

LEE SARA CORP
Form 424B5
May 30, 2003
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The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not offers to sell these securities, and we are not soliciting offers to buy these securities, in any jurisdiction where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(5)

Registration No. 333-83776

SUBJECT TO COMPLETION, DATED MAY 30, 2003

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus Dated June 10, 2002)

\$

Sara Lee Corporation

\$ % Notes due

\$ % Notes due



The notes due _____ will bear interest at the rate of _____ % per year and the notes due _____ will bear interest at the rate of _____ % per year. Interest on each series of notes is payable on _____ and _____ of each year, beginning on _____, 2003. Each series of notes will mature on _____ of its respective year of maturity. We may redeem some or all the notes of either series at any time at the redemption prices discussed in this prospectus supplement under the caption Description of the Notes Optional Redemption.

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The notes will be Sara Lee Corporation's unsecured obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness, but will be effectively junior to our secured indebtedness and will not be the obligations of any of our subsidiaries.

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.

	Per Note		Per Note	
	due	Total	due	Total
Public Offering Price	%	\$	%	\$
Underwriting Discount	%	\$	%	\$
Proceeds to Sara Lee (before expenses)	%	\$	%	\$

Interest on the notes will accrue from _____, 2003 to the date of delivery.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on _____, 2003.

Joint Book-Running Managers

Banc One Capital Markets, Inc.

Citigroup

May _____, 2003

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. This prospectus supplement and the accompanying prospectus are not offers to sell these securities, and we are not soliciting offers to buy these securities, in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

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FORWARD-LOOKING INFORMATION

This prospectus supplement and the accompanying prospectus, including the information we incorporate by reference, contain certain forward-looking statements discussing our expectations regarding future performance. These forward-looking statements are based on currently available competitive, financial and economic data and management's views and assumptions regarding future events. Such forward-looking statements are inherently uncertain, and investors must recognize that actual results may differ materially from those expressed or implied in the forward-looking statements.

Factors that could cause our actual results to differ materially from such forward-looking statements include the following:

impacts on reported earnings from fluctuations in foreign currency exchange rates particularly the euro given our significant concentration of business in Western Europe;

significant competitive activity, including advertising, promotional and price competition, and changes in consumer demand for our products;

a significant reduction in our business with any of our major customers, such as Wal-Mart, our largest customer, including a reduction resulting from adverse developments in the customer's business;

the impact of declines in equity markets on the funded status and annual expense of our defined benefit pension plans and the impact of such market declines on consumer spending;

our ability to continue to source production and conduct manufacturing and selling operations in various countries in the world due to changing business conditions, the financial condition of suppliers and political environments;

our ability to achieve planned cash flows from capital expenditures and acquisitions, particularly Earthgrains, and the availability of new acquisitions, joint ventures and alliance opportunities that build stockholder value;

our ability to realize the estimated savings and productivity improvements associated with prior restructuring initiatives;

fluctuations in the cost and availability of various raw materials;

the impact of various food safety issues on the consumption of meat products in the United States and parts of Europe;

credit and other business risks associated with customers operating in a highly competitive retail environment; and

inherent risks in the marketplace associated with new product introductions, including uncertainties about trade and consumer acceptance.

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In addition, our results may also be affected by general factors, such as economic conditions, political developments, interest and inflation rates, accounting standards, taxes and laws and regulations in markets where we compete.

Consequently, we wish to caution readers not to place undue reliance on any forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports and other information with the Securities and Exchange Commission, or the SEC. You may read and copy any document we file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. You may also read and copy those documents at the offices of: The New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005; the Chicago Stock Exchange, Incorporated, 440 South LaSalle Street, Chicago, Illinois 60605; and The Pacific Exchange, Inc., 301 Pine Street, San Francisco, California 94101. Our SEC filings are also available to the public over the Internet on the SEC's web site at <http://www.sec.gov>.

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will automatically update and supercede this information. We incorporate by reference the following documents we filed with the SEC (file number 1-3344) and any future filings that we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we or the underwriters sell all of the notes:

our Annual Report on Form 10-K for our fiscal year ended June 29, 2002;

our Quarterly Reports on Form 10-Q for our fiscal quarters ended September 28, 2002, December 28, 2002 and March 29, 2003; and

our Current Reports on Form 8-K dated October 24, 2002, October 30, 2002 and May 29, 2003.

