UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)
[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended October 31, 2001.

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 for 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 – 4,457,088,064 shares as of October 31, 2001.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	October 31, 2001 (Unaudited)	January 31, 2001 (*Note)
ASSETS		
Cash and cash equivalents	$ 2,033	$ 2,054
Receivables	1,669	1,768
Inventories	27,582	21,442

Prepaid expenses and other	1,336	1,291
Total current assets	32,620	26,555
Property, plant and equipment, at cost	53,332	47,813
Less accumulated depreciation	12,015	10,196
Net property, plant and equipment	41,317	37,617
Property under capital leases	4,546	4,620
Less accumulated amortization	1,415	1,303
Net property under capital leases	3,131	3,317
Net goodwill and other acquired intangible assets	8,777	9,059
Other assets and deferred charges	2,500	1,582
Total assets	**$ 88,345**	**$ 78,130**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Commercial paper	$ 4,072	$ 2,286
Accounts payable	17,880	15,092
Accrued liabilities	7,015	6,355
Other current liabilities	3,902	5,216
Total current liabilities	32,869	28,949
Long-term debt	15,822	12,501
Long-term obligations under capital leases	2,989	3,154
Deferred income taxes and other	1,254	1,043
Minority interest	1,134	1,140
Common stock and capital in excess of par value	1,839	1,858
Retained earnings	32,923	30,169
Other accumulated comprehensive income	(485)	(684)
Total shareholders' equity	34,277	31,343
Total liabilities and shareholders' Equity	**$ 88,345**	**$ 78,130**

See accompanying notes to condensed consolidated financial statements.

* Note: The balance sheet at January 31, 2001, has been derived from the audited financial statements at that date, and condensed.

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

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2001	**2000**	**2001**	**2000**
Revenues:				
Net sales	$ 52,738	$ 45,676	$153,588	$134,773
Other income - net	476	505	1,459	1,443
	53,214	46,181	155,047	136,216
Costs and expenses:				
Cost of sales	41,388	35,694	120,650	105,403
Operating, selling and general and administrative expenses	9,114	7,918	26,149	22,862
Interest costs:				
Debt	256	307	825	842
Capital leases	66	68	201	206
	50,824	43,987	147,825	129,313
Income before income taxes and minority Interest	2,390	2,194	7,222	6,903
Provision for income taxes	872	807	2,636	2,540
Income before minority interest	1,518	1,387	4,586	4,363
Minority interest	(37)	(18)	(104)	(72)
Net income	**$ 1,481**	**$ 1,369**	**$ 4,482**	**$ 4,291**
Net income per common share:				
Basic net income per common share				
Net income per common share	**$ 0.33**	**$ 0.31**	**$ 1.00**	**$ 0.96**
Average number of common shares	4,466	4,468	4,471	4,463
Diluted net income per common share				
Net income per common share	**$ 0.33**	**$ 0.31**	**$ 1.00**	**$ 0.96**
Average number of common shares	4,481	4,487	4,487	4,484
Dividends per share	$ 0.07	$ 0.06	$ 0.21	$ 0.18

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended October 31, 2001	2000
Cash flows from operating activities:		
Net income	$ 4,482	$ 4,291
Adjustments to reconcile net income to net cash provided by Operating activities:		
Depreciation and amortization	2,288	2,014
Increase in inventories	(6,214)	(5,315)
Increase in accounts payable	2,769	3,007
Other	618	(184)
Net cash provided by operating activities	3,943	3,813
Cash flows from investing activities:		
Payments for property, plant & equipment	(6,051)	(5,846)
Investment in international operations	-	(617)
Other investing activities	32	53
Net cash used in investing activities	(6,019)	(6,410)
Cash flows from financing activities:		
Increase in commercial paper	1,789	2,441
Proceeds from issuance of long-term debt	4,604	1,523
Dividends paid	(937)	(802)
Payment of long-term debt	(2,510)	(1,292)
Purchase of Company stock	(834)	(193)
Proceeds from issuance of common stock	-	582
Other financing activities	(86)	(95)
Net cash provided by financing activities	2,026	2,164
Effect of exchange rates on cash	29	(112)
Net decrease in cash and cash equivalents	(21)	(545)
Cash and cash equivalents at beginning of year	2,054	1,856
Cash and cash equivalents at end of period	**$ 2,033**	**$ 1,311**
Supplemental disclosure of cash flow information:		
Income taxes paid	$ 2,737	$ 2,588
Interest paid	1,149	1,123
Capital lease obligations incurred	57	254

See accompanying notes to condensed consolidated financial statements.

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

NOTE 1. Basis of Presentation

The condensed consolidated balance sheet as of October 31, 2001, and the related condensed consolidated statements of income for the three and nine month periods ended October 31, 2001, and 2000, and the condensed consolidated statements of cash flows for the nine month periods ended October 31, 2001, and 2000, are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the financial statements have been included. The adjustments consisted only of normal recurring items, other than adjustments related to the reorganization relating to the Company's acquisition of the minority ownership of Wal-Mart.com, Inc. 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 in conjunction with the Company's annual report for the fiscal year ended January 31, 2001.

Certain reclassifications have been made to prior periods to conform to current presentations.

NOTE 2. Net Income Per Share

Basic net income per share is based on the weighted average outstanding common shares. Diluted net income per share is based on the weighted average outstanding common shares reduced by the dilutive effect of stock options (15 million and 19 million shares for the quarters ended October 31, 2001 and 2000, and 16 million and 21 million for the nine-month periods ended October 31, 2001 and 2000, respectively).

NOTE 3. Inventories

The Company uses the retail last-in, first-out (LIFO) method for the Wal-Mart Stores segment, cost LIFO for the Sam's Club segment, and other cost methods, including the retail first-in, first-out (FIFO) and average cost methods, for the International segment. Inventories are not in excess of market value. Quarterly inventory determinations under LIFO are partially based on assumptions as to projected inventory levels at the end of the fiscal year, sales for the year and the rate of inflation for the year. If the FIFO method of accounting had been used by the Company, inventories at October 31, 2001, would have been $172 million higher than reported, which is a decrease in the LIFO reserve of $30 million from January 31, 2001, and a decrease of $10 million from July 31, 2001. If the FIFO method had been used at October 31, 2000, inventories would have been $408 million higher than reported, an increase in the LIFO reserve of $30 million from January 31, 2000, and an increase of $10 million from July 31, 2000.

