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 August 2, 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 1-6140

DILLARD'S, INC.
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	71-0388071 (IRS Employer Identification Number)

1600 CANTRELL ROAD, LITTLE ROCK, ARKANSAS 72201
(Address of principal executive offices)
(Zip Code)

(501) 376-5200
(Registrant's telephone number, including area code)

Indicate by checkmark 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 period 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

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

CLASS A COMMON STOCK as of August 2, 1997 106,587,489 CLASS B COMMON STOCK as of August 2, 1997 4,016,929

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PART I FINANCIAL INFORMATION

ITEM 1 Financial Statements

CONSOLIDATED BALANCE SHEETS
DILLARD'S, INC.
(Unaudited)
(Thousands)

	August 2 1997	February 1 1997	August 3 1996
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$73,225	$64,094	$68,768
Trade accounts receivable	1,031,524	1,130,504	1,008,554
Merchandise inventories	1,750,239	1,556,958	1,618,252
Other current assets	9,281	9,080	13,415
TOTAL CURRENT ASSETS	2,864,269	2,760,636	2,708,989
INVESTMENTS AND OTHER ASSETS	90,403	107,157	88,903
PROPERTY AND EQUIPMENT, NET	2,256,011	2,131,843	2,025,875
CONSTRUCTION IN PROGRESS	131,816	55,024	77,053
BUILDINGS UNDER CAPITAL LEASES	4,581	5,066	5,766
	$5,347,080	$5,059,726	$4,906,586
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade accounts payable and accrued expenses	$629,502	$536,695	$589,538
Commercial paper	234,829	128,738	129,952
Federal and state income taxes	18,513	46,220	2,429
Current portion of long-term debt	156,564	181,564	81,089
Current portion of capital lease obligations	1,589	1,529	1,596
TOTAL CURRENT LIABILITIES	1,040,997	894,746	804,604
LONG-TERM DEBT	1,319,758	1,173,018	1,279,648
CAPITAL LEASE OBLIGATIONS	12,963	13,690	14,789
DEFERRED INCOME TAXES	261,094	261,094	226,689
STOCKHOLDERS' EQUITY			
Preferred Stock	440	440	440
Common Stock	1,138	1,136	1,136
Additional paid-in capital	643,987	641,388	638,663
Retained earnings	2,167,838	2,074,214	1,940,617
Less Treasury Stock	(101,135)		
	2,712,268	2,717,178	2,580,856
	$5,347,080	$5,059,726	$4,906,586

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CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
DILLARD'S, INC.
(Unaudited)
(Thousands, except per share data)

	Three Months Ended		Six Months Ended		Twelve Months Ended	
	August 2 1997	August 3 1996	August 2 1997	August 3 1996	August 2 1997	August 3 1996
Net sales	$1,453,152	$1,340,326	$2,968,496	$2,793,628	$6,402,453	$6,119,846
Service charges, interest, and other	46,188	46,503	93,401	94,954	182,922	181,706
	1,499,340	1,386,829	3,061,897	2,888,582	6,585,375	6,301,552
Cost and expenses:						
Cost of sales	946,119	871,804	1,941,322	1,827,601	4,238,486	4,014,513
Advertising, selling, administrative and general expenses	387,191	360,917	769,781	727,270	1,580,961	1,505,295
Depreciation and amortization	51,326	50,243	102,528	100,577	195,670	194,212
Rentals	10,837	10,905	21,467	22,063	55,170	58,084
Interest and debt expense	33,480	30,224	63,939	58,809	125,729	121,316
Impairment charges	0	0	0	0	0	126,559
	1,428,953	1,324,093	2,899,037	2,736,320	6,196,016	6,019,979
INCOME BEFORE INCOME TAXES	70,387	62,736	162,860	152,262	389,359	281,573
Income taxes	26,045	23,210	60,260	56,335	144,065	105,475
NET INCOME	44,342	39,526	102,600	95,927	245,294	176,098
Retained earnings at beginning of period	2,127,980	1,904,508	2,074,214	1,851,507	1,940,617	1,778,129
	2,172,322	1,944,034	2,176,814	1,947,434	2,185,911	1,954,227
Cash dividends declared	(4,484)	(3,417)	(8,976)	(6,817)	(18,073)	(13,610)
RETAINED EARNINGS AT END OF PERIOD	$2,167,838	$1,940,617	$2,167,838	$1,940,617	$2,167,838	$1,940,617
Net income per common share	$0.40	$0.35	$0.91	$0.84	$2.17	$1.55
Cash dividends declared per common share	$0.04	$0.03	$0.08	$0.06	$0.16	$0.12
Average shares outstanding	111,669	114,361	112,332	114,077	113,116	113,645

