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UNITED STATES
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 October 31, 1997.

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 _____ 72716 _____
Bentonville, Arkansas (Address of principal executive offices) (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 -- 2,245,907,170 shares as of October 31, 1997.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

<TABLE>

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

<CAPTION>

	October 31, 1997 (Unaudited)	January 31, 1997 (*Note)
ASSETS		
<S>	<C>	<C>
Cash and cash equivalents	\$ 728	\$ 883
Receivables	1,310	845
Inventories	19,303	15,897
Other current assets	293	368
Total current assets	21,634	17,993
Property, plant and equipment	26,540	23,182
Less accumulated depreciation	5,832	4,849
Net property, plant and equipment	20,708	18,333

Property under capital leases	2,926	2,782
Less accumulated amortization	874	791
Net property under capital leases	2,052	1,991
Other assets and deferred charges	1,778	1,287
Total assets	\$46,172	\$39,604

LIABILITIES AND SHAREHOLDERS' EQUITY

Commercial paper	\$ 1,530	\$ -
Accounts payable	10,518	7,628
Long-term debt due within one year	1,023	523
Other current liabilities	3,794	2,806
Total current liabilities	16,865	10,957
Long-term debt	6,690	7,709
Long-term obligations under capital leases	2,395	2,307
Deferred income taxes and other	758	463
Minority interest	1,909	1,025
Common stock and capital in excess of par value	775	775
Retained earnings	17,226	16,768
Foreign currency translation adjustment	(446)	(400)
Total shareholders' equity	17,555	17,143
</TABLE>		
[FN]		
<F1>		
Total liabilities and shareholders' equity	\$46,172	\$39,604

See accompanying notes to condensed consolidated financial statements.

<F2>

*Note: The balance sheet at January 31, 1997, has been derived 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 October 31,		Nine Months Ended October 31,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Net sales	\$28,777	\$25,644	\$82,572	\$74,003
Other income - net	341	434	954	926
	29,118	26,078	83,526	74,929
Costs and expenses:				
Cost of sales	22,680	20,416	65,285	58,784
Operating, selling and general and administrative expenses	4,958	4,365	14,058	12,393
Interest costs:				
Debt	142	158	413	490
Capital leases	56	54	166	160
	27,836	24,993	79,922	71,827
Income before income taxes and minority interest	1,282	1,085	3,604	3,102
Provision for income taxes	474	402	1,333	1,152
Income before minority interest	808	683	2,271	1,950
Minority interest	(16)	1	(32)	11
Net income	\$ 792	\$ 684	\$ 2,239	\$ 1,961
Net income per share	\$.35	\$.30	\$.99	\$.86
Dividends per share	\$.0675	\$.0525	\$.2025	\$.1575
Average shareholders' equity	\$17,409	\$16,086	\$17,349	\$15,569
Return for the period on average shareholders' equity	4.55%	4.25%	12.91%	12.60%
Average number of				

common shares outstanding	2,253	2,294	2,262	2,293
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[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>

	Nine Months Ended 1997	October 31, 1996
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 2,239	\$ 1,961
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,178	1,061
Increase in inventories	(3,221)	(3,036)
Increase in accounts payable	2,405	3,014
Noncash items and other	647	(37)
Net cash provided by operating activities	3,248	2,963
Cash flows from investing activities:		
Net capital additions	(1,894)	(2,217)
Proceeds from sale of photo finishing plants	-	464
Acquisition of controlling interest of Cifra, S.A. de C.V.	(770)	-
Other investing activities	72	271
Net cash used in investing activities	(2,592)	(1,482)
Cash flows from financing activities:		
Increase (decrease) in commercial paper	1,523	(1,346)
Net proceeds from formation of real estate investment trust (REIT)	-	632
Payment of long-term debt	(523)	(371)
Dividends paid	(459)	(361)
Purchase of Company stock	(1,367)	(2)
Other financing activities	15	(40)
Net cash used in financing activities	(811)	(1,488)
Net decrease in cash and cash equivalents	(155)	(7)
Cash and cash equivalents at beginning of year	883	83
Cash and cash equivalents at end of period	\$ 728	\$ 76

Supplemental Disclosure of Cash Flow Information:

Income tax paid	\$ 1,396	\$ 1,278
Interest paid	598	669
Capital lease obligations incurred	176	213

</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 October 31, 1997, and the related condensed consolidated statements of income and cash flows for the periods ended October 31, 1997 and 1996 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. Certain reclassifications have been made to the prior year's income statement for the quarter and year-to-date to conform to current presentation.

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 October 31, 1997, would have been \$344 million higher than reported, an increase in the LIFO reserve of \$48 million from January 31, 1997, and an increase of \$30 million from July 31, 1997. If the FIFO method had been used at October 31, 1996, inventories would have been \$321 million higher than reported, an increase in the LIFO reserve of \$10 million from January 31, 1996.