NOTE 4. Segments

The Company is principally engaged in the operation of mass merchandising stores that serve customers primarily through the operation of three segments. The Company identifies its segments based on management responsibility within the United States and geographically for all international units. The Wal-Mart Stores segment includes the Company's discount stores, Supercenters and Neighborhood Market stores in the United States. The Sam's Club segment includes the warehouse membership clubs in the United States. The International segment includes all operations in Argentina, Brazil, Canada, China, Germany, Korea, Mexico, Puerto Rico and the United Kingdom. The revenues in the "Other" category result from sales to third parties by the Company's wholly-owned subsidiary, McLane Company, Inc., a wholesale distributor.

Net sales by operating segment were as follows (in millions):

	Three Months Ended October 31,		**Nine Months Ended October 31,**	
	2001	**2000**	**2001**	**2000**
Wal-Mart Stores	$ 33,601	$ 29,226	$ 98,222	$ 86,413
Sam's Club	7,295	6,573	21,099	19,317
International	8,678	7,437	24,676	22,038
Other	3,164	2,440	9,591	7,005
Total net sales	**$ 52,738**	**$ 45,676**	**$ 153,588**	**$ 134,773**

Operating profit and reconciliation to income before income taxes and minority interest are as follows (in millions):

	Three Months Ended October 31,		**Nine Months Ended October 31,**	
	2001	**2000**	**2001**	**2000**
Wal-Mart Stores	$ 2,346	$ 2,239	$ 7,186	$ 6,959
Sam's Club	246	219	731	648
International	344	241	874	622
Other	(224)	(130)	(543)	(278)
Operating profit	2,712	2,569	8,248	7,951
Interest expense	322	375	1,026	1,048
Income before income taxes and minority interest	**$ 2,390**	**$ 2,194**	**$ 7,222**	**$ 6,903**

Certain segment operating profit information for the three-month and nine-month periods ending October 31, 2000 has been reclassified to conform to current year presentation.

NOTE 5. Comprehensive Income

Comprehensive income is net income, plus certain other items that are recorded directly to shareholders' equity. The only such items currently applicable to the Company are foreign currency translation adjustments and hedge accounting adjustments.

Comprehensive income was $2,013 million and $1,388 million for the quarters ended October 31, 2001 and 2000, respectively and was $4,681 million and $3,811 million for the nine months ended October 31, 2001 and 2000, respectively.

NOTE 6. Financial Instruments

The Company uses derivative financial instruments for hedging and non-trading purposes to manage its exposure to interest and foreign exchange rates. Use of derivative financial instruments in hedging programs subjects the Company to certain risks, primarily market and credit risks. Market risk represents the possibility that the value of the derivative instrument will change. In a hedging relationship, the change in the value of the derivative is offset to a great extent by the change in the value of the underlying hedged item. Credit risk related to derivatives represents the possibility that the counterparty will not fulfill the terms of the contract. Credit risk is monitored through established approval procedures, including setting concentration limits by counterparty, reviewing credit ratings and requiring collateral, generally cash, when appropriate. Significant portions of the Company's transactions are with counterparties rated A or better by nationally recognized credit rating agencies.

Adoption of FASB 133. On February 1, 2001, the Company adopted Financial Accounting Standards Board Statement No. 133, "Accounting for Derivative and Hedging Activities" (FASB 133), as amended. Because most of the derivatives used by the Company are designated as net investment hedges, the fair value of these instruments had been included in the balance sheet prior to adoption of the standard. As a result, the adoption of this standard did not have a significant effect on the consolidated financial statements of the Company.

Interest rate instruments. The Company enters into interest rate swaps to minimize the risks and costs associated with its financing activities. Under the swap agreements, the Company pays variable rate interest and receives fixed interest rate payments periodically over the life of the instruments. The notional amounts are used to measure interest to be paid or received and do not represent the exposure due to credit loss. All of the Company's interest rate swaps are designated as fair value hedges. In a fair value hedge, the gain or loss on the derivative instrument as well as the offsetting gain or loss on the hedged item attributable to the hedged risk are recognized in earnings in the current period. Ineffectiveness results when gains and losses on the hedged item are not completely offset by gains and losses in the hedge instrument. No ineffectiveness was recognized in the first nine months of fiscal 2002 related to these instruments. Contracts with total notional amounts of $3.8 billion and $881 million outstanding at October 31, 2001 and January 31, 2001, respectively, had fair values totaling $240 million and $45 million at October 31, 2001 and January 31, 2001, respectively. The fair value of these contracts is included in the balance sheet in the line titled 'Other assets and deferred charges.'

Net Investment Instruments. The Company has entered into cross-currency interest rate swaps to hedge its net investments in Canada, Germany and the United Kingdom. The agreements are contracts to exchange fixed rate payments in one currency for fixed rate payments in another currency. During the quarter and nine-month periods ending October 31, 2001, the Company included net gains of $100 million and $400 million, respectively, in other accumulated comprehensive income related to net investment hedges. Contracts with notional amounts totaling $7.9 billion outstanding at both October 31, 2001, and January 31, 2001, had fair values totaling $1.5 billion and $1.1 billion at October 31, 2001, and January 31, 2001, respectively. The fair value of these contracts is included in the balance sheet in the line titled 'Other assets and deferred charges.'

Cash Flow Hedge. The Company has entered into a cross-currency interest rate swap related to

$325 million of U.S. dollar denominated debt securities issued by a Canadian subsidiary of the Company during fiscal 2002. The swap has been designated as a cash flow hedge, has a notional amount of $325 million and had a fair value of $10 million at October 31, 2001. No ineffectiveness was recognized in the first nine months of fiscal 2002 related to this instrument. The fair value of this hedge is included in the balance sheet in the line titled 'Other assets and deferred charges.'