You may request a copy of these filings at no cost, by writing us at the following address:

Sara Lee Corporation

Three First National Plaza

Chicago, Illinois 60602-4260

Attn: Investor Relations and Corporate Affairs Dept.

Alternatively, you may call (312) 558-4947.

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SUMMARY

*You should read carefully this prospectus supplement and the accompanying prospectus to understand the terms of the notes being offered hereby. You should also read the documents referred to in **Where You Can Find More Information** on page S-4 of this prospectus supplement for information about us and our financial statements.*

*As used in this prospectus supplement, the terms **Sara Lee, we, us and our** may, depending upon the context, refer to Sara Lee Corporation, to one or more of its consolidated subsidiaries or to Sara Lee Corporation and all of its consolidated subsidiaries taken as a whole.*

SARA LEE CORPORATION

We are a global manufacturer and marketer of high-quality, brand-name products for consumers throughout the world. With headquarters in Chicago, we have operations in 55 countries and market products in nearly 200 nations. Our products and services include fresh and frozen baked goods, processed meats, coffee and tea, beverage systems, intimate apparel, underwear, activewear, legwear and other apparel and personal, household and shoe care products.

We organize our businesses into three global business segments:

Food and Beverage;

Intimates and Underwear; and

Household Products.

For financial reporting purposes, our businesses are divided into five industry segments: Sara Lee Meats, Sara Lee Bakery, Beverage, Household Products and Intimates and Underwear.

Food and Beverage

Food and Beverage's primary focus is packaged meats, bakery products and coffee and tea beverages. Our Foods business consists of packaged meats (55.5% of the business's total sales in fiscal 2002) and baked goods (44.5% of the business's total sales in fiscal 2002). Sara Lee Meats processes and sells pork, poultry and beef products to supermarkets, warehouse clubs, national chains and institutions throughout the world, with emphasis on the United States, Europe and Mexico. Sara Lee Bakery Group produces a wide variety of fresh and frozen baked and specialty items, which are sold through supermarkets, foodservice distributors, bakery-deli and direct channels throughout the United States, Mexico, Spain, France, Portugal and Australia. In August 2001, we completed the acquisition of The Earthgrains Company, one of the largest fresh bread

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companies in the United States based on dollar sales. Our management believes that the Earthgrains acquisition, combined with our existing bakery business, provides significant opportunities for expanding the *Sara Lee* name into the fresh bakery market, particularly by utilizing Earthgrains' direct-store delivery system to merchandise *Sara Lee* branded products.

Our Beverage business includes retail and foodservice coffee and tea sales in major markets around the world. It has a significant presence in the United States, Brazil, the Netherlands, the United Kingdom, Belgium, France, Denmark, Hungary, Poland, Spain and Australia. During fiscal 2002, we continued our successful rollout across Europe of the *Senseo* coffee maker, a next-generation in-home coffee machine, introduced by Douwe Egberts and Phillips Electronics, that provides customers with one or two cups of superior-quality fresh coffee in less than a minute.

Intimates and Underwear

Our Intimates and Underwear business, which is one of the largest apparel businesses in the world, focuses on basic, branded innerwear products—intimates, underwear and legwear. Based on sales volume, we hold

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leading share positions in intimate apparel, underwear and legwear in North America, Europe and several Latin American countries with a portfolio of well-known brands including *Hanes*, *Hanes Her Way*, *Playtex*, *L eggs*, *Dim*, *Bali*, *Just My Size*, *Wonderbra* and *Lovable*. Distribution channels for intimate apparel and underwear range from department and specialty stores to warehouse clubs and mass-merchandise outlets. Our underwear business sources, manufactures and distributes men's, women's and children's underwear in North America, South and Central America, Europe and the Asia-Pacific countries. Our activewear business, which sources, manufactures and distributes basic fleece, T-shirts, sportshirts and other jersey products for casualwear, consists of three divisions: Casualwear, Hanes Printables and Champion Activewear. Our legwear products consist of a wide variety of branded, packaged consumer products, including pantyhose, stockings, combination panty and pantyhose garments, tights, knee-highs and socks.

