

March 20, 2006

H. Lee Scott, Jr.
CEO
Wal-Mart Stores, Inc.
702 Southwest Eighth Street
Bentonville, AR 72716-0215

Dear Mr. Scott:

We write to you as Wal-Mart investors concerned by persistent allegations and increasing evidence indicating that Wal-Mart associates who exercise their right to freedom of association are subject to intimidation by store managers, executives, or paid consultants hired to oppose efforts to unionize Wal-Mart Stores.

We are approaching you as shareholders concerned that Wal-Mart is establishing a track record for opposing union drives in a manner that is inconsistent with the Universal Declaration of Human Rights, core International Labor Organization standards, and the Organization for Economic Cooperation and Development's (OECD) Guidelines for Multinational Enterprises. Further and more troubling from a shareholder perspective, such actions by Wal-Mart would constitute violations of labor law in the United States and Canada.

Between 1998 and 2003 in the US, 288 unfair labor practice charges were lodged against the company, accusing it of interfering with employees' freedom of association. Of these charges, 94 resulted in formal complaints brought against Wal-Mart by the federal National Labor Relations Board. Unfair labor allegations included 41 charges of improper firings, 44 instances of threatening employees, 59 instances of improper surveillance of employees, 59 instances of improper interrogation, and 36 instances of improper discipline of employees engaged in exercising their right to freedom of association (Source: American Rights at Work).

In Canada, Wal-Mart has also been found to violate labor laws. Last year, the Quebec Labour Relations Board ruled that Wal-Mart illegally dismissed Jonquiere, Quebec store workers for union-related activities. Two years earlier, the British Columbia Labour Relations Board found that the company had engaged in unfair labour practice by interfering with formation of a trade union.

The Jonquiere store closure is a well-publicized example as the company announced its decision to close this store in 2005 while negotiations for a collective bargaining

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agreement were underway. In Canada, the store closure was both widely viewed as unlawful and as an aggressive message to Quebec unions to stop unionization drives.

Leonard Page, a former general counsel for the National Labor Relations Board has commented on the PBS program NOW: "There were 5 or 6 different organizing drives at different stores that showed a common pattern of illegal conduct. It appeared to involve rather high officials of Wal-Mart stationed in Bentonville." Federal prosecution of unfair labor practices resulted in 11 rulings against the company and 12 settlements.

The reputation and economic value of Wal-Mart are at risk due in part to allegations of intimidation and unfair treatment of its associates. These charges have been investigated by the U.S. Congress and featured prominently in international media coverage.

We believe that labor rights violations constitute human rights violations. Charges faced by Wal-Mart in recent years—harassment of workers who talk to union organizers, forced overtime and locking employees in stores—are considered human rights violations by the International Labor Organization in overseas supplier factories. We believe these actions are human rights violations when they occur in a North American Wal-Mart store as well. The closure of the meat department of the Jacksonville, TX and the entire Jonquiere, Quebec store following votes for union representation send a chilling message to workers who choose to unionize.

These actions contribute to a public perception that management has not dealt with workers fairly. An August 2004 memo prepared for Wal-Mart by McKinsey & Co. said a national survey of 1,800 consumers concluded "sincere concerns exist that Wal-Mart is not treating its employees well, is too aggressive, and is hurting local communities."

We observe that one of Wal-Mart's Three Basic Beliefs is Respect the Individual. The Basic Beliefs section of the company website states:

"Our people make the difference" is not a meaningless slogan it's a reality at Wal-Mart. We are a group of dedicated, hardworking, ordinary people who have teamed up to accomplish extraordinary things. We have very different backgrounds and different beliefs, but we do believe that every individual deserves to be treated with respect and dignity.
(<http://walmartstores.com/GlobalWMSStoresWeb/navigate.do?catg=252>)

We believe Wal-Mart's record of NLRB actions and settlements are not consistent with a culture that professes to treat employees with respect and dignity.

Given all this, we endorse the shareholder proposal filed in December 2005 by As You Sow Foundation asking company directors to amend the Equality of Opportunity policy to bar intimidation of company employees exercising their right to freedom of

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association, to develop systems to prevent future violations of federal labor law from occurring, and to publish periodic reports to shareholders on its progress.

Top management at Wal-Mart has demonstrated an open-minded approach to concerns presented by stakeholders on issues from diversity to energy efficiency and environmental leadership. This appears to be less true with respect to freedom of association. As an example, in an interview with *Business Week* on Sept. 23, 2005, you were asked, "Why not reach out to labor unions?" Your response, "I don't see any benefit to it," does not convey a similar level of open-mindedness or leadership.

We write to you today to ask Wal-Mart to embark in a new direction by entering into a dialogue with investors concerned about unfair labor practices. We look forward to your response, and to future progress by Wal-Mart.

Sincerely,

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