Instruments Not Designated for Hedging. The Company enters into forward currency exchange contracts in the regular course of business to manage its exposure against foreign currency fluctuations on cross-border purchases of inventory. These contracts are generally for short durations of six months or less. Although these instruments are economic hedges, the Company did not designate these contracts as hedges as required in order to obtain hedge accounting. As a result, the Company marks the contracts to market through earnings. Contracts with notional amounts of $179 million and $292 million outstanding at October 31, 2001, and January 31, 2001, respectively, had fair values totaling $854,000 and $6 million at October 31, 2001 and January 31, 2001, respectively. The fair value of these contracts is included in the balance sheet in the line titled 'Prepaid expenses and other.'

The Company holds a basis swap arising from a commercial paper financing structure that does not qualify for special hedge accounting under FASB 133. The fair value of this instrument was $600,000 at October 31, 2001 and $200,000 at January 31, 2001.

Note 7. New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets, effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives.

The Company will apply the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of fiscal 2003. Application of the nonamortization provisions of the Statement is expected to result in an increase in net income of approximately $223 million for fiscal 2003. This increase will continue after fiscal 2003 but will be reduced as the estimated lives of the Company's goodwill expire. During fiscal 2003, the Company will perform the first of the required impairment tests of goodwill and indefinite lived intangible assets as of February 1, 2002 and has not yet determined what the effect of these tests will be on the earnings and financial position of the Company.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (FAS 144), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, and the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations for a disposal of a segment of a business. FAS 144 is effective for fiscal years beginning after December 15, 2001, with earlier application encouraged. The Company will adopt FAS 144 as of February 1, 2002 and does not expect that the adoption will have a significant effect on the Company's financial position and results of operations.

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

Results of Operations

The Company had 15.5% and 14.0% sales increases for the quarter and the nine months ended October 31, 2001, respectively, when compared to the same periods in fiscal 2001. These sales increases were attributable to the Company's domestic and international expansion programs and domestic comparative store sales increases of 6.7% and 5.4% for the quarter and the nine months ended October 31, 2001, respectively.

Domestic expansion activity during the first nine months of fiscal 2002 included the addition of 21 new Wal-Mart stores, 52 new Supercenters, 17 new Sam's Clubs and the conversion of 119 Wal-Mart stores to Supercenters. Additionally, the Company continued to develop its Neighborhood Market concept, increasing the number of Neighborhood Market stores to 26. International expansion during the first nine months of fiscal 2002 included the addition of two units in Brazil, 12 units in Canada, four units in China, three units in Korea, 35 units in Mexico, two units in Puerto Rico and six units in the United Kingdom.

At October 31, 2001, the Company had 1,637 Wal-Mart stores, 1,059 Supercenters, 492 Sam's Clubs and 26 Neighborhood Markets in the United States. Internationally, the Company operated units in Argentina(11), Brazil(22), Canada(186), Germany(93), Korea (9), Mexico(533), Puerto Rico(17), the United Kingdom (247) and under joint venture agreements in China (15). At October 31, 2000, the Company had 1,723 Wal-Mart stores, 866 Supercenters, 469 Sam's Clubs and 15 Neighborhood Markets in the United States. Internationally, the Company operated units in Argentina(11), Brazil(18), Canada(169), Germany(94), Korea (6), Mexico(483) and Puerto Rico(15), the United Kingdom (240) and under joint venture agreements in China(8).

The Company's gross profit as a percentage of sales decreased from 21.9% in the third quarter of fiscal 2001 to 21.5% during the third quarter of fiscal 2002. For the nine-month period ended October 31, 2001, gross profit as a percentage of sales was 21.5%, down from 21.8% in last fiscal year's comparable period. The reduction in gross profit resulted primarily from the highly competitive domestic promotional environment which continues to result in increased competitive markdowns, continued growth in the lower margin domestic food business and a shift in domestic consumer buying habits toward items which carry lower margins. Primarily as a result of the reduction in the Company's gross profit as a percentage of sales, Net Income as a percentage of sales has decreased from 3.0% and 3.2%, respectively, for the quarter and nine-months ended October 31, 2000 to 2.8% and 2.9%, respectively, for the same periods in fiscal 2002.

Operating, selling, general and administrative expenses, as a percentage of sales, were 17.28% for the third quarter of fiscal 2002, decreasing by 6 basis points from 17.34% in the corresponding period in fiscal 2001. For the nine-month period ended October 31, 2001 operating, selling, general and administrative expenses, as a percentage of sales, were 17.03%, increasing by 7 basis points from 16.96% in the corresponding period in fiscal 2001. While expenses as a percent of sales changed only slightly in comparison to the same periods in the prior year, several key expense categories, utilities, employee medical benefits and insurance, are increasing at a rate faster than the Company's percentage increase in sales.

Interest expense as a percent of sales was 0.6% and 0.8% for the quarters ended October 31, 2001 and 2000, respectively. Interest expense as a percent of sales for the nine-month period ended October 31, decreased from .8% in fiscal 2001 to .7% in fiscal 2002. The decrease in interest expense is due primarily to lower interest rates being obtained in the Company's recent debt offerings.

During July 2001, the Company acquired the outstanding minority interest in Wal-Mart.com, Inc. Previously, the minority interest was owned primarily by Accel Partners. A reorganization resulting from the acquisition resulted in a charge against the earnings of the Company in the first nine months of fiscal 2002 of slightly less than one cent per share. Wal-Mart.com, Inc will remain a separate business unit within the Company.

Wal-Mart Stores Segment

The Wal-Mart Stores segment had sales increases of 15.0% and 13.7% for the quarter and nine months ended October 31, 2001, respectively, when compared to the sales in the same periods in fiscal 2001. These increases were due to continued expansion activities within the segment and sales increases in comparable stores. Comparative store sales increases for the segment were 6.7% and 5.3% for the quarter and nine months ended October 31, 2001, respectively, compared to the same periods in fiscal 2001. The Wal-Mart Stores segment sales as a percentage of total Company sales decreased from 64.0% and 64.1% in the quarter and nine months ended October 31, 2000, respectively, to 63.7% and 64.0% for the quarter and nine months ended October 31, 2001, respectively. This decrease is primarily the result of increased sales from the Company's

McLane subsidiary, which is included in the Company's "Other" segment. McLane's increased sales are due primarily to the acquisition of AmeriServe Food Distribution, Inc. (AmeriServe) which was completed by McLane late in November 2000. If the impact of the AmeriServe sales is not considered, sales for the Wal-Mart Stores segment would have been 64.7% of total Company sales for the quarter and 65.0% of total Company sales for the nine months ended October 31, 2001.

