.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

99.1 Press Release dated September 30, 2005 announcing management changes

99.2 Press Release dated September 30, 2005 announcing appointment of Jim Walton to the Board

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 hereunto duly authorized.

Dated: October 4, 2005

WAL-MART STORES, INC.

By: /s/ Jeffrey J. Gearhart
Jeffrey J. Gearhart
Vice President and General Counsel,
Corporate Division

INDEX TO EXHIBITS

| <u>Exhibit Number</u> | <u>Description</u> |
|---------------------------|--|
| 99.1 | Press Release dated September 30, 2005 announcing management changes |
| 99.2 | Press Release dated September 30, 2005 announcing appointment of Jim Walton to the Board |



Home Office • 702 Southwest 8th Street • Bentonville, AR 72716

For Immediate Release

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Corporate Communications 479-273-4314
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**Wal-Mart Announces Management Changes
and Organization Realignment**

Bentonville, Ark., Sept. 30, 2005 – Wal-Mart Stores, Inc. announced key management changes and a realignment of responsibilities for some of its most senior executives, effective today.

Wal-Mart Stores and Wal-Mart International

John Menzer, president and CEO of Wal-Mart International, and Mike Duke, president and CEO of Wal-Mart Stores, U.S.A., have been promoted to vice chairman positions within the company. Menzer will take responsibility for major functions of the U.S. business, and Duke will take over leadership of Wal-Mart International, the company's fastest-growing division.

Eduardo Castro-Wright, executive vice president and chief operating officer of Wal-Mart Stores, U.S.A., has been named president and CEO of Wal-Mart Stores, U.S.A., reporting to Menzer. Pat Curran, senior vice president and a divisional manager for Wal-Mart Stores, U.S.A., has been promoted to executive vice president for store operations, reporting to Castro-Wright.

Lee Scott, Wal-Mart president and CEO, said the shift in responsibilities for Menzer and Duke would benefit both the U.S. and international businesses.

“John will continue to accelerate changes in the largest segment of our business,” Scott said. “During the last six years, he transformed Wal-Mart International into a well-organized, fast-growing and profitable business. Prior to that, as Wal-Mart's corporate chief financial officer, John established a solid track record as a business strategist who delivers results.”

In addition to his responsibility for Wal-Mart Stores, U.S.A., Menzer will head the divisions responsible for real estate, logistics, information services, benefits, global procurement, financial services, store planning and strategic planning.

Scott said Duke's experience heading Wal-Mart's largest operating unit in the U.S., coupled with his previous experience as head of the company's logistics operations, makes him uniquely qualified to run Wal-Mart's international business.

"Mike has brought to the U.S. operations exactly what was needed during the last couple of years," said Scott. "Mike has the ability and the management confidence to delegate responsibility to the best people in his organization, and develop and promote them. This new assignment will give us the opportunity to apply those skills to our overseas operations."

As president of Wal-Mart Stores, U.S.A., Castro-Wright will be responsible for operations, merchandising, marketing, specialty divisions and new business development in the company's U.S. Wal-Mart Stores, Supercenters and Neighborhood Markets.

"Since coming to the U.S. six months ago as the chief operating officer, Eduardo's passion and vision have helped us focus on how to serve our customers better while improving the performance and profitability of our stores," Scott said. "In his role as president and CEO of Wal-Mart Mexico, Eduardo led the team to high standards of performance and growth."

Scott said Curran, who takes on operational responsibility for all Wal-Mart stores in the U.S., is a great Wal-Mart success story. He added, "Pat started as an hourly store associate in the pet department over 22 years ago. She has served in a number of management positions, including department manager, store manager and divisional merchandise manager. These experiences will help her serve our customers, our stores and all our associates as she assumes this key position. Pat is a respected leader, a terrific communicator and talented merchant. I look forward to the contributions she will make to Wal-Mart's senior management team."

