

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 April 30, 1996.

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
(State or other jurisdiction of
incorporation or organization)

71-0415188
(I.R.S. Employer
Identification No.)

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

72716
(zip code)

(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 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 -- 2,293,531,782 shares as of April 30, 1996.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

<TABLE>

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

<CAPTION>

	April 30, 1996 (Unaudited)	January 31, 1996 (*Note)
<S>	<C>	<C>
ASSETS		
Cash and cash equivalents	\$ 32	\$ 83
Receivables	908	853
Inventories	16,213	15,989
Other current assets	626	406
Total current assets	17,779	17,331
Property, plant and equipment	21,592	20,850
Less accumulated depreciation	4,053	3,752
Net property, plant and equipment	17,539	17,098
Property under capital leases	2,508	2,476
Less accumulated amortization	708	680
Net property under capital leases	1,800	1,796
Other assets and deferred charges	1,131	1,316

Total assets	\$38,249	\$37,541
LIABILITIES AND SHAREHOLDERS' EQUITY		
Commercial paper	\$ 1,575	\$ 2,458
Accounts payable	7,375	6,442
Other current liabilities	2,720	2,554
Total current liabilities	11,670	11,454
Long-term debt	8,508	8,508
Long-term obligations under capital leases	2,111	2,092
Deferred income taxes and other	744	731
Common stock and capital in excess of par value	775	774
Retained earnings	14,843	14,394
Foreign currency translation adjustment	(402)	(412)
Total shareholders' equity	15,216	14,756
Total liabilities and shareholders' equity	\$38,249	\$37,541

</TABLE>

[FN]

<F1>

See accompanying notes to condensed consolidated financial statements.

<F2>

*Note: The balance sheet at January 31, 1996, 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 April 30,	
	1996	1995
<S>	<C>	<C>
Net sales	\$22,772	\$20,440
Other income - net	229	212
	23,001	20,652
Costs and expenses:		
Cost of sales	18,064	16,196
Operating, selling and general and administrative expenses	3,810	3,377
Interest costs:		
Debt	169	154
Capital leases	51	46
	22,094	19,773
Income before income taxes	907	879
Provision for income taxes	336	326
Net income	\$ 571	\$ 553
Net income per share	\$.25	\$.24
Dividends per share	\$.0525	\$.05
Beginning of the year shareholders' equity	\$14,756	\$12,726
Return for the period on beginning of the year shareholders' equity	3.87%	4.35%
Average number of common shares outstanding	2,293	2,297

</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>

	Three Months Ended April 30,	
	1996	1995
<S>	<C>	<C>

Cash flows from operating activities:		
Net income	\$ 571	\$ 553
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	348	276
Increase in inventories	(217)	(484)
Increase (decrease) in accounts payable	948	(50)
Noncash items and other	(10)	(278)
Net cash provided by operating activities	1,640	17
Cash flows from investing activities:		
Net capital additions	(733)	(759)
Other investing activities	63	21
Net cash used in investing activities	(670)	(738)
Cash flows from financing activities:		
(Decrease)increase in commercial paper	(884)	573
Proceeds from issuance of long-term debt	-	250
Dividends paid	(120)	(115)
Other financing activities	(17)	(18)
Net cash (used in) provided by financing activities	(1,021)	690
Net decrease in cash and cash equivalents		
	(51)	(31)
Cash and cash equivalents at beginning of year		
	83	45
Cash and cash equivalents at end of first quarter		
	\$ 32	\$ 14

Supplemental Disclosure of Cash Flow Information:

Income tax paid	\$ 105	\$ 356
Interest paid	225	206
Capital lease obligations incurred	35	59

</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 April 30, 1996, and the related condensed consolidated statements of income and cash flows for the three month periods ended April 30, 1996 and 1995 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 results are not necessarily indicative of results for a full year.

The financial statements and notes are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not contain certain information included in the Company's annual report. 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 April 30, 1996 would have been \$316 million higher than reported, an increase in the LIFO reserve of \$5 million from January 31, 1996. If the FIFO method had been used at April 30, 1995, inventories would have been \$359 million higher than reported, an increase in the LIFO reserve of \$8 million from January 31, 1995.