The Wal-Mart Stores segment's operating profit increased from $2.2 billion in the third quarter of fiscal 2001 to $2.3 billion in the third quarter of fiscal 2002. For the quarter ended October 31, segment operating profit as a percent of segment sales decreased from 7.7% in fiscal 2001 to 7.0% in fiscal 2002. Segment operating profit increased by $227 million for the nine-month period ended October 31, 2001 when compared to the same period of the previous year. For the nine-month periods ended October 31, operating profit, as a percent of segment sales, decreased from 8.1% in fiscal 2001 to 7.3% in fiscal 2002. The operating profit reductions for the quarter and nine month periods were primarily the result of reductions in gross profit percentage for the segment in both the quarter and nine-months ended October 31, 2001 compared to the same periods in the prior fiscal year. These gross profit percentage reductions were partially offset by a reduction of segment operating expenses, as a percentage of sales, from the same periods in the prior fiscal year. The reduction in gross profit as a percentage of sales resulted primarily from the highly competitive promotional environment which continues to result in increased competitive markdowns, continued growth in the lower margin food business and a shift in consumer buying habits toward items which carry lower margins.

Sam's Club Segment

The Sam's Club segment had sales increases of 11.0% and 9.2% for the quarter and nine months ended October 31, 2001, respectively, when compared to the sales in the same periods in fiscal 2001. These increases were due to continued expansion activities within the segment and sales increases in comparable clubs. For the segment the comparative club sales increases were 6.3% and 5.7% for the quarter and nine months ended October 31, 2001, respectively. Sam's Clubs sales as a percentage of total Company sales fell from 14.4% and 14.3% in the quarter and nine months ended October 31, 2000, respectively, to 13.8% and 13.7% for the quarter and nine months ended October 31, 2001, respectively. The reduction in segment sales as a percentage of total Company sales from the same periods in the prior fiscal year is due to the increased sales generated by McLane's Ameriserve acquisition and an increase in the Wal-Mart Stores segment sales as a percent of total Company sales if the increased sales of Mclane are not considered.

The Sam's Club segment's operating profit increased from $219 million in the third quarter of fiscal 2001 to $246 million in the third quarter of fiscal 2002. For the quarter ended October 31, segment operating profit as a percent of segment sales increased from 3.3% in fiscal 2001 to 3.4% in fiscal 2002. This increase in operating profit is primarily the result of gross margin improvements which were partially offset by increased operating expenses. Segment operating profit increased by $83 million for the nine-month period ended October 31, 2001, when compared to the same period of the previous year. For the nine-month periods ended October 31, segment operating profit, as a percent of segment sales, increased from 3.4% in fiscal 2001 to 3.5% in fiscal 2002. For the nine-month period, the increase in operating profit is primarily due to gross margin improvements which were partially offset by increased operating expenses.

International segment

The International segment had sales increases of 16.7% and 12.0% for the quarter and nine months ended October 31, 2001, respectively, when compared to the sales in the same periods in fiscal 2001. These increases were due principally to strong comp sales increases in Mexico, Canada, and the UK as well as continued expansion activities within the segment. International sales accounted for 16.5% and 16.1% of total Company sales in the quarter and first nine months of fiscal 2002, respectively, compared with 16.3% and 16.4% during the same periods, respectively, in fiscal 2001. Changes in foreign currency exchange rates negatively impacted segment sales by $205 million and $1 billion in the quarter and nine-months ended October 31, 2001, respectively.

The International segment's operating profit increased from $241 million in the third quarter of fiscal 2001 to $344 million in the third quarter of fiscal 2002. For the quarter ended October 31, segment operating profit as a percent of segment sales increased from 3.2% in fiscal 2001 to 4.0% in fiscal 2002. For the nine months ended October 31, operating profit increased $252 million, from $622 million in fiscal 2001 to $874 million in fiscal 2002. For the nine months ended October 31, segment operating profit as a percent of segment sales increased from 2.8% in fiscal 2001 to 3.5% in fiscal 2002. The increase in operating profit is due to a third quarter improvement in gross profit, a reduction in operating expenses as a percentage of segment sales, and the change discussed below.

During fiscal 2002 the Company's United Kingdom subsidiary, Asda, began converting to a 12 month reporting year. The reporting change will be complete at the end of the 4th quarter. Previously Asda had reported using 13 four-week accounting periods. This change benefited the comparison of sales and operating profit in the third quarter and will have a negative impact for the comparison in the 4th quarter. Without this change, the segments sales growth would have been 11.8% for the quarter and 10.3% for the nine months ended October 31, 2001. Without the change, segment operating profit would have increased 36.9% for the quarter, and 38.3% for the nine months ended October 31, 2001 compared with the comparable periods in fiscal 2001.

Liquidity and Capital Resources

Cash flows provided by operating activities were $3.9 billion for the first nine months of fiscal 2002, compared with $3.8 billion for the comparable period in fiscal 2001. Operating cash flow increased for the nine months ended October 31, 2001, primarily as a result of the increase in net income, an increase in depreciation and amortization and an increase in accrued liabilities of $487 million in fiscal 2002 versus a decrease in accrued liabilities of $23 million in fiscal 2001. Principally offsetting these changes was the addition of $6.2 billion in inventory in the first nine months of fiscal 2002 compared with an increase in inventory of $5.3 billion in the comparable period in fiscal 2001.

During the first nine months of fiscal 2002, the Company paid dividends of $937 million, invested $6.1 billion in capital expenditures, repurchased $834 million of its common stock, made principle payments of $2.5 billion on long-term debt, issued long-term debt totaling $4.6 billion and increased its commercial paper borrowings by $1.8 billion.

At October 31, 2001, the Company had total assets of $88.3 billion compared with total assets of $78.1 billion at January 31, 2001. The working capital deficit at October 31, 2001, was $249 million, a change of $2.1 billion from the $2.4 billion working capital deficit at January 31, 2001. The ratio of current assets to current liabilities was 1.0 to 1.0, at October 31, 2001 and 0.9 to 1.0 at January 31, 2001, and October 31, 2000.