NOTE C. ACQUISITION

A merger of the Mexican joint venture companies owned by Wal-Mart Stores, Inc. and Cifra, S.A. de C.V. ("Cifra") with and into Cifra was consummated with an effective merger date of September 1, 1997. A Mexican trust (the "Trust"), of which Wal-Mart is the sole beneficiary, received voting shares of Cifra equaling approximately 33.5% of the outstanding voting shares of Cifra in exchange for the Company's joint venture interests having a net book value of approximately \$644 million. In connection with the merger, the Trust made a public tender offer to acquire 593,100,000 shares of the Series "A" Common Shares and Series "B" Common Shares of Cifra, closed successfully on August 22, 1997, for approximately \$1.2 billion. The impact from the Cifra transaction was a net decrease in cash of \$770 million after consolidation of Cifra's cash balance. The transaction has been accounted for as a purchase. The net assets and liabilities acquired are recorded at fair value as follows (in millions):

Receivables	\$ 83
Inventories	199
Net property, plant and equipment	1,606
Goodwill	592
Accounts payable	(448)
Deferred income taxes	(262)
Minority interest	(778)
Other	4
	996
Investment in unconsolidated subsidiary exchanged	(226)
Net cash outlay	\$ 770

The goodwill is being amortized over 40 years. As a result of the merger and tender offer, Wal-Mart holds approximately 51% of the outstanding voting shares of Cifra. The results of operations for Cifra since the effective merger date have been included in the Company's results. Pro forma results of operations are not presented due to the insignificant differences from the historical results.

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

Results of Operations

The 12% sales increase for both the quarter and nine-month period ending October 31, 1997, were attributable to an increase in comparable sales in the Wal-Mart stores and Supercenters of 7%, an increase in Sam's Clubs' comparable sales of 3%, and to the Company's expansion activities. Domestic expansion for the nine-month period included 20 new Wal-Mart stores, 17 new Supercenters, eight new Sam's Clubs, along with the conversion of 75 Wal-Mart stores to Supercenters, and the relocation or expansion of three Wal-Mart stores (one was closed). International expansion included the addition of two Supercenters in Argentina, three Supercenters in Brazil, eight Wal-Mart stores in Canada, one unit in China, 244 Mexican units (including 232 Cifra acquisition units) and one Wal-Mart store in Puerto Rico. International sales accounted for 6% of total Company sales in the quarter and the nine-month period ended October 31, 1997, compared with 5% in the same periods in fiscal 1997. Sam's Clubs sales as a percentage of total Company sales fell from 19% in the quarter and the nine-month period ended October 31, 1996, to 18% for the same periods in fiscal 1998.

At October 31, 1997, the Company had 1,904 Wal-Mart stores, 436 Supercenters, and 444 Sam's Clubs in the United States, along with eight units in Argentina, eight units in Brazil, 144 Wal-Mart stores in Canada, three units in China, 396 units in Mexico and 12 units in Puerto Rico. This compares with 1,948 Wal-Mart stores, 335 Supercenters and 437 Sam's Clubs in the United States, along with four units in Argentina, five units in Brazil, 135 Wal-Mart stores in Canada, two units in China, 139 units in Mexico, and 11 units in Puerto Rico at the same time last year.

The Company's gross profit as a percentage of sales was 21.19% in the third quarter of fiscal 1998, up from 20.39% in the third quarter of fiscal 1997, and was 20.94% for the first nine months in fiscal 1998, up from 20.57% for the same period in fiscal 1997. During the third quarter of fiscal 1997, the Company made a strategic decision to reduce the merchandise assortment in selected categories that resulted in one-time markdowns. Without these charges, the gross profit percentage would have been up .39% as a percentage of sales for the third quarter and up .26% as a percentage of sales for the nine-month period. These increases resulted from improvements in the mix of merchandise sold and from better inventory management. The strong emphasis placed on inventory management has reduced markdowns and shrinkage.

Operating, selling, general, and administrative expenses increased as a percentage of sales from 17.02% during the third quarter of fiscal 1997 to 17.23% during the third quarter of fiscal 1998, and increased from 16.75% for the nine-month period ended October 31, 1996, to 17.03% for the nine-month period ended October 31, 1997. A contributing factor in the increase for the year is the one-time charge of \$50 million for closing the majority of the Bud's Discount City stores during the second quarter of fiscal 1998. This charge was reflected in operating income due to its immateriality to the Company's results of operations and since the Company continues to operate eight Bud's Discount City stores. Without this charge, year to date expenses as a percentage of sales would have been 16.97%, up .22% from a year ago. The increase in operating expenses for both the quarter and year to date are primarily attributable to associate compensation and related benefit costs.

The Company has been evaluating and adjusting all date-sensitive systems and equipment for compliance with the year 2000. The majority of the compliance is expected to be performed by Company associates. Through the end of the third quarter, approximately 41% of the required conversions have occurred. The Company anticipates completing all remaining conversions during fiscal 1999. The total estimated cost of the conversion is \$12 million, which is being expensed as incurred.