Household Products

Household Products is our most global line of business, marketing branded consumer products in over 170 countries. The Household Products business includes our leading household and personal products businesses, as well as our Direct Selling division. Household Products is composed of four core product categories: body care; air care; shoe care; and insecticides. These products are sold through a variety of retail channels including supermarkets. Based on sales volume, at the end of fiscal 2002, we held a number-one position in the bath and shower products category in Europe, and also held leading positions in air fresheners and insecticides. Additionally, through our global *Kiwi* brand, we have a leading position in the shoe care category worldwide.

Our Direct Selling business distributes a wide range of products—cosmetics, fragrances, jewelry, toiletries, apparel products and nutritional supplements—through a network of independent sales representatives to consumers in 17 countries. The Direct Selling division has an independent sales force of more than 900,000 representatives and includes the Nutrimetics business in Australia, the House of Fuller business in Mexico and Argentina, the House of Sara Lee business in Indonesia and the Philippines and the Avroy Shlain business in South Africa.

Recently Issued But Not Yet Effective Accounting Standards

In May 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 150, *Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity* (SFAS No. 150), which establishes standards for how financial instruments that have characteristics of both liabilities and equity instruments should be classified on the balance sheet. The requirements of SFAS No. 150 generally outline that financial instruments that give the issuer a choice of settling an obligation with a variable number of securities or settling an obligation with a transfer of assets or any mandatorily redeemable security should be classified as a liability on the balance sheet. SFAS 150 becomes effective for our company in the first quarter of fiscal 2004.

A foreign subsidiary of ours has issued \$295 million of preferred equity securities that are recorded in minority interest in subsidiaries on our consolidated balance sheets. Unless earlier redeemed by the issuer, these securities will be redeemed in the fourth quarter of fiscal 2004 in exchange for common shares of the issuer, which may then be put to us for cash or preferred stock of the issuer. In the event of this put, the issuer's preferred stock would have a nominal value of \$295 million with a dividend rate to be set based upon market factors at the time. Upon the adoption of SFAS 150 in the first quarter of fiscal 2004, these securities would be reclassified to the current portion of long-term debt on our consolidated balance sheets.

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Our principal executive offices are located at Three First National Plaza, Chicago, Illinois 60602-4260, and our telephone number is (312) 726-2600.

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SUMMARY OF THE OFFERING

Issuer	Sara Lee Corporation
Securities Offered	\$ aggregate principal amount of % Notes due \$ aggregate principal amount of % Notes due
Interest Payment Dates	_____ and _____ of each year, beginning _____, 2003
Optional Redemption	<p>We may redeem the notes of either series, in whole at any time or in part from time to time, at our option on not less than 30 nor more than 60 days' notice, at a redemption price equal to the greater of:</p> <p style="padding-left: 40px;">_____</p> <p style="padding-left: 40px;">the principal amount of the notes being redeemed; and</p> <p style="padding-left: 40px;">_____ as determined by the Quotation Agent (as defined below under "Description of the Notes - Optional Redemption"), the sum of the present values of the remaining scheduled payments of principal of and interest on the notes being redeemed on the date of redemption (not including any portion of any payments of interest accrued to the date of redemption), discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined below under "Description of the Notes - Optional Redemption"), plus _____ basis points with respect to the notes due _____ and _____ basis points with respect to the notes due _____;</p> <p>plus, in either case, accrued and unpaid interest on the notes being redeemed to the date of redemption.</p>
Ranking	The notes will be unsecured and will rank equally with all of our existing and future unsecured and unsubordinated indebtedness. The notes will be exclusively our obligation, and not the obligation of any of our subsidiaries. Our rights and the rights of any holder of the notes (or other of our creditors) to participate in the assets of any subsidiary upon that subsidiary's liquidation or recapitalization will be subject to the prior claims of the subsidiary's creditors, except to the extent that we may be a creditor with recognized claims against the subsidiary.
Covenants	We will issue the notes under an indenture containing covenants for your benefit. These covenants restrict our ability, with certain exceptions, to: <p style="padding-left: 40px;">incur debt secured by liens; and</p> <p style="padding-left: 40px;">engage in sale/leaseback transactions.</p>
Further Issues	We may, from time to time, without notice to or the consent of the registered holders of the notes, create and issue additional debt securities having the same terms as and ranking equally and ratably with the notes of either series in all respects, as described more fully under

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Description of the Notes General on page S-9 of this prospectus supplement.

Use of Proceeds

We intend to use the net proceeds from this offering to reduce our commercial paper indebtedness and for general corporate purposes.