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS
DILLARD'S, INC.
(Unaudited)
(Thousands)

	Six Months Ended	
	August 2 1997	August 3 1996
OPERATING ACTIVITITES		
Net income	$102,600	$95,927
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	103,284	101,326
Changes in operating assets and liabilities:		
Decrease in trade accounts receivable	98,980	95,021
Increase in merchandise inventories and other current assets	(193,482)	(135,459)
Decrease (Increase) in investments and other assets	15,998	(4,880)
Increase (Decrease) in trade accounts payable and accrued expenses and income taxes	69,654	(44,690)
NET CASH PROVIDED BY OPERATING ACTIVITIES	197,034	107,245
INVESTING ACTIVITIES		
Purchase of property and equipment	(303,003)	(173,733)
NET CASH USED IN INVESTING ACTIVITIES	(303,003)	(173,733)
FINANCING ACTIVITIES		
Net increase in commercial paper	106,091	4,642
Proceeds from long-term borrowings	200,000	200,000
Principal payments on long-term debt and capital lease obligations	(78,927)	(134,430)
Dividends paid	(13,530)	(6,817)
Common stock sold	2,601	13,419
Purchase of treasury stock	(101,135)	
NET CASH PROVIDED BY FINIANCING ACTIVITIES	115,100	76,814
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,131	10,326
Cash and cash equivalents at beginning of period	64,094	58,442
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$73,225	$68,768

See notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six month period ended August 2, 1997 are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 1998 due to the seasonal nature of the business. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the fiscal year ended February 1, 1997.

2. On May 19, 1997, the Company amended its Certificate of Incorporation in order to change its name to Dillard's, Inc.

3. On February 4, 1997, the Company issued $100 million aggregate principal amount of its 7.15% notes due February 1, 2007. On May 15, 1997, the Company issued $100 million aggregate principal amount of its 7.75% notes due May 15, 2027. The notes were sold in underwritten public offerings.

4. On February 21, 1997, the Board of Directors authorized the implementation of a Class A common stock repurchase program of up to $300 million. For the six months ended August 2, 1997, a total of 3.2 million shares were purchased for a total of $101.1 million.

5. In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 131, Disclosures about Segments of an Enterprise and Related Information, which will be effective for financial statements beginning after December 15, 1997. SFAS No. 131 redefines how operating segments are determined and requires expanded quantitative and qualitative disclosures relating to a company's operating segments. The Company has not yet completed its analysis of how its financial statements will be affected by SFAS No. 131.

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ITEM 2 Management's Discussion And Analysis Of Financial Condition And Results Of Operations

Results of Operations

The following table sets forth operating results expressed as a percentage of net sales for the periods indicated:

	Three Months Ended		Six Months Ended		Twelve Months Ended	
	August 2 1997	August 3 1996	August 2 1997	August 3 1996	August 2 1997	August 3 1996
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	65.1%	65.0%	65.4%	65.5%	66.2%	65.6%
Gross profit	34.9%	35.0%	34.6%	34.5%	33.8%	34.4%
Advertising, selling, administrative and general expenses	26.6%	26.9%	25.9%	26.0%	24.7%	24.6%
Depreciation and amortization	3.5%	3.8%	3.5%	3.6%	3.1%	3.2%
Rentals	0.8%	0.8%	0.7%	0.8%	0.8%	0.9%
Interest and debt expense	2.3%	2.3%	2.2%	2.1%	2.0%	2.0%
Impairment charges						2.1%
Total operating expenses	33.2%	33.8%	32.3%	32.5%	30.6%	32.8%
Other income	3.2%	3.5%	3.2%	3.4%	2.9%	3.0%
Income before income taxes	4.9%	4.7%	5.5%	5.4%	6.1%	4.6%
Income taxes	1.8%	1.7%	2.0%	2.0%	2.3%	1.7%
Net income	3.1%	3.0%	3.5%	3.4%	3.8%	2.9%

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Sales for the second quarter of 1997 were $1,453.2 million as compared to $1,340.3 million for the second quarter of 1996. This was an increase of 8%. The sales increase for comparable stores was 5%. For the six month period ended August 2, 1997 sales increased 6% over the first six months of 1996. The comparable stores increase for this period was 2%. For the twelve month period ended August 2, 1997 sales increased 5% over the same period for 1996. The comparable stores increase for this period was 1%. The majority of the increase in sales on a comparable store basis was attributable to an increase in the volume of goods sold rather than an increase in the price of goods.

