

May 22, 2006



The Honorable Bob Mollette
Council Member
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WAL*MARTWATCH

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Dear Mr. Bob Mollette:

I first contacted you a year ago to introduce Wal-Mart Watch and our ambitious campaign to make Wal-Mart a better corporate citizen. We aggressively tell a new, more truthful Wal-Mart story. We bridge the gaps between ordinary citizens and community organizations concerned about Wal-Mart's unchecked growth and negative impact on our society. We challenge Wal-Mart to embrace its moral responsibility as the nation's biggest and most important corporation.

We have made remarkable progress in getting Wal-Mart to respond to a wide array of concerns about their business practices. They have acknowledged the harm they cause by providing a poor health benefits plan that forces its employees to seek taxpayer-supported public assistance. They have taken some promising first steps on a long road toward creating a more environment-friendly business. We are hopeful the company is serious when it acknowledges that change is necessary, and we will continue to push Wal-Mart forward.

And in this first year, you and your colleagues across the nation have helped us put Wal-Mart under the magnifying glass. From local community benefits ordinances to state Medicaid disclosure, from aggressive questioning of Wal-Mart's risky banking plan to groundbreaking enforcement action by state attorneys general, Wal-Mart must now confront energized and engaged elected officials who want Wal-Mart to be as great as its promise. And hundreds of you have joined our Wal-Mart Watch Elected Officials Taskforce.

Wal-Mart Watch isn't here to give Wal-Mart a black eye. Our aim is real change — transparent and lasting — to benefit Wal-Mart communities. And while we will continue to put Wal-Mart under the magnifying glass, we embrace our responsibility to offer constructive suggestions for how Wal-Mart should improve its business practices.

Today I am proposing a new contract with Wal-Mart. Back in the days when Sam Walton ran the company, business was done with trust, respect, and honesty. Deals were sealed with a handshake. Whether between employees and employer or store and supplier, a handshake with Sam was a moral contract.

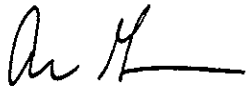
I'm offering Wal-Mart executives that chance if they want to take it. Attached to this letter are seven principles based on Sam Walton's business practices, titled *A HANDSHAKE WITH SAM*. If they will commit to these seven principles and assume the moral responsibility we expect of our biggest and most important American corporation, Wal-Mart will deserve our respect.

For more information, and to check the facts behind *A HANDSHAKE WITH SAM*, please visit www.walmartwatch.com. I believe you will find our website to be a serious, substantive place that provides policy makers with answers to your questions and solutions to vexing public issues. We have a special section just for elected officials, where you can join our Wal-Mart Watch Elected Officials Taskforce at www.walmartwatch.com/electeds.

Wal-Mart has a moral responsibility to protect human dignity, to be self-sufficient, to keep their operations clean, and to be completely transparent with the public. I am asking Wal-Mart to make those commitments and more, and to seal the deal with a handshake.

I hope you will join us in our call for change.

Sincerely,



Andrew Grossman
Executive Director

P.S. For more information, please visit www.walmartwatch.com.



A HANDSHAKE WITH SAM REACHING ACROSS THE WALL OF WAL-MART

*"I am absolutely convinced that the only way we can improve one another's quality of life, which is something very real to those of us who grew up in the Depression, is through what we call free enterprise — practiced correctly and morally."*¹

— SAM WALTON

WHAT DEFINES A GREAT AMERICAN INSTITUTION? And what are its obligations to the common good? These two questions have helped frame every historic clash between those inside and outside the walls of embattled American corporations. Without exception, the walls of distrust and division have not ultimately been lowered by an endless siege. Instead, there must be an enduring realization that all have an interest in both the health and welfare of the corporation and in those whose lives are touched by it.

AS OUR NATION'S LARGEST EMPLOYER and most financially successful company, Wal-Mart is a singular American institution. It occupies a unique position in our world by virtue of its size, reach and responsibility for the livelihoods of millions of workers and the needs of billions of consumers. And with such overwhelming influence comes certain moral responsibilities. It is the acceptance or rejection of those responsibilities that determines greatness.

TO THAT END, just as a corporation might reach an agreement with its shareholders, this "Handshake Agreement" broadens the scope to a global community of concerned citizens, and is an agreement of shared principles to be held in high regard.