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The net proceeds we will receive from this offering of notes, after deducting the underwriting discount and expenses payable by us, are estimated to be approximately \$ billion. We anticipate using the aggregate net proceeds from this offering of notes to reduce our commercial paper indebtedness and for general corporate purposes. As of May 27, 2003, we had outstanding an aggregate amount of commercial paper indebtedness of approximately \$1.762 billion, with an average maturity of 13 days and a weighted average interest rate of 1.31%.

RATIOS OF EARNINGS TO FIXED CHARGES

The ratios of our earnings to fixed charges for the periods indicated are as follows:

	Thirty-Nine Weeks Ended	Fiscal Year Ended(1)				
	March 29, 2003(2)	2002(3)	2001(4)	2000	1999(5)	1998(6)
Ratio of earnings to fixed charges	5.2x	4.1x	5.8x	5.3x	5.7x	(0.7)x

- (1) Our fiscal year ends on the Saturday nearest June 30.
- (2) During the first nine months of fiscal 2003, we recorded a pretax credit of \$13 million in connection with the reversal of certain exit activities and business dispositions and a charge for certain exit activities in the Bakery segment.
- (3) In fiscal year 2002, we recorded a pretax charge of \$170 million in connection with certain reshaping actions.
- (4) In fiscal year 2001, we recorded a pretax charge of \$554 million in connection with certain reshaping actions, a pretax gain of \$105 million in connection with the initial public offering of our Coach Inc. subsidiary and a tax-free gain of \$862 million in connection with the exchange of our stock for the stock of Coach Inc., that resulted in an increase in income from continuing operations before taxes of \$413 million.
- (5) Fiscal year 1999 was a 53-week year. In fiscal year 1999, we recorded a gain of \$137 million on the sale of our tobacco business and a product recall charge of \$76 million that resulted in an increase in income from continuing operations before taxes of \$61 million.
- (6) In fiscal year 1998, we recorded a restructuring provision that reduced income from continuing operations before income taxes by \$2,038 million. An increase in income from continuing operations of \$551 million in 1998 would have resulted in a ratio of earnings to fixed charges of 1.0x.

The computation of the ratio of earnings to fixed charges is based on the applicable amounts for us and our consolidated subsidiaries. For the calculation of these ratios, the following are the definitions of earnings available for fixed charges and fixed charges. Earnings available for fixed charges includes income from continuing operations before income taxes, plus fixed charges before capitalized interest and preference security dividends of consolidated subsidiaries, plus amortization expense of capitalized interest, plus minority interest in majority-owned subsidiaries, less undistributed income in minority owned companies accounted for under the equity method. Fixed charges include interest expense, plus the portion of rents we believe to be representative of interest expense, plus preference security dividends of consolidated subsidiaries, plus capitalized interest.

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DESCRIPTION OF THE NOTES

We provide information to you about the notes (referred to in the accompanying prospectus as "debt securities") in two documents that progressively provide more detail: this prospectus supplement and the accompanying prospectus. Since the terms of these notes may differ from the general terms of the debt securities described in the prospectus, you should rely on the information in this prospectus supplement over any contradictory information in the prospectus. You should read the prospectus and this prospectus supplement together for a complete description of the notes.

General

Each series of notes will constitute a series of debt securities to be issued under an indenture dated as of October 2, 1990 between us and The Bank of New York (as successor to Continental Bank, N.A.), as trustee, the terms of which are more fully described elsewhere in this prospectus supplement and the accompanying prospectus.

The notes due _____ will mature on _____, _____, and the notes due _____ will mature on _____, _____. Interest on the notes will accrue from _____, 2003 at the respective rates set forth on the cover of this prospectus supplement. Interest on the notes will be payable semiannually on _____ and _____, beginning _____, 2003, to the persons in whose names the notes are registered at the close of business on _____ and _____ of each year immediately preceding the respective interest payment dates, except interest payable at maturity will be paid to the same persons to whom principal of the notes is payable.

Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. The interest period relating to an interest payment date (including the maturity date) shall be the period from, and including, the preceding interest payment date (or, in the case of the first interest period, _____, 2003) to, but excluding, the relevant interest payment date.

Any payment that we are otherwise required to make in respect of the notes on a date that is not a business day for the notes may be made on the next succeeding business day with the same force and effect as if made on that date. No additional interest shall accrue as a result of the delayed payment. A business day is defined in the indenture as a day that is not a day on which banking institutions in New York City are authorized by law or regulation to close.