Cost of sales increased only slightly from 65.0% of net sales for the second quarter of 1996 to 65.1% for the second quarter of 1997. For the six months ended August 2, 1997 and August 3, 1996, the cost of sales decreased only slightly from 65.5% of net sales in 1996 to 65.4% of net sales in 1997. For the twelve months ended August 2, 1997 and August 3, 1996, the cost of sales increased from 65.6% of net sales in 1996 to 66.2% of net sales in 1997. The increase for this twelve month period was caused by a higher level of markdowns in the current year versus the prior year.

Advertising, selling, administrative and general (SG&A) expenses decreased from 26.9% of net sales for the second quarter of 1996 to 26.6% of net sales for the second quarter of 1997. The Company saw improvement in payroll expense and bad debt expense components of SG&A expense as a percentage of sales compared to the prior year. For the six months ended August 2, 1997 and August 3, 1996, SG&A expense decreased slightly from 26.0% of net sales in 1996 to 25.9% of net sales in 1997. For the twelve months ended August 2, 1997 and August 3, 1996, SG&A expense increased slightly from 24.6% of net sales in 1996 to 24.7% of net sales in 1997.

Depreciation and amortization expense decreased slightly as a percentage of sales from 1996 in the three, six and twelve month periods ended August 2, 1997. This decrease was due to the write down of certain impaired assets in the fourth quarter of 1995, somewhat offset by the fact that a higher proportion of the Company's properties are owned rather than leased.

Rental expense was constant at .8% of net sales for the three months ended August 2, 1997 and August 3, 1996. For the six months ended August 2, 1997 and August 3, 1996 rental expense decreased from .8% of net sales in 1996 to .7% of net sales in 1997. For the twelve months ended August 2, 1997 and August 3, 1996, the decrease was from .9% to .8% of net sales. This was due to a higher proportion of the Company's properties being owned rather than leased.

Interest and debt expense was constant as a percentage of net sales for the three and twelve months ended August 2, 1997 compared to the three and twelve months ended August 3, 1996. For the six months ended August 2, 1997 and August 3, 1996 interest and debt expense as a percentage of net sales increased only slightly from
2.1% in 1996 to 2.2% in 1997.

Service charges, interest and other income decreased from 3.5% of net sales for the second quarter of 1996 to 3.2% of net sales for the second quarter of 1997. For the six months ended August 2, 1997 and August 3, 1996 the decrease was from 3.4% of net sales in 1996 to 3.2% of net sales in 1997. For the twelve months ended August 2, 1997 and August 3, 1996 this decrease was from 3.0% to
2.9%. The primary cause for this decrease was a decline in proprietary credit card sales as a percentage of total sales.

The effective federal and state income tax rate was 37% for the second quarter of 1997 and 1996.

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Financial Condition

The Company's working capital was $1.8 billion at August 2, 1997, $1.9 billion at February 1, 1997, and $1.9 billion at August 3, 1996. The current ratio for each of these periods was 2.8, 3.1 and
3.4, respectively. The changes in working capital and current ratio were caused by a higher level of inventory and an increase in trade accounts payable and commercial paper at August 2, 1997 compared to February 1, 1997 and August 3, 1996.

The long-term debt to capitalization ratio was 33.0%, 30.4% and 33.4% at August 2, 1997, February 1, 1997, and August 3, 1996, respectively. The ratio of long-term debt to capitalization is calculated by dividing the total amount of long-term debt and capitalized lease obligations by the sum of the total amount of long-term debt and capitalized lease obligations plus total equity. This ratio has increased due to the issuance of long-term debt as described below as well as the repurchase of $101.1 million of the Company's Class A common stock during 1997.

On February 4, 1997, the Company issued $100 million 7.15% notes due February 1, 2007. On May 15, 1997, the Company issued $100 million 7.75% notes due May 15, 2027. The proceeds were used to reduce commercial paper borrowings.