*"Ours is a story about the kinds of traditional principles that made America great in the first place."*²

THE MORAL RESPONSIBILITIES OF WAL-MART

1. Protect Human Dignity

*"If you want people in the stores to take care of the customers, you have to make sure you are taking care of the people in the stores."*³

WAL-MART WILL AGGRESSIVELY WORK to ensure that employees are never mistreated through practices such as illegal firings, "off-the-clock" wage violations, intimidation, sexual harassment, violations of child labor laws, or discrimination of any sort. And Wal-Mart will justly compensate each associate with a family-sustaining wage that will enable the associate to raise a family without having to rely on public assistance.



2. Ensure Quality and Affordable Health Care Coverage

*"You can't create a team spirit when the situation is so one-sided, when management gets so much and workers get so little of the pie."*⁴

WAL-MART WILL SET A NATIONAL EXAMPLE by ensuring that all employees — salaried, hourly, full-time, and part-time — have quality affordable health insurance that fully covers the employee and their children. To make this commitment a sound financial investment for the company, Wal-Mart will actively promote full-time employment for its employees and discourage part-time hiring.

(Over)



3. Use Market Power to Improve Supplier Conditions and Wages

"We still want to drive a hard bargain, but now we need to guard against abusing our power."⁵

TO ENSURE THAT MERCHANDISE in its stores is produced under safe and humane conditions, Wal-Mart will require and ensure that foreign and domestic suppliers adhere to all internationally recognized labor standards and national laws. Furthermore, Wal-Mart will require that suppliers justly compensate their own employees to the same standard set forth in this agreement for Wal-Mart employees.



4. Enable & Embrace Self Sufficiency

"Maybe the most important way in which we at Wal-Mart believe in giving something back is through our commitment to using the power of this enormous enterprise as a force for change."⁶

BY PAYING A FAMILY-SUSTAINING WAGE, Wal-Mart will ensure that federal, state, and local taxpayers are not forced to spend billions of dollars on public assistance for Wal-Mart employees. Wal-Mart itself will not seek taxpayer-funded subsidies that locally-owned businesses do not receive. And Wal-Mart will not pit local communities against each other when selecting sites for Wal-Mart stores or other facilities.



5. Buy Local First

"For Wal-Mart to maintain its position in the hearts of our customers, we have to study more ways we can give something back to our communities."⁷

TO DEMONSTRATE ITS COMMITMENT to the communities and countries it serves, Wal-Mart will always "Buy Local First." Purchasing local agriculture and manufactured goods strengthens local economies and secures the long-term survival of small family-owned farms and other enterprises. And by expanding the focus of "Buy Local First" to each country in which it operates, Wal-Mart will show a firm commitment to supporting the suppliers in those countries that host its stores.



6. Keep it Clean

"I'd like to believe that as Wal-Mart continues to thrive and grow, it can come to live up to what someone once called us: the Lighthouse of the Ozarks."⁸

EVERY STEP IN WAL-MART'S SUPPLY CHAIN will demonstrate sound environmental stewardship. Wal-Mart will partner with local community and environmental leaders to avoid environmental damage and other disruptions caused by the site selection, construction, and operation of any Wal-Mart store or facility. This includes conserving wetlands, animal habitats, and green space, as well as minimizing traffic delays and air pollution. Wal-Mart will also strictly enforce this "Keep it Clean" policy with all of its suppliers, both foreign and domestic.



7. Prove Worthy of the Public Trust

"As long as we're managing our company well, as long as we take care of our people and our customers, keep our eyes on those fundamentals, we are going to be successful. Of course, it takes an observing, discerning person to judge those fundamentals for himself."⁹

AS THE WORLD'S LARGEST COMPANY and as a global institution in a position of great responsibility and trust, Wal-Mart will be open and transparent in its dealings with the public, the news media, and its own employees. Wal-Mart will actively work to demonstrate its dedication to the moral obligations described herein, and is committed to documenting and publicizing consistent progress and follow-through on all of its public proclamations and initiatives.

For more information, go to www.WalmartWatch.com



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This agreement is proposed in good faith by Wal-Mart Watch –
A Campaign of Five Stones and the Center for Community and Corporate Ethics.