The notes will be issued in fully registered form in denominations of \$1,000 or any whole multiple of \$1,000. Each series of notes will be represented by one or more global notes registered in the name of a nominee of The Depository Trust Company ("DTC"). Except as described under "Description of Debt Securities" Form and Exchange of Debt Securities in the accompanying prospectus, the notes will not be issuable in certificated form.

The notes and any future debt securities issued under the indenture will be our unsecured obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness. The indenture does not limit the aggregate principal amount of debt securities that may be issued thereunder and provides that debt securities may be issued thereunder from time to time in one or more additional series. We may from time to time, without notice to or the consent of the registered holders of the notes, create and issue additional debt securities having the same terms as and ranking equally and ratably with the notes of either series in all respects (or in all respects except for the payment of interest accruing prior to the issue date of such additional debt securities or except for the first payment of interest following the issue date of such additional debt

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securities), so that such additional debt securities shall be consolidated and form a single series with, and shall have the same terms as to status, redemption or otherwise as, the notes of that series.

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The indenture does not limit our ability to incur additional indebtedness. The covenants contained in the indenture would not necessarily afford holders of notes protection in the event of a highly leveraged transaction or other transaction involving us that may adversely affect holders.

Optional Redemption

The notes may be redeemed, in whole at any time or in part from time to time, at our option at a redemption price equal to the greater of the following amounts:

100% of the principal amount of the notes being redeemed on the date of redemption; and

as determined by the Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of principal of and interest on the notes being redeemed on the date of redemption (not including any portion of any payments of interest accrued to the date of redemption), discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined below), plus basis points with respect to the notes due and basis points with respect to the notes due ;

plus, in each case, accrued and unpaid interest on the notes being redeemed to the date of redemption.

Notwithstanding the foregoing, installments of interest on notes that are due and payable on interest payment dates falling on or prior to a date of redemption will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the notes and the indenture.

We will mail notice of any redemption at least 30 days, but not more than 60 days, before the date of redemption to each registered holder of the notes to be redeemed. If we give notice of redemption as provided above, the notes called for redemption will become due and payable on the date of redemption and at the applicable redemption price, plus accrued and unpaid interest to the date of redemption.

Adjusted Treasury Rate means, with respect to any date of redemption, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that date of redemption.

Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of those notes.

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Comparable Treasury Price means, with respect to any date of redemption, (i) the average of the Reference Treasury Dealer Quotations for that date of redemption, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the trustee obtains fewer than three Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

Quotation Agent means Banc One Capital Markets, Inc., Citigroup Global Markets Inc. or another Reference Treasury Dealer appointed by us.

Reference Treasury Dealer means (i) each of Banc One Capital Markets, Inc. and Citigroup Global Markets Inc. (or their respective affiliates which are Primary Treasury Dealers), and the respective successors of the foregoing; provided, however, that if either of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), we shall substitute another Primary Treasury Dealer; and (ii) any other Primary Treasury Dealer selected by us.

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Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any date of redemption, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such date of redemption.

On and after the date of redemption, interest will cease to accrue on the notes or any portion of the notes called for redemption (unless we default in payment of the redemption price and accrued interest). On or before the date of redemption, we will deposit with a paying agent (or the trustee) money sufficient to pay the redemption price of and accrued interest on the notes to be redeemed on that date. If less than all of the notes of either series are to be redeemed, the notes to be redeemed shall be selected by lot by DTC, in the case of notes represented by a global security, or by the trustee by a method the trustee deems to be fair and appropriate, in the case of notes that are not represented by a global security.

The notes will not be entitled to the benefit of any mandatory redemption or sinking fund.

Same-Day Settlement and Payment

The notes will trade in the same-day funds settlement system of DTC until maturity or until we issue the notes in definitive form. DTC will therefore require secondary market trading activity in the notes to settle in immediately available funds. We can give no assurance as to the effect, if any, of settlement in immediately available funds on trading activity in the notes.