The Company invested $303 million in capital expenditures for the six months ended August 2, 1997 as compared to $173.7 million for the six months ended August 3, 1996. In the first half of 1997, the Company opened five new stores and completed the acquisition of seven stores in Virginia from Proffitt's, Inc., ten Mervyn's stores in Florida and three Macy's stores in Houston. Of these acquired stores, only two of the Proffitt's stores were opened prior to August 2, 1997. For the balance of the year, the Company plans to open seven new stores. Additionally, the Company plans to remodel and open the balance of the Proffitt's stores, the Macy's stores and seven of the Mervyn's stores. Also, the Company will expand and remodel two stores and close two stores. In 1996, the Company opened sixteen new stores (one of which was a replacement store), expanded six stores and closed three stores.

Merchandise inventories increased by 8% from $1.6 billion at August 3, 1996 to $1.8 billion at August 2, 1997. The Company operated 11 more stores at August 2, 1997 versus August 3, 1996. This was the primary reason for the increase in inventory. On a comparable store basis, the rate of increase in merchandise inventories was 1.9%.

At August 2, 1997, the Company had an outstanding shelf registration for unsecured notes in the amount of $400 million.

Fluctuations in certain other balance sheet accounts between February 1, 1997 and August 2, 1997 reflect normal seasonal variations within the retail industry. The levels of merchandise inventories and accounts receivable fluctuate due to the seasonal nature of the retail business. Along with the fluctuations in these current assets, there is also a corresponding fluctuation in trade accounts payable and commercial paper.

ITEM 3 Quantitative and Qualitative Disclosure About Market Risk.

Interim information is not required until after the first fiscal year end in which this item is applicable.

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Part II OTHER INFORMATION

ITEM 4 Submission of matters to a Vote of Security Holders

The annual meeting of the stockholders of the Company was held on May 17, 1997. The matters submitted to a vote of the stockholders were as follows: election of directors, proposal to change the name of the Company to Dillard's, Inc., proposal to amend the 1990 Incentive and Nonqualified Stock Option Plan, proposal requesting the preparation of an employment practices report, proposal concerning child/convict labor and proposal concerning Class A independent directors.

Election of Directors

Nominee	For	Against	Abstain
Class A Nominees			
Robert C. Connor	96,199,728	2,996,850	0
Will D. Davis	95,510,250	3,686,328	0
John Paul Hammerschmidt	94,202,666	4,993,912	0
William B. Harrison, Jr.	76,142,556	23,054,022	0
Jackson T. Stephens	96,208,223	2,988,355	0
Class B Nominees			
William Dillard	4,007,760	0	0
Calvin N. Clyde, Jr.	4,007,760	0	0
Drue Corbusier	4,007,760	0	0
Alex Dillard	4,007,760	0	0
William Dillard, II	4,007,760	0	0
Mike Dillard	4,007,760	0	0
James I. Freeman	4,007,760	0	0
John H. Johnson	4,007,760	0	0
E. Ray Kemp	4,007,760	0	0
William H. Sutton	4,007,760	0	0
Other Proposals			
Company Name Change	102,644,765	264,918	294,654
Amend 1990 Incentive & Nonqualified Stock Option Plan	100,414,795	2,251,808	537,733
Employment Practices Report	10,671,833	76,532,656	8,969,289
Child/Convict Labor	3,854,812	81,456,017	10,862,900
Class A independent directors	41,241,623	48,834,892	2,089,504

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ITEM 5 Other Information

Ratio of Earnings to Fixed Charges

The Company has calculated the ratio of earnings to fixed charges pursuant to Item 503 of Regulation S-K of the Securities and Exchange Commission as follows:

Six Months Ended		Fiscal Year Ended				
Aug. 2	Aug. 3	Feb.1	Feb. 3	Jan. 28	Jan. 29	Jan. 30
1997	1996	1997	1996	1995	1994	1993
3.21	3.20	3.61	2.86	3.72	3.57	3.59

ITEM 6 Exhibits and Reports on Form 8-K

(a) Exhibit (10): 1990 Incentive and NonQualified Stock Option Plan Exhibit (11): Statement re: Computation of Per Share Earnings Exhibit (12): Statement re: Computation of Ratio of Earnings to Fixed Charges

(b) Reports on Form 8-K filed during the second quarter:

The Company filed a report on May 13, 1997 relating to the issuance of $100 million aggregate principal amount of 7.75% Notes maturing on May 15, 2027.

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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.

