

## Proposal No. 5 Request for Annual Report on Recoupment of Executive Pay

RESOLVED, that shareholders of Wal-Mart Stores, Inc. ("Walmart") urge the board of directors ("Board") to adopt a policy ("Policy") that Walmart will disclose annually whether Walmart, in the previous fiscal year, recouped any incentive or stock compensation from any senior executive or caused a senior executive to forfeit an outstanding incentive or stock compensation award, in each case as a result of a determination that the senior executive breached a company policy or engaged in conduct inimical to the interests of or detrimental to Walmart. For purposes of this proposal, "senior executive" includes a former senior executive.

The Policy should provide that the general circumstances of the recoupment or forfeiture will be described. The Policy should also provide that if no recoupment or forfeiture of the kind described above occurred in the previous fiscal year, a statement to that effect will be included in the report. The disclosure made under the Policy is intended to supplement, not supplant, any disclosure of recoupment or forfeiture required by law or regulation.

### SUPPORTING STATEMENT

As long-term shareholders, we believe that compensation policies should promote sustainable value creation. We believe disclosure of the application of recoupment/forfeiture provisions would encourage ethical conduct and appropriate risk management at Walmart by educating senior executives about behavioral expectations, while discouraging future costly compliance violations by communicating concrete consequences for misconduct.

Walmart has mechanisms in place to recoup certain incentive compensation upon a finding of misconduct. Walmart's Management Incentive Plan ("MIP") provides that the Compensation, Nominating and Governance Committee ("Committee") may recoup all incentive compensation, whether or not previously paid or deferred, awarded in the previous 12 months if the Committee determines that the recipient engaged in any act deemed inimical to the best interests of Walmart or failed to comply with Walmart's policies. (2013 MIP, sections 4.3(b) and 4.3(c)) Similarly, the Stock Incentive Plan ("SIP") provides for forfeiture of outstanding awards and repayment of amounts received in respect of certain plan awards, in the event the recipient is found by the Committee to have engaged in conduct detrimental to Walmart's best interests. (2010 SIP, section 11.5) Separation agreements with several recently retired senior executives state that Walmart may suspend and recoup payments made under any agreement with the executive if a failure on the executive's part to abide by Walmart's Statement of Ethics is discovered.

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Walmart never has disclosed whether these recoupment/ forfeiture provisions have been applied, making it difficult for shareholders to hold members of the Committee accountable for administering the provisions. As of Q3 2014, Walmart has incurred \$381 million in costs associated with investigations into alleged Foreign Corrupt Practices Act violations in Mexico, China, India and Brazil. (2013 10-K and 2014 Q3 10-Q) Walmart also recently pled guilty to federal and state criminal and civil charges of illegally dumping hazardous materials, leading to over \$110 million in fines.

(<http://yosemite.epa.gov/opa/admpress.nsf/d0cf6618525a9efb85257359003fb69d/d4628253b5e27cab85257b79007349aa!opendocument>) Recoupment disclosure would allow shareholders to determine whether Walmart recouped compensation from any current or former senior executive for similar misconduct.