In May 2001, the Company announced plans to increase its existing common stock repurchase program by $1 billion, resulting in a total authorization of $3 billion. During the first nine months of fiscal 2002, the Company purchased 17.6 million of its common shares for a total amount of $834 million. The Company had previously utilized $294 million of the initial repurchase program leaving an authorized balance of $1.9 billion for future common stock repurchases at October 31, 2001.

If operating cash flow generated by the Company is not sufficient to pay dividends, fund the stock repurchase program and to fund all capital expenditures, the Company anticipates funding any shortfall in these expenditures with a combination of commercial paper and long-term debt. The Company plans to refinance existing long-term debt as it matures and may desire to obtain additional long-term financing for other purposes or for strategic reasons. The Company anticipates no difficulty in obtaining long-term financing in view of its excellent credit rating and favorable experiences in the debt market in the recent past. Management's objective is to maintain a debt to total capitalization ratio of approximately 40%. At October 31, 2001 and January 31, 2001, the Company's ratio of debt to total capitalization was 43.4% and 41.6%, respectively.

New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible

Assets, effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives.

The Company will apply the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of fiscal 2003. Application of the nonamortization provisions of the Statement is expected to result in an increase in net income of approximately $223 million for fiscal 2003. This increase will continue after fiscal 2003 but will be reduced as the estimated lives of the Company's goodwill expire. During fiscal 2003, the Company will perform the first of the required impairment tests of goodwill and indefinite lived intangible assets as of February 1, 2002 and has not yet determined what the results of these tests will be and their impact on the earnings and financial position of the Company.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (FAS 144), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, and the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations for a disposal of a segment of a business. FAS 144 is effective for fiscal years beginning after December 15, 2001, with earlier application encouraged. The Company will adopt FAS 144 as of February 1, 2002 and does not expect that the adoption will have a significant effect on the Company's financial position and results of operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

Market risks relating to the Company's operations result primarily from changes in interest rates and changes in currency exchange rates. The Company's market risks at October 31, 2001 are similar to those disclosed in the Company's Form 10-K/A for the year ended January 31, 2001. However, the Company added a cross-currency swap with a notional amount of $325 million during the first nine months of fiscal 2002. The fair value of this swap, which is designated as a cash flow hedge, was $10 million at October 31, 2001. Also during the first nine months of fiscal 2002, the Company added six interest rate swap instruments designated as fair value hedges as shown in the following table (in millions):

Rate Paid	USD Rate Received	Notional Amount	Fair Value at October 31, 2001
3-mo. US LIBOR plus 2.35%	7.500%	$ 500	$ 27
3-mo. US LIBOR plus .32%	5.875%	597	36
3-mo. US LIBOR plus 2.27%	8.000%	250	17
3-mo. US LIBOR plus 1.01%	7.250%	445	47
3-mo. US LIBOR plus .01%	5.450%	750	44
3-mo. US LIBOR plus .01%	5.450%	750	44

The fair value of the Company's cross-currency derivative instruments designated as net investment hedges existing at January 31, 2001 increased from $1.1 billion at January 31, 2001 to $1.5 billion at October 31, 2001.

The fair value of the Company's interest rate instruments, including the swaps discussed above, increased from $45 million at January 31, 2001 to $240 million at October 31, 2001.

The Company continues to evaluate its risk management strategies in light of the adoption of FASB 133. The information concerning market risk under the sub-caption "Market Risk" of the caption "Management's Discussion and Analysis" on pages 19 through 22 of the Annual Report to

Shareholders for the year ended January 31, 2001, that are exhibits to the Company's Annual Report on Form 10-K/A for the year ended January 31, 2001 are hereby incorporated by reference into this Quarterly Report on Form 10-Q.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is not a party to nor are any of its properties subject to any material pending legal proceeding, other than routine litigation incidental to the Company's business.

The Company recently opened a Supercenter in Honesdale, Pennsylvania. In February 1999, the Company settled claims made by the Pennsylvania Department of Environmental Protection (PDEP) that a subcontractor's acts and omissions relating to the construction of the Supercenter led to excess erosion and sedimentation of a nearby creek. In the settlement, the Company agreed to pay a fine of $25,000 and to perform a $75,000 community environmental project in the Honesdale area. The Company is negotiating settlement of a claim by the United States Army Corps of Engineers that the construction resulted in the filling of approximately 0.76 acres in excess of the permitted fill area of waters and wetlands at the site. The proposed settlement with the Corps will require the Company to pay $200,000 to a non-profit corporation for the purchase of local wetlands conservation areas and easements. The Company has been reimbursed for these amounts by the contractor on the project.

During fiscal 2001, the State of Connecticut filed suit against the Company in the State of Connecticut Superior Court for the Judicial District of Hartford for various violations of state environmental laws alleging the Company failed to adequately permit and or maintain records relating to storm water management practices at 12 stores. The suit seeks to ensure the Company's compliance with the general permit for the discharge of stormwater associated with those stores. The Company will defend against these allegations.

Item 5. Other Information

The Private Securities Litigation Reform Act of 1995 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 the cost of goods, competitive pressures, inflation, consumer debt levels, currency exchange fluctuations, trade restrictions, changes in tariff and freight rates, interest rate fluctuations and other capital market conditions, and other risks indicated in the Company's filings with the United States 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 documents are filed as an exhibit to this Form 10Q:

Exhibit 12 – Statement Re Computation of Ratios

Exhibit 99 - Pages 19 through 22 of the Annual Report to Shareholders for the year ended January 31, 2001 that are exhibits to the Company's Annual Report on Form 10-K/A for the year ended January 31, 2001 and that are incorporated by reference herein.

(b) Reports on Form 8-K: The following reports on Form 8-K have been filed during the quarter ended October 31, 2001.

Report on Form 8-K, dated July 31, 2001, with respect to the Company's completion on July 31, 2001 of the sale of $1.5 billion aggregate principal 4.375% Notes due 2003 and of $1.5 billion aggregate principal 5.450% Notes due 2006.