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

Results of Operations

The quarter ended April 30, 1996, consisted of 90 days compared to 89 days in the quarter ended April 30, 1995. Increased sales during the quarter ended April 30, 1996, were attributable to the extra day of

sales, an increase in comparable store sales of 4% and to the Company's continuing expansion activities. Domestic expansion activity in the first quarter of fiscal 1997 included eight new Wal-Mart stores, two new Supercenters, three new Sam's Clubs, the conversion of 26 Wal-Mart stores to Supercenters and the relocation or expansion of four Wal-Mart stores. International expansion included the addition of three Wal-Mart stores in Canada and four units in Mexico. International sales accounted for 4% of total sales this quarter compared to 3% in last year's first quarter. Sam's Clubs sales as a percentage of total sales fell from 22% in last year's quarter to 20% this quarter.

At April 30, 1996, the Company had 1,977 Wal-Mart stores, 267 Supercenters, and 432 Sam's Clubs in the United States, along with 134 Canadian Wal-Mart stores, 130 units in Mexico, 11 units in Puerto Rico, five units in Brazil, and three units in Argentina. This compares with 1,979 Wal-Mart stores, 162 Supercenters, and 428 Sam's Clubs in the United States, and 126 Canadian Wal-Mart stores, 106 units in Mexico, and eight units in Puerto Rico at the same time last year.

The Company's gross profit as a percentage of sales decreased from 20.76% in the first quarter of fiscal 1996 to 20.67% during the first quarter of fiscal 1997. The net change is comprised of an increase in the percentage of total sales in consumable goods which have lower markon percents. This decrease in gross profit is partially offset because Sam's Clubs comprised a lower percentage of consolidated sales in fiscal 1997 at a lower contribution to gross margin than the stores.

Operating, selling, general, and administrative expenses increased as a percentage of sales from 16.52% during the first quarter of fiscal 1996 to 16.73% for the first quarter of fiscal 1997. The increase in the expenses as a percentage of sales is primarily due to the change in the percentage of sales by operating units discussed above. Because Sam's Clubs expenses as a percentage of sales are lower than the overall expense rate and because international expenses as a percentage of sales are higher than the overall rate, the expense rate has increased.

In the first quarter of fiscal 1997, the Company adopted Statement of Financial Accounting Standard (SFAS) No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." The statement requires entities to review long-lived assets and certain intangible assets in certain circumstances, and if the value of the assets is impaired, an impairment loss shall be recognized. Due to the Company's previous accounting policies this pronouncement had no effect on the Company's financial position or results of operations.

The Company also adopted SFAS No. 123 "Accounting for Stock-Based Compensation" in the first quarter of fiscal 1997. The statement relates to the measurement of compensation of stock options issued to employees. The statement gives entities a choice of recognizing related compensation expense by adopting a new fair value method determination or to continue to measure compensation using the former standard. If the former standard for measurement is elected, SFAS No. 123 requires supplemental disclosure to show the effects of using the new measurement criteria. The Company elected to continue to use the measurement prescribed by the former standard, and accordingly, the pronouncement had no effect on the Company's financial position or results of operations. The Company will present the supplemental disclosure in the fiscal 1997 annual report.

Interest expense increased \$20 million in the first quarter of fiscal 1997 compared to the same period in fiscal 1996. The increase is due to the additional long-term borrowings which have been used to finance the Company's expansion. Interest on short term borrowings decreased slightly due to lower borrowing rates and a decreasing commercial paper balance.

Liquidity and Capital Resources

Cash flows provided by operating activities were \$1,640 million in the first quarter of fiscal 1997 compared to \$17 million in the first quarter of fiscal 1996. The increase is primarily due to an increase in accounts payable and accrued liabilities and a smaller increase in inventory in the first quarter of fiscal 1997. The increased operating cash flow provided an excess of \$787 million after investing \$733 million in capital assets and paying dividends of \$120 million.

Under shelf registration statements previously filed with the Securities and Exchange Commission the Company may issue debt securities aggregating \$751 million. Cash flow provided by operations along with available debt under the shelf registration statements and the Company's ability to obtain short-term financing should be adequate to fund the Company's expansion program, operational and other cash needs.

At April 30, 1996, the Company had total assets of \$38,249 million compared with \$37,541 million at January 31, 1996. Working capital at

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