Book-Entry System; Delivery and Form

Each series of notes will be issued in the form of one or more fully registered global securities. For purposes of this prospectus supplement, global security refers to the global security or securities representing the entire issue of the applicable series of notes. Each global security will be deposited with the trustee as custodian for DTC and registered in the name of Cede & Co., or Cede, as DTC's nominee. Except in limited circumstances, the notes will not be issued in definitive certificated form. A global security may be transferred, in whole and not in part, only to DTC or to another nominee of DTC. See Description of Debt Securities Form and Exchange of Debt Securities in the accompanying prospectus for additional information on DTC and the rules and operating procedures of DTC.

Holding Through Euroclear and Clearstream, Luxembourg

If the depository for a global security is DTC, you may hold interests in the global security through Clearstream Banking, *société anonyme* (Clearstream, Luxembourg), or Euroclear Bank S.A./NV, as operator of the Euroclear System (Euroclear), in each case, as a participant in DTC. Euroclear and Clearstream, Luxembourg will hold interests, in each case, on behalf of their participants through customers' securities accounts in the names of Euroclear and Clearstream, Luxembourg on the books of their respective depositories, which in turn will hold such interests in customers' securities accounts in the depositories' names on DTC's books.

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Payments, deliveries, transfers, exchanges, notices and other matters relating to the notes made through Euroclear or Clearstream, Luxembourg must comply with the rules and procedures of those systems. Those systems could change their rules and procedures at any time. We have no control over those systems or their participants and we take no responsibility for their activities. Transactions between participants in Euroclear or Clearstream, Luxembourg, on one hand, and other participants in DTC, on the other hand, would also be subject to DTC's rules and procedures.

Investors will be able to make and receive through Euroclear and Clearstream, Luxembourg payments, deliveries, transfers, exchanges, notices and other transactions involving any securities held through those

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systems only on days when those 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, U.S. investors who hold their interests in the notes through these systems and wish to transfer their interests, or to receive or make a payment or delivery or exercise any other right with respect to their interests, on a particular day may find that the transaction will not be effected until the next business day in Luxembourg or Brussels, as applicable. Thus, investors who wish to exercise rights that expire on a particular day may need to act before the expiration date. In addition, investors who hold their interests through both DTC and Euroclear or Clearstream, Luxembourg may need to make special arrangements to finance any purchases or sales of their interests between the U.S. and European clearing systems, and those transactions may settle later than transactions within one clearing system.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the notes. Except where noted, this summary deals only with notes that are purchased on original issue at the issue price and held as capital assets.

As used herein, the term "U.S. Holder" means a beneficial owner of a note who or which is, for U.S. federal income tax purposes:

a citizen or resident of the United States;

a corporation or partnership created or organized in or under the laws of the United States or any state thereof (including the District of Columbia); or

an estate or trust treated as a United States person under section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the Code).

The term "Non-U.S. Holder" means any beneficial owner of a note that is not a U.S. Holder.

If a partnership holds a note, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners in a partnership holding a note should consult their tax advisors.

This summary is based on the Code, administrative pronouncements, judicial decisions and regulations issued under the Code (Treasury Regulations), changes to any of which subsequent to the date of this prospectus supplement may affect the tax consequences described herein, possibly with retroactive effect. This summary does not represent a detailed description of the U.S. federal income tax consequences to holders of notes in light of their particular circumstances. In addition, it does not represent a detailed description of the U.S. federal income tax consequences applicable to holders of notes subject to special treatment under the U.S. federal income tax laws (including, without limitation, controlled foreign corporations, passive foreign investment companies, foreign personal holding companies, insurance companies, tax-exempt organizations, banks, financial institutions, dealers in securities, persons holding a note as a position in a straddle, conversion transaction, constructive sale, hedge, synthetic security or other risk reduction or integrated financial transaction or a person whose functional currency is other than the U.S. dollar). There can be no assurance that a change in law will not alter significantly the tax considerations described in this

summary.

U.S. Holders

Interest

Interest on a note will be taxed to a U.S. Holder as ordinary interest income at the time it accrues or is received, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

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Disposition of a Note

A U.S. Holder who disposes of a note by sale, exchange, redemption, retirement or other disposition will recognize taxable gain or loss equal to the difference between the amount realized on the sale or other disposition (not including any amount attributable to accrued but unpaid interest) and the U.S. Holder's adjusted tax basis in the note. Any amount attributable to accrued but unpaid interest will be treated as a payment of interest and taxed in the manner described above under Interest. In general, the U.S. Holder's adjusted tax basis in a note will be equal to the initial purchase price of the note paid by the U.S. Holder.