Report on Form 8-K, dated October 18, 2001, with respect to the Company's completion on October 18, 2001 of the sale of $500 million aggregate principal 3.25% Notes due 2003.

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: November 29, 2001 /s/ H. Lee Scott, Jr.
H. Lee Scott, Jr.
President and
Chief Executive Officer

Date: November 29, 2001 /s/ Thomas M. Schoewe
Thomas M. Schoewe
Executive Vice President
and Chief Financial Officer

Index to Exhibits

Exhibit Number	**Description of Document**
12	Statement Re Computation of Ratios
99	Pages 19 through 22 of the Annual Report to Shareholders for the year ended January 31, 2001 that are exhibits to the Company's Annual Report on Form 10-K/A for the year ended January 31, 2001 and that are incorporated by reference herein.

Exhibit 12
Statement re computation of ratios

	9 Months Ended		Fiscal Years Ended				
	October 31, 2001	October 31, 2000	2001	2000	1999	1998	1997
Income before income taxes	7,222	6,903	10,116	9,083	7,323	5,719	4,877
Capitalized interest	(70)	(43)	(93)	(57)	(41)	(33)	(44)
Minority interest	(104)	(72)	(129)	(170)	(153)	(78)	(27)
Adjusted profit before tax	7,048	6,788	9,894	8,856*	7,129	5,608	4,806
Fixed Charges							
Debt interest	825	842	1,095	756	529	555	629
Capital lease interest	201	206	279	266	268	229	216
Capitalized interest	70	43	93	57	41	33	44
Interest component of rent	590	514	714	458	523	477	449
Total fixed expense	1,686	1,605	2,181	1,537	1,361	1,294	1,338
Profit before taxes and fixed expenses	8,734	8,393	12,075	10,393	8,490	6,902	6,144
Fixed charge coverage	**5.18**	**5.23**	**5.54**	**6.76**	**6.24**	**5.33**	**4.59**

* Does not include the cumulative effect of accounting change recorded by the Company in Fiscal 2000

Operating income for the segment in fiscal 2001 increased by 10.8%, from $850 million in fiscal 2000 to $942 million in fiscal 2001. Due primarily to margin improvements, operating income as a percentage of segment sales increased from 3.4% in fiscal 2000 to 3.5% in fiscal 2001. In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 *"Revenue Recognition in Financial Statements"* (SAB 101). SAB 101 deals with various revenue recognition issues, several of which are common within the retail industry. As a result of the issuance of this SAB, the Company changed its method of recognizing revenues for SAM'S CLUB membership fees effective as of the beginning of fiscal 2000. Additionally, operating income information for fiscal years 1999 and 2000 has been reclassified to conform to the current year presentation. For this reclassification certain corporate expenses have been moved from the Other segment to the operating segments. After consideration of the reclassification and the effects of the change in accounting method for membership revenue recognition, operating income for the segment in fiscal 2000 increased by 22.7%, from $693 million in fiscal 1999 to $850 million in fiscal 2000. Operating income as a percentage of sales increased from 3.0% in fiscal 1999 to 3.4% in fiscal 2000. This improvement is primarily due to margin improvements. The pretax impact of the change in accounting method would have been $57 million in fiscal 1999 and was $16 million in fiscal 2000. The impact of the accounting method change is greater on fiscal 1999 due to an increase in the cost of SAM'S CLUB membership that occurred during that year. If the effect of this accounting change were not considered, operating income as a percent of segment sales would have increased by 22 basis points when comparing fiscal 1999 to fiscal 2000.

International

International sales accounted for approximately 17% of total Company sales in fiscal 2001 compared with 14% in fiscal 2000. The largest portion of the increase in international sales is the result of the acquisition of the ASDA Group PLC (ASDA), which consisted of 229 stores when its acquisition was completed during the third quarter of fiscal 2000. International sales accounted for approximately 14% of total Company sales in fiscal 2000 compared with 9% in fiscal 1999. The largest portion of this increase was also the result of the ASDA acquisition. Additionally, fiscal 2000 was the first full year containing the operating results of the 74 units of the German Interspar hypermarket chain, which were acquired in the fourth quarter of fiscal 1999.

For fiscal 2001 segment operating income increased by 36.1% from $817 million in fiscal 2000 to $1.1 billion in fiscal 2001. Segment operating income as a percent of segment sales decreased by .13% when comparing fiscal 2000 and fiscal 2001. This decrease was caused by the continued negative impact of store remodeling costs, costs related to the start-up of a new distribution system, excess inventory and transition related expenses in the Company's Germany units. Partially offsetting these negative impacts were operating profit increases in Mexico, Canada and the United Kingdom. After consideration of the effects of the change of accounting method for SAM'S CLUB membership revenues, the International segment's operating income increased from $549 million in fiscal 1999 to $817 million in fiscal 2000. The largest portion of the fiscal 2000 increase in international operating income is the result of the ASDA acquisition. As a percent of segment sales, segment operating income decreased by .89% when comparing fiscal 1999 to fiscal 2000. This decrease is the result of expense pressures coming from the Company's units in Germany. The Company's operations in Canada, Mexico and Puerto Rico had operating income increases in fiscal 2000.

The Company's foreign operations are comprised of wholly-owned operations in Argentina, Canada, Germany, Korea, Puerto Rico and the United Kingdom; joint ventures in China; and majority-owned subsidiaries in Brazil and Mexico. As a result, the Company's financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which the Company does business. The Company minimizes exposure to the risk of devaluation of foreign currencies by operating in local currencies and through buying forward contracts, where feasible, for certain known transactions.

In fiscal 2001, the foreign currency translation adjustment increased from the fiscal 2000 level by $229 million to $684 million, primarily due to the dollar strengthening against the British pound and the German mark. In fiscal 2000, the foreign currency translation adjustment decreased from the fiscal 1999 level by $54 million to $455 million primarily due to the United States dollar weakening against the British pound and the Canadian dollar. This was partially offset by the United States dollar strengthening against the Brazilian real.