DILLARD'S, INC.
(Registrant)

DATE: September 12, 1997 */s/ James I. Freeman*
James I. Freeman
Senior Vice President & Chief Financial Officer
(Principal Financial & Accounting Officer)

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EXHIBIT INDEX

Exhibits to Form 10-Q

Exhibit Number	Exhibit
10	1990 Incentive and NonQualified Stock Option Plan
11	Statement re: Computation of Per Share Earnings
12	Statement re: Computation of Ratio of Earnings to Fixed Charges

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DILLARD'S, INC.
1990 INCENTIVE AND NONQUALIFIED STOCK OPTION PLAN,
AS AMENDED ON MAY 25, 1991, JUNE 12, 1992,
MARCH 29, 1996, AND MAY 17, 1997

WHEREAS, the Board of Directors of the Company deems it in the best interest of the Company that key employees employed by the Company be given an opportunity to acquire a stake in the growth of the Company as a means of assuring their maximum effort and continued association and employment with the Company; and WHEREAS, the Board of Directors believes that the Company can best obtain these and other benefits by granting stock options to such key employees;

NOW, THEREFORE, BE IT RESOLVED:

That the Dillard's, Inc. Incentive and Nonqualified Stock Option Plan be adopted, and that it be effective commencing March 17, 1990.

1. Purpose. The purpose of the Dillard's, Inc. 1990 Incentive and Nonqualified Stock Option Plan is to encourage ownership of stock in the Company by key employees, and thereby cause such key employees to increase their efforts in behalf of the Company, to effect savings, and to otherwise promote the best interests of the Company. It is intended that options granted under this Plan will qualify as "incentive stock options" under the Internal Revenue Code of 1986, as may be amended from time to time; provided, however, that nonqualified stock options may also be granted which do not qualify as incentive stock options.

2. Definitions. As used herein, the following definitions shall apply.

a. "Board" shall mean the Board of Directors of the Company.

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b. "Common Stock" shall mean Common Stock, Class A, $.01 par value per share, of the Company.
c. "Code" shall mean the Internal Revenue Code of 1986, as amended.
d. "Committee" shall mean the Stock Option Committee appointed by the Board in accordance with paragraph 4(a) of the Plan.
e. "Company" shall mean Dillard's, Inc.
f. "Continuous Employment" or "Continuous Status as an Employee" shall mean the absence of any interruption or termination of employment by the Company. Employment shall not be considered interrupted in the case of sick leave, military leave, or any other leave of absence approved by the Company.
g. "Effective Date" shall mean March 17, 1990.
h. "Employee" shall mean any person employed on a full-time basis by the Company or of any subsidiaries of the Company (as defined in Sec.425(f) of the Code).
i. "Incentive Stock Option" means an Option which meets the requirements of Sec.422A(b) of the Code.
j. "Nonqualified Stock Option" means an Option which is taxed pursuant to Sec.83 of the Code and does not receive the special tax treatment received by an Incentive Stock Option.
k. "Option" shall mean a right to acquire Common Stock which is granted pursuant to this Plan.
l. "Optioned Stock" shall mean Common Stock subject to an Option granted pursuant to this Plan.

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m. "Optionee" shall mean an Employee who receives an Option.
n. "Plan" shall mean the Dillard's, Inc. 1990 Incentive and Nonqualified Stock Option Plan.
o. "Share" shall mean one share of the Common Stock.
3. Shares Subject to the Plan. Except as otherwise required by the provisions of paragraph 13 hereof, the aggregate number of Shares of Common Stock deliverable upon the exercise of Options pursuant to the Plan shall not exceed twelve million (12,000,000) Shares. Such Shares may either be authorized but unissued or treasury shares. If an Option should expire or become unexercisable for any reason without having been exercised in full, the unpurchased Shares which were subject thereto shall, unless the Plan shall have been terminated, be available for the grant of other Options under the Plan. No Optionee may receive options covering more than one million (1,000,000) shares in any single fiscal year under the Plan.
4. Administration of the Plan.
a. Composition of Stock Option Committee. The Plan shall be administered by a Stock Option Committee (the "Committee") consisting of at least two (2) directors of the Company appointed by the Board. All persons designated as members of the Committee shall be "non-employee directors" within the meaning of Rule 16b-3, or any successor to such Rule, of the Securities Exchange Commission, and "outside directors" within the meaning of applicable Treasury Regulations, or any successor to such Regulations, promulgated under the Internal Revenue Code of 1986, as amended, or any successor to such Code.
b. Powers of the Stock Option Committee. The Committee is authorized (but only to the extent not contrary to the express provisions of the Plan or to resolutions adopted by

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the Board) to interpret the Plan, to prescribe, amend, and rescind rules and regulations relating to the Plan, to determine the form and content of Options to be issued under the Plan, and to make such other determinations necessary or advisable for the administration of the Plan, and shall have and may exercise such other power and authority as may be delegated to it by the Board from time to time. A majority of the entire Committee shall constitute a quorum, and the action of a majority of the members present at any meeting at which a quorum is present shall be deemed the action of the Committee.

