

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended July 31, 1995

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Transition Period From _____ to _____

Commission file number 1-6991

WAL-MART STORES, INC.

(Exact name of registrant as specified in its charter)

Delaware 71-0415188
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

702 S.W. Eighth Street
Bentonville, Arkansas 72716
(Address of principal executive offices)

(501) 273-4000
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Applicable Only to Issuers Involved in Bankruptcy
Proceedings During the Preceding Five Years

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by the court.

Yes No

Applicable Only to Corporate Issuers

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock, \$.10 Par Value -- 2,295,757,065 shares as of July 31, 1995.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

<TABLE>

WAL-MART STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in millions)

<CAPTION>

	July 31, 1995 (Unaudited)	January 31, 1995 (*Note)
<S>	<C>	<C>
ASSETS		
Cash and cash equivalents	\$ 6	\$ 45
Receivables	858	700
Recoverable costs from sale/leaseback	176	200
Inventories	15,077	14,064
Other current assets	392	329
Total current assets	16,509	15,338
Property, plant and equipment	19,259	17,090
Less accumulated depreciation	3,280	2,782
Net property, plant and equipment	15,979	14,308
Property under capital leases	2,242	2,147
Less accumulated amortization	630	581
Net property under capital leases	1,612	1,566
Other assets and deferred charges	1,218	1,607

Total assets	\$35,318	\$32,819
LIABILITIES AND SHAREHOLDERS' EQUITY		
Commercial paper	\$ 2,123	\$ 1,795
Accounts payable	6,438	5,907
Other current liabilities	2,362	2,271
Total current liabilities	10,923	9,973
Long-term debt	8,291	7,871
Long-term obligations under capital leases	1,901	1,838
Deferred income taxes and other	823	411
Common stock and paid-in capital	769	769
Retained earnings	13,129	12,213
Foreign currency translation adjustment	(518)	(256)
Total shareholders' equity	13,380	12,726
Total liabilities and shareholders' equity	\$35,318	\$32,819

</TABLE>

[FN]

<F1>

See accompanying notes to condensed consolidated financial statements.

<F2>

*Note: The balance sheet at January 31, 1995 has been taken from the audited financial statements at that date, and condensed.

<TABLE>

WAL-MART STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(Amounts in millions except per share data)

<CAPTION>

	Three Months Ended July 31,		Six Months Ended July 31,	
	1995	1994	1995	1994
<S>	<C>	<C>	<C>	<C>
Net Sales	\$22,723	\$19,942	\$43,163	\$37,628
Other income	284	253	497	419
	23,007	20,195	43,660	38,047
Costs and expenses:				
Cost of sales	18,095	15,960	34,290	30,024
Operating, selling and general and administrative expenses	3,693	3,169	7,070	6,015
Interest costs:				
Debt	165	123	320	225
Capital leases	47	52	93	106
	22,000	19,304	41,773	36,370
Income before taxes	1,007	891	1,887	1,677
Provision for taxes on income	374	326	700	614
Net income	\$ 633	\$ 565	\$ 1,187	\$ 1,063
Net income per share	\$.28	\$.25	\$.52	\$.46
Dividends per share	\$.05	\$.0425	\$.10	\$.085
Beginning of the year shareholders' equity	\$12,726	\$10,753	\$12,726	\$10,753
Return for the period on beginning of the year shareholders' equity	4.97%	5.25%	9.33%	9.89%
Average number of common shares outstanding	2,296	2,299	2,296	2,299

</TABLE>

[FN]

See accompanying notes to condensed consolidated financial statements.

<TABLE>

WAL-MART STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Amounts in millions)

<CAPTION>

	Six Months Ended July 31,	
	1995	1994
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$1,187	\$1,063
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	604	491
Increase in inventories	(887)	(1,707)
Increase in accounts payable	411	1,504
Noncash items and other	(462)	(351)
Net cash provided by operating activities	853	1,000
Cash flows from investing activities:		
Net additions of property, plant and equipment	(1,710)	(1,394)
Acquisition of Woolworth Canada, Inc. assets	-	(367)
Investment in international operations	(53)	(180)
Other investing activities	54	(12)
Net cash used in investing activities	(1,709)	(1,953)
Cash flows from financing activities:		
Increase in commercial paper	325	532
Proceeds from issuance of long-term debt	777	998
Payment of long-term debt	(5)	(264)
Dividends paid	(230)	(195)
Other financing activities	(50)	(128)
Net cash provided by financing activities	817	943
Net decrease in cash and cash equivalents	(39)	(10)
Cash and cash equivalents at beginning of year	45	20
Cash and cash equivalents at end of period	\$ 6	\$ 10

Supplemental Disclosure of Cash Flow Information:

Income tax paid	\$ 973	\$ 717
Interest paid	406	313
Capital lease obligations incurred	108	84

</TABLE>

[FN]

See accompanying notes to condensed consolidated financial statements.