Gain or loss realized on the sale, exchange, redemption, retirement or other disposition of a note generally will be capital gain or loss, and will be long-term capital gain or loss if at the time of sale, exchange or retirement the note has been held for more than one year. For individuals, the excess of net long-term capital gains over net short-term capital losses generally is taxed at a lower rate than ordinary income. The distinction between capital gain or loss and ordinary income or loss is also relevant for purposes of, among other things, limitations on the deductibility of capital losses.

Non-U.S. Holders

Subject to the discussion below concerning backup withholding, payments of principal of, and interest on, the notes by us or any paying agent to a Non-U.S. Holder will not be subject to the withholding of U.S. federal income tax, provided that, in the case of interest:

the Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote;

the Non-U.S. Holder is not, for U.S. federal income tax purposes, a controlled foreign corporation related, directly or indirectly, to us through stock ownership;

the Non-U.S. Holder is not a bank receiving interest described in section 881(c)(3)(A) of the Code; and

the certification requirements under section 871(h) or section 881(c) of the Code and Treasury Regulations thereunder, summarized below, are met.

A Non-U.S. Holder will not be subject to U.S. federal income tax on gain realized on the sale, exchange, redemption, retirement or other disposition of a note unless:

such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition, and certain conditions are met; or

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such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States.

Sections 871(h) and 881(c) of the Code and Treasury Regulations thereunder require that, in order to obtain the exemption from withholding described above:

the beneficial owner of a note must certify, under penalties of perjury, to us or the paying agent, as the case may be, that such owner is a Non-U.S. Holder and must provide its name and address;

a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the note on behalf of the beneficial owner must certify, under penalties of perjury, to us or the paying agent, as the case may be, that it or another such financial institution between it and the beneficial owner has received such certification from the beneficial owner and must furnish us or the paying agent, as the case may be, with a copy thereof; or

the Non-U.S. Holder must provide such certification to a qualified intermediary or a withholding foreign partnership and certain other conditions must be met.

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A Non-U.S. Holder may give the certification described above on Internal Revenue Service (IRS) Form W-8BEN, which generally is effective for the remainder of the year of signature plus three full calendar years, unless a change in circumstances makes any information on the form incorrect. Special rules apply to Non-U.S. Holders that are foreign partnerships. In general, a foreign partnership that is a Non-U.S. Holder will be required to provide a properly executed IRS Form W-8IMY and attach thereto an appropriate certification by each partner.

If a Non-U.S. Holder is engaged in a trade or business in the United States, and if interest on a note, or gain realized on the sale, exchange, redemption, retirement or other disposition of a note, is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding of U.S. federal income tax, will generally be subject to regular U.S. federal income tax on such interest or gain in the same manner as if it were a U.S. Holder. In lieu of the certificate described in the preceding paragraph, such a Non-U.S. Holder will be required to provide us or the paying agent, as the case may be, with a properly executed IRS Form W-8ECI in order to claim an exemption from withholding. In addition, if that Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30%, or a lower treaty rate as may be provided in an applicable treaty, of its effectively connected earnings and profits for the taxable year, subject to a number of adjustments.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest and principal payments made to, and to the proceeds of sales before maturity by, certain noncorporate U.S. Holders. In addition, backup withholding applies to a noncorporate U.S. Holder if:

the U.S. Holder fails to furnish its taxpayer identification number, which, for an individual would be his or her Social Security Number, to the payor in the manner required;

the U.S. Holder furnishes an incorrect taxpayer identification number and the payor is so notified by the IRS;

the payor is notified by the IRS that the U.S. Holder has failed properly to report payments of interest and dividends; or

in certain circumstances, the U.S. Holder fails to certify, under penalties of perjury, that it has not been notified by the IRS that it is subject to backup withholding for failure properly to report interest and dividend payments.

Backup withholding will not apply to:

payments to a Non-U.S. Holder of principal of, or interest on, a note; or

payments to a Non-U.S. Holder on the sale, exchange, redemption, retirement or other disposition of a note;

in each case if the Non-U.S. Holder provides the certification described above necessary to establish an exemption from the withholding of U.S. federal income tax.

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In addition, unless the payor has actual knowledge that the payee is a U.S. Holder, backup withholding will not apply to:

payments of principal of, or interest on, a note made outside the United States to certain offshore accounts; or