The Stock Option Committee shall, from time to time, have the power to designate from among the key Employees, the persons to whom stock Options will be granted. Such designation shall be in the absolute discretion of the Committee, and shall be final without approval of the stockholders. On the occasion of the designation of the Optionees, the Committee may grant additional Options to Optionees then holding Options, to some of them, or may grant Options solely or partially to new Optionees. As of the date of grant, the Committee shall fix the number of Shares to be optioned and whether the Option shall be treated as an Incentive Stock Option or as a Nonqualified Stock Option; however, no Option shall be treated as an Incentive Stock Option ten (10) years from the date this Plan is adopted by the Board or the date the Plan is approved by the stockholders of the Company, whichever is earlier. In addition, to the extent the aggregate fair market value (determined at the time the Option is granted) of Shares treated as acquired pursuant to Incentive Stock Options which are exercisable by the Optionee for the first time during any calendar year (under all incentive stock option plans of the Company or subsidiaries thereof (as defined in Sec.425(f) of the Code)) exceeds $100,000, such Options (taking them into account in the order in which they were granted)

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cannot be treated as Incentive Stock Options. In making the determination as to whom Options shall be granted, and as to the number of Shares to be covered by such Options, the Committee shall take into account the duties and responsibilities of the proposed Optionees, their present and potential contribution to the success of the Company, their past record, and such other factors as the Stock Option Committee shall deem relevant in connection with accomplishing the purposes of this Plan.

Certain officers of the Company as designated by the Committee are hereby authorized to execute instruments evidencing Options on behalf of the Company and to cause them to be delivered to the Optionees or other participants.

c. Effect of Option Committee's Decision. All decisions, determinations, and interpretations of the Committee shall be final and conclusive on all persons affected thereby.

5. Option Price. The exercise price of Incentive Stock Options granted under the Plan shall not be less than one hundred percent (100%) of the fair market value of a Share on the date the Option is granted, or, if the Optionee owns (within the meaning of Sec.425(d) of the Code) ten percent (10%)or more of the total combined voting power of all classes of stock of the Company, one hundred ten percent (110%) of the fair market value of a Share on the date the Option is granted. The exercise price of Nonqualified Stock Options granted under the Plan shall be determined by the Committee in its complete discretion, but in no event shall the exercise price of Nonqualified Stock Options be less than fifty percent (50%) of the fair market value of a Share on the date the Option is granted. The fair market value of a Share on a particular date shall be deemed to be the mean between the highest and lowest sales prices per share of the Common

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Stock on the principal national
securities exchange on which the Common Stock may be listed from time to time on that date or, in either case, if there shall have been no sale on that date on the last preceding date on which such sale or sales were effected on such exchange. In the event that the method just described for determining the fair market value of the Shares shall not remain consistent with the provisions of the Code or the regulations of the Secretary of the Treasury promulgated thereunder, then the fair market value per Share shall be determined by such other method consistent with the Code or regulations as the Committee shall in its discretion select and apply at the time of grant of the Options concerned.

6. Term of Option and Limitations on Exercise. Subject to the terms of the Plan, the Committee shall, in its discretion, establish the term of each Option granted pursuant to the Plan. Notwithstanding the foregoing, an Incentive Stock Option granted under the Plan by its terms shall not be exercisable after the expiration of ten (10) years from the date such Option is granted, or, five (5) years if the Optionee owns (within the meaning of Sec.425(d) of the Code) ten percent (10%) or more of the total combined voting power of all classes of stock of the Company. The Committee may also, in its discretion, establish a period or periods during which an Option may not be exercised in whole or in part or any other limitation or restriction, subject to the terms of the Plan, which the Committee may determine as a condition precedent to exercising an Option, including such provisions as deemed advisable to permit qualification of Options as Incentive Stock Options.