For 2001, expansion in the International segment consisted of the opening of 77 units. Expansion in the International segment in fiscal 2000 consisted of the opening or acquisition of 288 units. The Company also purchased an additional 6% ownership interest in its Mexican subsidiary, Wal-Mart de Mexico S.A. de C.V. (formerly Cifra S.A. de C.V.) in fiscal 2001.

See Note 6 of Notes to Consolidated Financial Statements for additional information on acquisitions.

Liquidity and Capital Resources Cash Flows Information

Cash flows from operating activities were $9,604 million in fiscal 2001, up from $8,194 million in fiscal 2000. In fiscal 2001, the Company invested $8,042 million in capital assets, paid dividends of $1,070 million, and had a cash outlay of $627 million primarily for the acquisition of an additional 6% ownership in Wal-Mart de Mexico S.A. de C.V. See Note 6 of Notes to Consolidated Financial Statements for additional information on acquisitions.

Market Risk

Market risks relating to the Company's operations include changes in interest rates and changes in foreign exchange rates. The Company enters into interest rate swaps to minimize the risk and costs associated with financing activities. The swap agreements are contracts to exchange fixed or variable rates for variable or fixed interest rate payments periodically over the life of the instruments. The following tables provide information about the Company's derivative financial instruments and other financial instruments that are sensitive to changes in interest rates. For debt obligations, the table presents principal cash flows and related weighted-average interest rates by expected maturity dates. For interest rate swaps, the table presents notional amounts and interest rates by contractual maturity dates. The applicable floating rate index is included for variable rate instruments. All amounts are stated in United States dollar equivalents.

Interest Rate Sensitivity As of January 31, 2001
Principal (Notional) Amount by Expected Maturity
Average Interest (Swap) Rate

(Amounts in Millions)	2002	2003	2004	2005	2006	Thereafter	Total	Fair value 1/31/01
Liabilities								
US dollar denominated Long-term debt including current portion								
Fixed rate debt	$ 4,223	$ 1,126	$ 809	$ 1,926	$ 750	$ 6,229	$ 15,063	$ 15,596
Average interest rate - USD rate	6.8%	6.8%	6.9%	6.9%	6.9%	6.9%	6.9%	
Great Britain Pound denominated Long-term debt including current portion								
Fixed rate debt	11	236	-	-	-	1,425	1,672	1,670
Average interest rate	8.4%	8.4%				7.2%	7.2%	
Interest Rate Derivative Financial Instruments Related to Debt								
Interest rate swap - Pay variable/ receive fixed		250	-	-	-	-	250	14
Average rate paid- Rate A								
Fixed rate received - USD rate		6.9%	-	-	-	-	6.9%	
Interest rate swap - Pay variable/ receive fixed		250	-	-	-	-	250	14
Average rate paid- Rate A								
Fixed rate received - USD rate		6.9%	-	-	-	-	6.9%	
Interest rate swap - Pay variable/ receive fixed	59	63	68	72	78	41	381	17
Average rate paid- Rate B								
Fixed rate received - USD rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	

Rate A - one month U.S. LIBOR minus .15%

Rate B - 30-day U.S. dollar commercial paper non financial

In addition to the interest rate derivative financial instruments listed in the table above, the Company holds an interest rate swap with a notional amount of $500 million that is being marked to market through earnings. The fair value of this instrument was not significant at January 31, 2001.

Interest Rate Sensitivity As of January 31, 2000
Principal (Notional) Amount by Expected Maturity
Average Interest (Swap) Rate

(Amounts in Millions)	2001	2002	2003	2004	2005	Thereafter	Total	Fair value 1/31/00
Liabilities								
Long-term debt including current portion								
Fixed rate debt	$ 1,964	$ 2,070	$ 659	$ 742	$1,854	$ 8,347	$15,636	$14,992
Average interest rate - USD rate	6.9%	6.8%	6.8%	6.8%	6.8%	6.9%	6.9%	
Interest Rate Derivative Financial Instruments Related to Debt								
Interest rate swap- Pay variable/ receive fixed	500	-	-	-	-	-	500	(1)
Average rate paid- Rate A plus .245%								
Fixed rate received - USD rate	5.9%	-	-	-	-	-	5.9%	
Interest rate swap - Pay variable/ receive fixed	500	-	-	-	-	-	500	-
Average rate paid- Rate A plus .134%								
Fixed rate received - USD rate	5.7%	-	-	-	-	-	5.7%	
Interest rate swap- Pay variable/ receive fixed	41	45	49	54	58	266	513	(7)
Average rate paid- Rate A								
Fixed rate received - USD rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	
Interest rate paid - Pay variable/ receive fixed	-	-	-	-	-	230	230	(14)
Floating rate paid - Rate B								
Fixed rate received - USD rate	-	-	-	-	-	7.0%	7.0%	
Interest rate swap- Pay fixed/receive variable	-	-	-	-	-	151	151	(11)
Fixed rate paid - USD rate	-	-	-	-	-	8.1%	8.1%	
Floating rate received-Rate C								

Rate A - 30-day U.S. dollar commercial paper non financial
Rate B - 6-month U.S. dollar LIBOR
Rate C - 3-month U.S. dollar LIBOR

The Company routinely enters into forward currency exchange contracts in the regular course of business to manage its exposure against foreign currency fluctuations on cross-border purchases of inventory. These contracts are generally for durations of six months or less. In addition, the Company holds currency swaps to hedge its net investments in Canada, Germany and the United Kingdom.

The following tables provide information about the Company's derivative financial instruments, including foreign currency forward exchange agreements and cross currency interest rate swap agreements by functional currency, and presents the information in United States dollar equivalents. For foreign currency forward exchange agreements, the table presents the notional amounts and weighted average exchange rates by contractual maturity dates. For cross currency interest rate swaps the table presents notional amounts, exchange rates and interest rates by contractual maturity date.