"These changes represent an opportunity to boost our performance and help us become a more diverse and global enterprise," said Rob Walton, chairman of Wal-Mart's board of directors. "John and Mike's new responsibilities take full advantage of the skills they bring to our company. Elevating them to vice chairmen will position them to contribute more broadly to the company." In addition, Walton said, "Eduardo, with Pat's assistance, will bring new perspectives and fresh ideas to our business in the U.S. and help us accelerate the changes we need to make."

SAM'S CLUB

Greg Spragg, executive vice president for SAM'S CLUB operations, has been named executive vice president for the SAM'S CLUB merchandising and replenishment division, reporting to Doug McMillon, president and CEO for SAM'S CLUB. "Greg and his team have greatly improved our relationship with our members. His past experience in merchandising makes him the perfect choice to continue improvement in this area," Scott said.

Additionally, Greg Johnston, regional vice president for SAM'S CLUB, has been promoted to executive vice president for SAM'S CLUB operations, reporting to McMillon. "Greg is another great example of career success in the company," said Scott. "He started out as an hourly store associate 23 years ago at our first Rogers, Arkansas store and has grown into one of our most promising leaders.

"These changes, along with yesterday's announcement of Mark Goodman as executive vice president of marketing and membership at SAM'S CLUB, position us well to grow the business," said Scott.

Wal-Mart Stores, Inc. operates Wal-Mart Stores, Supercenters, Neighborhood Markets and SAM'S CLUB locations in the United States. The company operates in Argentina, Brazil, Canada, China, Germany, Japan, Mexico, Puerto Rico, South Korea and the United Kingdom. The company's securities are listed on the New York and Pacific stock exchanges under the symbol WMT. Online merchandise sales are available at www.walmart.com. Press releases and other Wal-Mart facts are available at www.walmartfacts.com.

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FOR IMMEDIATE RELEASE

Contact: Sarah Clark, Wal-Mart
(479) 273-8771

Jim Walton Appointed to the Board of Directors of Wal-Mart Stores, Inc.

BENTONVILLE, Ark., September 30, 2005 --Wal-Mart Stores, Inc. today announced that Jim Walton, chairman and chief executive officer of Arvest Bank Group, has been appointed to the Board of Directors of Wal-Mart Stores, Inc. Walton, 57, was appointed Sept. 29, 2005, at the Wal-Mart Board of Directors meeting.

Walton, the youngest son of Sam Walton, late founder of Wal-Mart Stores, Inc., fills the vacancy of his older brother, John Walton, who died in an aircraft accident earlier this year. John Walton had served on the Board since 1992.

Walton will continue to serve in his role as chairman and CEO of Arvest, a group of banks operating in 91 communities in the states of Arkansas, Oklahoma and Missouri. Founded in 1976 and based in Bentonville, Ark., Arvest has total assets of \$7.5 billion.

In addition to his Arvest responsibilities, Walton also serves as chairman of Bentonville-based Community Publishers, Inc. which operates newspapers in Arkansas and Missouri. He is also a trustee of the Walton Family Foundation, Inc.

“Our family remains committed to the ongoing growth and improvement of Wal-Mart, and to representing the interests of all shareholders,” said Rob Walton, chairman of Wal-Mart Stores, Inc. “Jim brings broad business experience and perspective to our board, and also brings a deep appreciation for the Wal-Mart culture and the importance of sustaining that culture throughout the company.”

Walton attended the University of Arkansas in Fayetteville and graduated with a marketing degree in 1971. Upon graduation, he joined Wal-Mart and worked for four years in the company’s real estate area. He left Wal-Mart in 1975 to join the Walton’s diversified family business, Walton Enterprises.

Wal-Mart Stores, Inc. operates Wal-Mart Stores, Supercenters, Neighborhood Markets and SAM’S CLUB locations in the United States. The company operates in Argentina, Brazil, Canada, China, Costa Rica, El Salvador, Germany, Guatemala, Honduras, Japan, Mexico, Nicaragua, Puerto Rico, South Korea and the United Kingdom. The company’s securities are listed on the New York and Pacific stock exchanges under the symbol WMT. Online merchandise sales are available at www.walmart.com. Press releases and other Wal-Mart facts are available at www.walmartfacts.com.

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