7. Procedures for Exercise. Any Option granted hereunder shall be exercisable at such times and under such conditions as shall be permissible under the terms of the Plan and of the Option granted to an Optionee. An Option may not be exercised for a fractional Share. An Option granted pursuant to the Plan may be exercised, subject to provisions relating to its termination and

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limitations on its exercise, only by (a) written notice to exercise the Option with respect to a specified number of Shares, and (b)(i) payment to the Company (contemporaneously with delivery of each such notice), in cash or Common Stock, of the amount of the Option price of the number of Shares with respect to which the Option is then being exercised, or (ii) causing the Company to receive from a broker funds to pay for the option upon the broker's receipt of stock certificates from the Company. Each such notice and payment shall be delivered, or mailed by prepaid registered or certified mail, addressed to the Treasurer of the Company at the Company's executive offices.

8. Reload Options. If payment for Shares upon the exercise of an Option ("Original Option") is made in the form of Common Stock, the Optionee shall be granted on the date of exercise an Option ("Reload Option") to purchase the number of Shares that equals the number of Shares tendered to the Company. The price per Share at which each Reload Option may be exercised shall be equal to the fair market value of the Shares on the date of grant of the Reload Option. The term of each Reload Option shall expire on the same date as that of the Original Option.

9. Exercise During Employment or Following Death. Unless otherwise provided in the terms of an Option, an Option may be exercised by an Optionee only while the Optionee is an Employee and has maintained Continuous Status as an Employee since the date of the grant of the Option, or after the termination of the Optionee's status as an Employee within one (1) year after such termination if the Optionee becomes Disabled, as determined by the Committee, or for any other termination within three (3) months after such termination (but not later than the date on which the Option would otherwise expire), except if the Optionee would have been entitled

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to exercise the Option immediately prior to death, such Option of the deceased Optionee may be exercised within twelve (12) months (but not later than the date on which the Option would otherwise expire) from the date of death by the personal representatives of the Optionee's estate, or person or persons to whom the Optionee's rights under such Option shall have passed by will or by laws of descent and distribution.

The Committee's determination whether an Optionee's employment has ceased, and the effective date thereof, shall be final and conclusive on all persons affected thereby.

10. Form of Stock Certificates. Stock certificates to be issued or transferred pursuant to Options granted under this Plan shall be made in favor of the Optionee, or the Optionee and Optionee's spouse as joint tenants. In the discretion of the Committee, the stock certificates so issued or transferred may have noted thereon that same have been issued or transferred pursuant to an Option granted under this Plan.

11. Optionee's Agreement. If the underlying Shares are not registered under the Securities Act of 1933 and applicable state securities laws at the time of exercise of an Option, then the Optionee shall agree that the Optionee will purchase the Shares under such Option for investment and not with any present intention to re-sell the same, and shall agree to sign a certificate to such effect at the time of exercising the Option.

12. Non-Transferability of Options. Options granted under the Plan may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent and distribution. An Option may be exercised, during the lifetime of the Optionee, only by the Optionee.

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13. Effect of Change in Stock Subject to the Plan. In the event that each of the outstanding Shares of Common Stock (other than Shares held by dissenting shareholders) shall be changed into or exchanged for a different number or kind of Shares of stock of the Company or another corporation (whether by reason of merger, consolidation, recapitalization, reclassification, stock dividend, split-up, combination of Shares, or otherwise), then, in the sole discretion of the Committee, there shall be substituted for each Share of Common Stock then under Option or available for Option the number and kind of Shares of stock into which each outstanding Share of Common Stock (other than Shares held by dissenting shareholders) shall be so changed or for which each such Share shall be so exchanged, together with an appropriate adjustment of the Option Price. In the event there shall be any other change in the number of, or kind of, issued Shares of Common Stock, or of any stock or other securities into which such Common Stock shall have been changed, or for which it shall have been exchanged, then if the Committee shall, in its sole discretion, determine that such change equitably requires an adjustment in the number, or kind, or Option price of Shares then subject to an Option or available for Option, such adjustment shall be made by the Board and shall be effective and binding for all purposes of this Plan.

14. Time of Granting Options. The date of grant of an Option under the Plan shall, for all purposes, be the date reflected on the written grant of the Option to the Optionee. Notice of the determination shall be given to each Employee to whom an Option is so granted within a reasonable time after the date of such grant.

15. Modification of Options. At any time and from time to time the Committee may modify any outstanding Option, provided no such modification shall impair the Option without the consent of

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the holder of the Option. Any Incentive Stock Options outstanding under the Plan may be amended, if necessary, in order to retain such qualification.