WAL-MART STORES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE A. BASIS OF PRESENTATION

The condensed consolidated balance sheet as of July 31, 1995, and the related condensed consolidated statements of income and cash flows for the periods ended July 31, 1995 and 1994 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial statements have been included. Such adjustments consisted only of normal recurring items. Interim reports are not necessarily indicative of results for a full year.

The financial statements and notes are presented in accordance with the rules and regulations of the Securities and Exchange Commission, and do not contain certain information included in the Company's annual report. Therefore, the interim statements should be read with the annual report.

NOTE B. INVENTORIES

Inventories are valued at the lower of cost or market value, using the last-in, first-out (LIFO) method for substantially all inventories. Quarterly inventory determinations under LIFO are partially based on assumptions as to inventory levels at the end of the fiscal year, sales, and the rate of inflation for the year. If

the first-in, first-out (FIFO) method of accounting had been used by the Company, inventories at July 31, 1995 would have been \$364 million higher than reported, an increase in the LIFO reserve of \$13 million from January 31, 1995, and an increase of \$5 million from April 30, 1995. If the FIFO method had been used at July 31, 1994, inventories would have been \$490 million higher than reported, an increase in the LIFO reserve of \$22 million from January 31, 1994, and an increase of \$12 million from April 30, 1994.

NOTE C. LONG-TERM DEBT

During the six months ended July 31, 1995, the Company sold \$250 million in aggregate principal amount of 7.00% notes due April 27, 1998, and \$200 million in aggregate principal amount of 6.75% notes due May 24, 2002, outside the United States in the European market. In addition, the Company sold \$300 million in aggregate principal amount of 6.75% notes due May 15, 2002, under the Company's available shelf registration statements filed with the Securities and Exchange Commission. Pursuant to these shelf registration statements, the Company has registered debt securities after giving effect to the sale of notes in the aggregate principal amount of \$300 million mentioned above, aggregating \$751 million, which it may issue in the future. The notes sold outside the United States have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Subsequent to July 31, 1995, the Company repaid \$100 million of aggregate principal amount 10.875% debentures due August 15, 2000. Such repayment has been classified as a current liability in the accompanying consolidated balance sheet as of July 31, 1995.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Increased sales during the six months ended July 31, 1995, were attributable to an increase in comparable Wal-Mart and Supercenter store sales of 7%, an increase in Sam's Clubs comparable store sales of 3%, and to the Company's recent expansion activities. Domestic expansion activity for the six months ended July 31, 1995 included 30 new Wal-Mart stores, six new Supercenters, five new Sam's Clubs, along with the conversion of 35 Wal-Mart stores to Supercenters and the relocation or expansion of 44 Wal-Mart stores and two Sam's Clubs. International expansion included the addition of four Wal-Mart stores in Canada, 11 units in Mexico, and a Sam's Club in Brazil. International sales accounted for 3.4% of total sales during the first six months of this year compared to 1.4% in last year's six month period and 3.5% in the second quarter of fiscal 1996 compared to 1.8% in last year's second quarter. Sam's Clubs sales as a percentage of total sales fell from 23.5% in fiscal 1995 to 21.5% in fiscal 1996, and fell from 23.4% in last year's second quarter to 21.4% in this year's second quarter.

At July 31, 1995, the Company had 1,977 Wal-Mart stores, 188 Supercenters, and 431 Sam's Clubs in the United States, along with 127 Canadian Wal-Mart stores, three Hong Kong Value Clubs, one club in Brazil, eight units in Puerto Rico, and 107 units in Mexico.

The Company's gross profit as a percentage of sales increased from 19.97% in the second quarter of fiscal 1995 to 20.37% during the second quarter of fiscal 1996, and from 20.21% for the six months ended July 31, 1994 to 20.56% for the six months ended July 31, 1995. The increases were primarily due to changes in the percentages of total sales generated by certain operating units. The decrease in Sam's Clubs' sales as a percentage of total sales and the increase in international sales favorably impacts the gross profit percentage as Sam's Clubs' gross profit percentage is lower than the Company's overall gross profit percentage and international gross profit percentage is higher than the overall gross profit percentage.

Operating, selling, general, and administrative expenses increased from 15.89% in the second quarter of fiscal 1995 to 16.25% during the second quarter of fiscal 1996, and from 15.99% for the six months ended July 1994 to 16.38% for the six months ended July 31, 1995. The increases were primarily due to changes in the percentages of total sales generated by certain operating units as discussed above. Because Sam's Clubs' expenses as a percentage of sales are lower than the Company's overall expense rate, and because international expenses as a percentage of sales are higher than the overall rate, the expense rate has increased.

Interest expense increased \$37 million in the second quarter of fiscal 1996 and \$82 million in the six months ended July 31, 1995 when compared to the same periods in fiscal 1995. The increases are due to additional borrowings used to finance the Company's expansion program and increased short term borrowing rates.