Foreign Currency Exchange Rate Sensitivity As of January 31, 2001
Principal (Notional) Amount by Expected Maturity

(Amounts in Millions)	2002	2003	2004	2005	2006	Thereafter	Total	Fair value 1/31/01
Forward Contracts to Sell Canadian Dollars for Foreign Currencies								
United States Dollars								
Notional amount	$ 63	-	-	-	-	-	$ 63	$ -
Average contract rate	1.5	-	-	-	-	-	1.5	
Forward Contracts to Sell British Pounds for Foreign Currencies								
Hong Kong Dollars								
Notional amount	52	-	-	-	-	-	52	1
Average contract rate	11.4	-	-	-	-	-	11.4	
German Deutschemarks								
Notional amount	86	-	-	-	-	-	33	4
Average contract rate	3.1	-	-	-	-	-	3.1	
United States Dollars								
Notional amount	50	-	-	-	-	-	50	1
Average contract rate	1.5	-	-	-	-	-	1.5	
Other Currencies								
Notional amount	42	-	-	-	-	-	42	-
Average contract rate	Various	-	-	-	-	-	Various	
Currency Swap Agreements								
Payment of German Deutschemarks								
Notional amount	-	1,101	-	-	-	-	1,101	186
Average contract rate	-	1.8	-	-	-	-	1.8	
Fixed rate received – USD rate	-	5.8%	-	-	-	-	5.8%	
Fixed rate paid – DEM rate	-	4.5%	-	-	-	-	4.5%	
Payment of German Deutschemarks								
Notional amount	-	-	809	-	-	-	809	180
Average contract rate	-	-	1.7	-	-	-	1.7	
Fixed rate received – USD rate	-	-	5.2%	-	-	-	5.2%	
Fixed rate paid – DEM rate	-	-	3.4%	-	-	-	3.4%	
Payment of Great Britain Pounds								
Notional amount	-	-	-	-	-	4,750	4,750	659
Average contract rate	-	-	-	-	-	0.6	0.6	
Fixed rate received – USD rate	-	-	-	-	-	7.0%	7.0%	
Fixed rate paid – Great Britain Pound rate	-	-	-	-	-	6.1%	6.1%	
Payment of Canadian Dollars								

Notional amount	-	-	-	1,250	-	-	1,250	57
Average contract rate	-	-	-	1.5	-	-	1.5	
Fixed rate received - USD rate	-	-	-	6.6%	-	-	6.6%	
Fixed rate paid - CAD rate	-	-	-	5.7%	-	-	5.7%	

Foreign Currency Exchange Rate Sensitivity As of January 31, 2000
Principal (Notional) Amount by Expected Maturity
Average Interest (Swap) Rate

(Amounts in Millions)	2001	2002	2003	2004	2005	Thereafter	Total	Fair value 1/31/00
Forward Contracts to Sell Canadian Dollars for Foreign Currencies								
United States Dollars								
Notional amount	$ 91	-	-	-	-	-	$ 91	(1)
Average contract rate	1.5	-	-	-	-	-	1.5	
Forward Contracts to Sell British Pounds for Foreign Currencies								
Hong Kong Dollars								
Notional amount	70	-	-	-	-	-	70	1
Average contract rate	12.8	-	-	-	-	-	12.8	
United States Dollars								
Notional amount	40	-	-	-	-	-	40	1
Average contract rate	1.6	-	-	-	-	-	1.6	
Other Currencies								
Notional amount	45	-	-	-	-	-	45	(2)
Average contract rate	Various	-	-	-	-	-	Various	
Currency Swap Agreements								
Payment of German Deutschemarks								
Notional amount	-	-	1,101	-	-	-	1,101	90
Average contract rate	-	-	1.8	-	-	-	1.8	
Fixed rate received - USD rate	-	-	5.8%	-	-	-	5.8%	
Fixed rate paid - DEM rate	-	-	4.5%	-	-	-	4.5%	
Payment of German Deutschemarks								
Notional amount	-	-	-	809	-	-	809	112
Average contract rate	-	-	-	1.7	-	-	1.7	
Fixed rate received - USD rate	-	-	-	5.2%	-	-	5.2%	
Fixed rate paid - DEM rate	-	-	-	3.4%	-	-	3.4%	
Payment of Great Britain Pounds								
Notional amount	-	-	-	-	-	3,500	3,500	(17)
Average contract rate	-	-	-	-	-	0.6	0.6	
Fixed rate received - USD rate	-	-	-	-	-	6.9%	6.9%	
Fixed rate paid - Great Britain Pound rate	-	-	-	-	-	6.2%	6.2%	

The fair values of the currency swap agreements are recorded in the consolidated balance sheets within the line "other assets and deferred charges." The increase in the asset recorded in fiscal 2001 over that recorded in fiscal 2000 is the result of an increased amount of notional outstanding for fiscal 2001, as well as changes in currency exchange rates and market interest rates.

On February 1, 2001, the Company adopted Financial Accounting Standards Board (FASB) Statements No. 133, 137 and 138 (collectively "SFAS 133") pertaining to the accounting for derivatives and hedging activities. SFAS 133 requires all derivatives to be recorded on the balance sheet at fair value and establishes accounting treatment for three types of hedges: hedges of changes in the fair value of assets, liabilities, or firm commitments; hedges of the variable cash flows of forecasted transactions; and hedges of foreign currency exposures of net investments in foreign operations. As of January 31, 2001, the majority of the Company's derivatives are hedges of net investments in foreign operations, and as such, the fair value of these derivatives has been recorded on the balance sheet as either assets or liabilities and in other comprehensive income under the current accounting guidance. As the majority of the Company's derivative portfolio is already recorded on the balance sheet, adoption of SFAS 133 will not have a material impact on the Company's Consolidated Financial Statements taken as a whole. However, assuming that the Company's use of derivative instruments does not change, and unless SFAS 133 is amended further, the Company believes that the application of SFAS 133 could result in more pronounced quarterly and yearly fluctuation in earnings in future periods. Additionally, unless SFAS 133 is further amended, certain swap cash flows currently being recorded in the income statement will be recorded in other comprehensive income after implementation. For the fiscal year ended January 31, 2001, the Company has recorded $112 million of earnings benefit from the receipt of these cash flows.

Company Stock Purchase and Common Stock Dividends

In fiscal 2001 and 2000, the Company repurchased over 4 million and 2 million shares of its common stock for $193 million and $101 million, respectively. The Company paid dividends totaling $.24 per share in fiscal 2001. In March 2001, the Company increased its dividend 17% to $.28 per share for fiscal 2002. The Company has increased its dividend every year since its first declared dividend in March 1974.