16. Amendment and Termination of the Plan. The Board may amend, alter or discontinue the Plan, but no amendment or alteration shall be made without the approval of the stockholders of the Company which would:

(i) materially increase the benefits accruing to participants under the Plan; or

(ii) increase the number of Shares which may be issued under the Plan; or

(iii) modify the requirements as to eligibility for participation in the Plan. No amendment, alteration or discontinuation of the Plan shall adversely affect any Options granted prior to the time of such amendment, alteration or discontinuation.

17. Conditions Upon Issuance of Shares. Shares must not be issued with respect to any Option granted under the Plan unless the issuance and delivery of such Shares shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, any applicable state securities law, and the requirements of any stock exchange upon which the Shares may then be listed. Inability of the Company to obtain from any regulatory body or authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder shall relieve the Company of any liability in respect of the non-issuance or sale of such Shares. As a condition to the exercise of an Option, the Company may require the person exercising an Option to make such representations or warranties as may be necessary to assure the availability of an exemption from the registration requirements of federal or state securities law.

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18. Reservation of Shares. The Company, during the term of this Plan, will reserve and keep available a number of Shares sufficient to satisfy the requirements of the Plan.

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EXHIBIT 11 - STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS

(Unaudited)

	Three Months Ended		Six Months Ended		Twelve Months Ended	
	August 2 1997	August 3 1996	August 2 1997	August 3 1996	August 2 1997	August 3 1996
Average shares outstanding	111,027,591	113,560,187	111,911,101	113,389,882	112,741,768	113,218,732
Net effect of dilutive stock options based on the treasury stock method using average market price	641,069	800,716	421,283	687,574	373,329	425,826
Total	111,668,660	114,360,903	112,332,384	114,077,456	113,115,097	113,644,558
Net Income	$44,342,000	$39,526,000	$102,600,000	$95,927,000	$245,294,000	$176,098,000
Less preferred dividends	(5,500)	(5,500)	(11,000)	(11,000)	(22,000)	(22,000)
Net income available to common shares	$44,336,500	$39,520,500	$102,589,000	$95,916,000	$245,272,000	$176,076,000
Per share	$0.40	$0.35	$0.91	$0.84	$2.17	$1.55

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EXHIBIT 12 - STATEMENT RE: COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Unaudited)
(Dollar amounts in thousands)

	Six Months Ended		Fiscal Year Ended				
	August 2 1997	August 3 1996	February 1 1997	February 3 1996	January 28 1995	January 29 1994	January 30 1993
Consolidated pretax income	$162,860	$152,262	$378,761	$269,653	$406,110	$399,534	$375,330
Fixed charges (less capitalized interest)	71,095	66,163	139,188	139,666	145,921	152,568	142,857
EARNINGS	$233,955	$218,425	$517,949	$409,319	$552,031	$552,102	$518,187
Interest	$63,939	$58,809	$120,599	$120,054	$124,282	$130,915	$121,940
Capitalized interest	1,786	2,041	4,420	3,567	2,545	1,882	1,646
Interest factor in rent expense	7,156	7,354	18,589	19,612	21,639	21,653	20,917
FIXED CHARGES	$72,881	$68,204	$143,608	$143,233	$148,466	$154,450	$144,503
Ratio of earnings to fixed charges	3.21	3.20	3.61	2.86	3.72	3.57	3.59

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ARTICLE 5
MULTIPLIER: 1000

PERIOD TYPE	6 MOS
FISCAL YEAR END	JAN 31 1998
PERIOD END	AUG 2 1997
CASH	73,225
SECURITIES	0
RECEIVABLES	1,031,524
ALLOWANCES	26,751
INVENTORY	1,750,239
CURRENT ASSETS	2,864,269
PP&E	3,811,712
DEPRECIATION	1,419,304
TOTAL ASSETS	5,347,080
CURRENT LIABILITIES	1,040,997
BONDS	1,332,721
PREFERRED MANDATORY	0
PREFERRED	440
COMMON	1,138
OTHER SE	2,710,690
TOTAL LIABILITY AND EQUITY	5,347,080
SALES	2,968,496
TOTAL REVENUES	3,061,897
CGS	1,941,322
TOTAL COSTS	1,941,322
OTHER EXPENSES	0
LOSS PROVISION	28,057
INTEREST EXPENSE	63,939
INCOME PRETAX	162,860
INCOME TAX	60,260
INCOME CONTINUING	102,600
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	102,600
EPS PRIMARY	.91
EPS DILUTED	.91

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