



Wal-Mart 2006 Proxy Item #7: Compensation Disparity

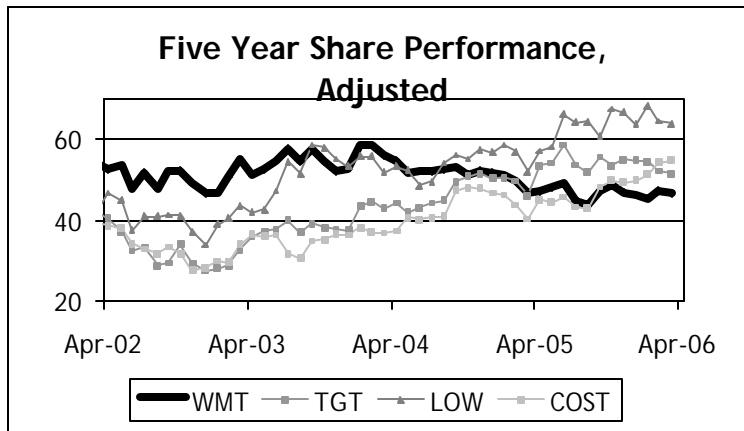
- *The ratio of top-level compensation to average worker compensation is a meaningful measure of excess executive compensation in labor-intensive industries such as retail.*
- *Wal-Mart's executive compensation is far above industry norms. Wal-Mart's ratio of top-level compensation to average worker compensation is also far above peer companies.*
- *Wal-Mart's financial performance does not justify this level of compensation.*
- *Recent scandals have raised new questions about the adequacy of internal controls on executive compensation at Wal-Mart.*

Our Proposal

Our proposal requests a Compensation Committee report including the following:

1. A comparison of the salary, health and pension benefits, bonuses and profit sharing, stock options and all other forms of compensation (including paid vacation, store discounts or other perks and retirement packages) of top executives and of our company's lowest paid workers in the United States in July 1995 and July 2005
2. An analysis of any changes in the relative size of the gap between the two groups and the rationale justifying this trend.
3. An evaluation of whether the total compensation packages of our top executives are "excessive" and whether greater oversight is needed over the various components of those compensation packages.

The proposal does **not** specify a specific ratio or formula to be used.



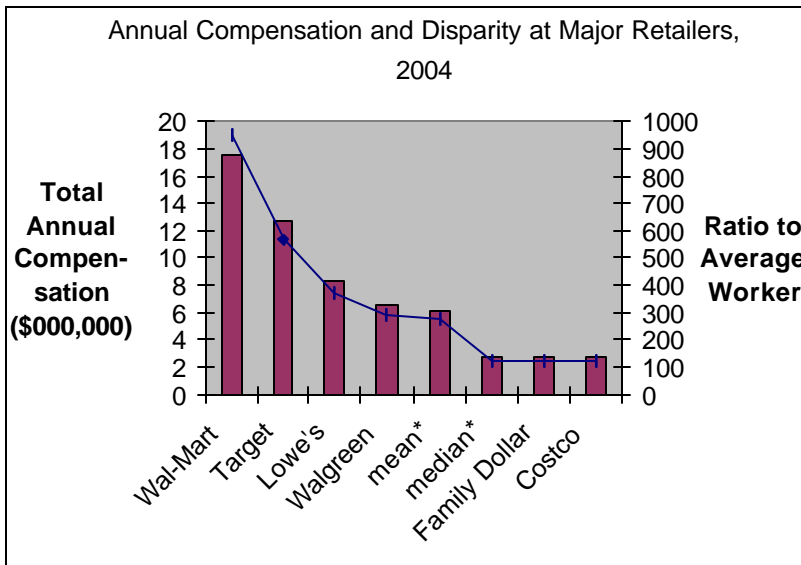
Why Compensation Disparity at Wal-Mart?

Investors are increasingly concerned about executive compensation. The Investor Responsibility Resource Center (IRRC) reports 96 pending resolutions in 2006 alone.

At Wal-Mart, studying not only executive pay but also the relationship between executive and broad employee

compensation would provide a meaningful gauge for shareholders to evaluate appropriate executive pay.

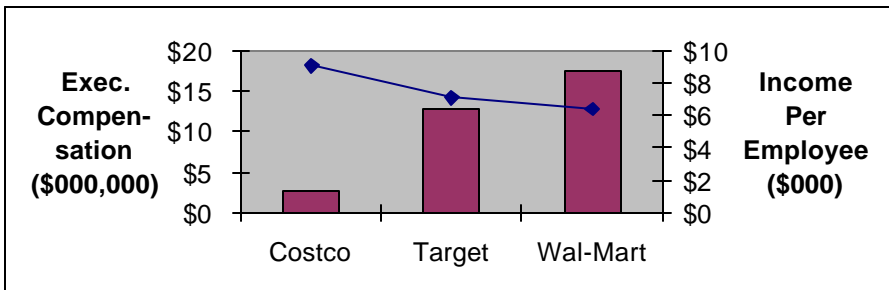
Wal-Mart is the nation's largest employer, with 1.3 million 'associates'; it is the leading company in a highly labor-intensive industry; and it promotes from within at a relatively high rate. Wal-Mart associates therefore play a major role in the experience of Wal-Mart customers and in the ongoing success of the company. Yet Wal-Mart's income-per-employee lags behind peers (according to Vanguard).



Studying executive compensation in comparison to the average wages at Wal-Mart is therefore *more* meaningful for shareholders than studying executive compensation alone.

Sources: AFL-CIO Executive Pay-watch; Average wage data via companies or Bureau of Labor Statistics; our calculations.
 * Of all companies in sector, not only those shown on chart.

Executive Compensation at Wal-Mart: A Cause For Concern



The Corporate Library evaluated U.S. companies and found only eleven which paid their Chief Executives in excess of \$15 million for two years; had a

negative return for shareholders over the last five years; and underperformed peers over the last five years. One of those was Wal-Mart.

Wal-Mart has underperformed peer companies and delivered negative returns to shareholders for over five years, while continuing to generously compensate senior leadership.

Meanwhile, Wal-Mart's executive compensation is almost three times the retail sector average using the latest available annual compensation data (2004 for most companies). The ratio of compensation between the chief executive and the average worker is also outside industry norms.

Recently, Wal-Mart has been unable to pursue civil litigation against a senior officer who the company alleges embezzled funds. The reason – provisions in his retirement package shielding him from liability. *We believe this information calls for more robust oversight of executive compensation practices at Wal-Mart.*