Other income decreased as a percentage of sales from 1.69% during the third quarter of fiscal 1997 to 1.18% during the third quarter of fiscal 1998, and decreased from 1.25% during the nine-month period ended October 31, 1996, to 1.16% for the nine-month period ended October 31, 1997. This decrease is attributable principally to a gain recognized in the third quarter of fiscal 1997 on the sale of the photo finishing plants and accompanying distribution network.

Interest expense decreased \$14 million in the third quarter of fiscal 1998 and decreased \$71 million in the nine-month period ended October 31, 1997, when compared with the same periods in fiscal 1997. The Company incurred short-term borrowings during the third quarter of fiscal 1998 when additional cash was required to acquire the controlling interest in Cifra, repay maturing long-term debt and continue with the Company's stock repurchase program.

Liquidity and Capital Resources

Cash flows provided by operating activities were \$3,248 million during the first nine months of fiscal 1998 compared with \$2,963 million in the first nine months of fiscal 1997. As described in Note C to the condensed consolidated financial statements on pages 5 and 6 of this Form 10-Q, during the third quarter of fiscal 1998, the Company acquired the controlling interest in Cifra pursuant to the merger of the Mexican joint venture companies owned by the Company and Cifra into Cifra and the purchase of \$1,205 million of Cifra shares. The impact from the Cifra transaction was a net decrease in cash of \$770 million after consolidation of Cifra's cash balance. For the year, the Company has invested \$1,894 million in capital assets and purchased \$1,367 million of Company stock.

At October 31, 1997, the Company had total assets of \$46,172 million compared with \$39,604 million at January 31, 1997. Working capital at October 31, 1997, was \$4,769 million, down \$2,267 million from January 31, 1997. The ratio of current assets to current liabilities was 1.3 to 1.0 at October 31, 1997, 1.5 to 1.0 at October 31, 1996 and 1.6 to 1.0 at January 31, 1997. The decrease in working capital and the current ratio is due to the current classification of \$750 million of debt that matures in first quarter of fiscal 1999 and the use of short-term financing for investment in non-current assets, repurchasing Company stock and repaying maturing long-term debt.

The Company anticipates that it will continue to generate significant operating cash flow. The Company foresees no difficulty in obtaining financing in view of its excellent credit rating and favorable experiences in the debt market in the past few years. Cash flow provided by operations and the Company's ability to obtain short-term or long-term financing should be adequate to fund the Company's expansion program, pay dividends, meet maturing debt demand and continue the Company stock

repurchase program. Also, the Company may issue debt securities aggregating \$751 million under shelf registration statements previously filed with the Securities and Exchange Commission.

Accounting Pronouncements

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement No. 128, 'Earnings per Share', which is required to be adopted on January 31, 1998. At that time, the Company will be required to change the method used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating primary earnings per share, the dilutive effect of stock options will be excluded. The impact of adopting the new standard will not result in a change to earnings per share for the quarter or nine-month periods ended October 31, 1997, and October 31, 1996, as presented.

In June 1997, the FASB issued Statement No. 130, 'Reporting Comprehensive Income', which is effective for fiscal years beginning after December 15, 1997. This statement establishes standards for reporting and display of comprehensive income and its components. The Company anticipates adopting this Statement in fiscal 1999. Since this Statement requires only additional disclosure, there will be no effect on the Company's results of operations or financial position.

Also in June, the FASB issued Statement No. 131, 'Disclosures about Segments of an Enterprise and Related Information', which is effective for fiscal years beginning after December 15, 1997. This statement establishes standards for reporting information about operating segments in annual financial statements and interim financial reports. It also establishes standards for disclosures about products and services, geographic areas and major customers. The Company anticipates adopting this Statement in fiscal 1999. Since this Statement requires only additional disclosure, there will be no effect on the Company's results of operations or financial position.

PART II. OTHER INFORMATION

Item 5. Other Information

The Private Securities Litigation Reform Act of 1995 ("the Act") provides a safe harbor for forward-looking statements made by or on behalf of the Company. Certain statements contained in Management's Discussion and Analysis and in other Company filings are forward-looking statements. These statements discuss among other things, expected growth, future revenues, future cash flows and future performance. The forward looking statements are subject to risks and uncertainties including but not limited to competitive pressures, inflation, consumer debt levels, currency exchange fluctuations, trade restrictions, changes in tariff and freight rates, capital market conditions, and other risks indicated in the Company's filings with the Securities and Exchange Commission. Actual results may materially differ from anticipated results described in these statements.

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) There were no reports on Form 8-K filed for the quarter ended October 31, 1997.

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: December 8, 1997

/s/David D. Glass _____
David D. Glass
President and
Chief Executive Officer

Date: December 8, 1997

/s/John B. Menzer _____
John B. Menzer
Executive Vice President
and Chief Financial Officer

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