Liquidity and Capital Resources

Cash flows provided by operating activities were \$853 million in the first six months of fiscal 1996 compared to \$1,000 million in the first six months of fiscal 1995. The decrease is primarily due to inventories increasing at a higher rate than accounts payable in fiscal 1996 when compared to fiscal 1995. Cash flows from operations, along with commercial paper increases of \$325 million, and long-term debt proceeds of \$777 million, were used to finance capital expenditures of \$1,710 million, invest in international operations, and pay dividends.

During the six months ended July 31, 1995, the Company took advantage of favorable debt rates and sold \$250 million in aggregate principal amount of 7.00% notes due April 27, 1998, and \$200 million in aggregate principal amount of 6.75% notes due May 24, 2002, outside the United States in the European market. In addition, the Company sold \$300 million in aggregate principal of 6.75% notes due May 15, 2002 under the Company's available shelf registration statements filed with the Securities and Exchange Commission. Pursuant to these shelf registration statements, the Company has registered debt securities, after giving effect to the sale of notes in the aggregate principal amount of \$300 million mentioned above, aggregating \$751 million which it may issue in the future. The notes sold outside the United States have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Subsequent to July 31, 1995, the Company repaid \$100 million in aggregate principal amount of 10.875% debentures due August 15, 2000. The retirement of this debt, which carried a higher rate than the Company's overall cost of capital, was funded by issuing additional commercial paper.

Cash flow provided by operations along with the available debt under the shelf registration statements should be adequate to fund the Company's expansion program, operational, and other cash needs.

At July 31, 1995, the Company had total assets of \$35,318 million compared with \$32,819 million at January 31, 1995. The increase was primarily due to property additions of \$1.7 billion and an increase in inventory of \$1.0 billion. Working capital at July 31, 1995 was \$5,586 million, up \$221 million from January 31, 1995. The ratio of current assets to current liabilities was 1.5 to 1.0 at July 31, 1995, January 31, 1995, and July 31, 1994.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The Company's Annual Shareholders' Meeting was held June 2, 1995 in Fayetteville, Arkansas.

At the annual meeting, the shareholders elected for one-year terms all persons nominated for directors as set forth in the proxy statement dated April 10, 1995. The shareholders also considered but did not approve two shareholder proposals requesting the Board of Directors (1) prepare a report to shareholders and employees containing certain information with respect to the make-up of the Company's employees as disclosed in its EEOC-1 report filed with the Equal Opportunity Commission and disclosing certain of the Company's policies and programs with respect to its employment practices ("Shareholder Proposal No. 1"), and (2) adopt a policy of cumulative voting for the election of directors ("Shareholder Proposal No. 2"). The table below sets forth the results of voting at the Annual Meeting:

	For	Against or Withheld	Abstentions	Broker Non-Votes
Election of Directors:				
<S>	<C>	<C>	<C>	<C>
Paul R. Carter	2,040,646,177	11,915,881	-0-	-0-
John A. Cooper, Jr.	2,040,847,052	11,715,006	-0-	-0-
Robert H. Dedman	2,040,414,610	12,147,448	-0-	-0-

David D. Glass	2,040,135,418	12,426,640	-0-	-0-
Frederick S. Humphries	2,039,889,378	12,672,680	-0-	-0-
F. Kenneth Iverson	2,040,591,352	11,970,706	-0-	-0-
Elizabeth A. Sanders	2,040,740,881	11,821,177	-0-	-0-
Jack Shewmaker	2,036,703,322	15,858,736	-0-	-0-
Donald G. Soderquist	2,040,583,752	11,978,306	-0-	-0-
John T. Walton	2,040,627,213	11,934,845	-0-	-0-
S. Robson Walton	2,040,664,611	11,897,447	-0-	-0-

Shareholder Proposal No. 1	98,950,898	1,697,462,564	44,534,663	211,613,933
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Shareholder Proposal No. 2	209,066,443	1,618,044,994	14,712,548	210,724,291
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Item 6. Exhibits and Reports on Form 8-K

- (a) The following document is filed as an exhibit to this Form 10-Q:

Exhibit 27 - Financial Data Schedule

- (b) A Form 8-K was filed on May 19, 1995, to file a discussion of the Company's sale of notes outside the United States with the Securities and Exchange Commission pursuant to Rule 135c under the Securities Act of 1933, as amended.
- (c) For the purpose of complying with the amendments to the rules governing Form S-8 (effective July 13, 1990) under the Securities Act of 1933, as amended, the undersigned Registrant hereby undertakes as follows, which undertaking shall be incorporated by reference into Registrant's Registration Statement on Form S-8 (File No. 2-64662):

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WAL-MART STORES, INC.

Date: September 8, 1995 /s/David D. Glass
David D. Glass
President and
Chief Executive Officer

Date: September 8, 1995 /s/Paul R. Carter
Paul R. Carter
Executive Vice President
and Chief Financial Officer

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