

Legal

Corporate

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January 30, 2015

VIA E-MAIL to shareholderproposals@sec.gov

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

**Re: *Wal-Mart Stores, Inc.*
Shareholder Proposal of the Connecticut Retirement Plans and Trust Funds
*Securities Exchange Act of 1934—Rule 14a-8***

Ladies and Gentlemen:

This letter is to inform you that Wal-Mart Stores, Inc. (the “Company”) intends to omit from its proxy statement and form of proxy for its 2015 Annual Shareholders’ Meeting (collectively, the “2015 Proxy Materials”) a shareholder proposal (the “Proposal”) and statements in support thereof received from Denise L. Nappier on behalf of the Connecticut Retirement Plans and Trust Funds (the “Proponent”).

Pursuant to Rule 14a-8(j), we have:

- filed this letter with the Securities and Exchange Commission (the “Commission”) no later than eighty (80) calendar days before the Company intends to file its definitive 2015 Proxy Materials with the Commission; and
- concurrently sent copies of this correspondence to the Proponent.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”) provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the staff of the Division of Corporation Finance (the “Staff”). Accordingly, we are taking this opportunity to inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with

respect to this Proposal, a copy of that correspondence should concurrently be furnished to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

THE PROPOSAL

The Proposal states:

“RESOLVED that shareholders of Wal-Mart Stores, Inc. (“Walmart”) urge the Compensation, Nominating and Governance Committee (the “Committee”) to include in the metrics used to determine senior executives’ incentive compensation at least one metric related to Walmart’s employee engagement. Employee engagement is the extent to which the company’s hourly, non-exempt workforce is motivated to contribute to organizational success and is willing to apply discretionary effort to accomplish organizational goals.

The Committee should use its discretion, with the help of third-party employee engagement experts, in selecting and measuring the employee engagement metric and deciding whether the metric is more appropriately incorporated into the metrics for the annual cash incentive program or the long-term performance shares program (or successor short- and long-term incentive programs).

This proposal should be implemented prospectively and in a manner that does not violate the terms of any contract, incentive plan or applicable law or regulation.”

A copy of the Proposal, as well as related correspondence from the Proponent, is attached to this letter as Exhibit A.

BASES FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2015 Proxy Materials pursuant to:

- Rule 14a-8(i)(7) because the Proposal deals with matters relating to the Company’s ordinary business operations; and
- Rule 14a-8(i)(10) because the Company has substantially implemented the Proposal.

ANALYSIS

- I. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Deals With Matters Relating To The Company’s Ordinary Business Operations.**

The Company may exclude the Proposal pursuant to Rule 14a-8(i)(7) because it deals with matters relating to the Company's ordinary business operations. Specifically, the Proposal focuses on the Company's management of its workforce as it pertains to employee engagement.

Rule 14a-8(i)(7) allows for exclusion of a proposal that "deals with a matter relating to the company's ordinary business operations." According to the Commission release accompanying the 1998 amendments to Rule 14a-8, the term "ordinary business" "refers to matters that are not necessarily 'ordinary' in the common meaning of the word," but instead the term "is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company's business and operations." Exchange Act Release No. 40018 (May 21, 1998) (the "1998 Release"). In the 1998 Release, the Commission stated that the underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting," and identified two central considerations that underlie this policy. The first was that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." The second consideration related to "the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.* (citing Exchange Act Release No. 12999 (Nov. 22, 1976)).

A. *The Proposal Implicates The Company's Management Of Its Workforce.*

The Commission and Staff have long held that a shareholder proposal may be excluded under Rule 14a-8(i)(7) if it, like the Proposal, relates to a company's management of its workforce. The Commission recognized in the 1998 Release that "management of the workforce" is "fundamental to management's ability to run a company on a day-to-day basis." Consistent with the 1998 Release, the Staff has recognized that proposals pertaining to the management of a company's workforce are excludable under Rule 14a-8(i)(7). For example, in *Northrop Grumman Corp.* (avail. Mar. 18, 2010), the Staff concurred that a proposal requesting that the board identify and modify procedures to improve the visibility of educational status in the company's reduction-in-force review process could be excluded, noting that "[p]roposals concerning a company's management of its workforce are generally excludable under [R]ule 14a-8(i)(7)." *See also Starwood Hotels & Resorts Worldwide, Inc.* (avail. Feb. 14, 2012) (concurring that a proposal requesting verification and documentation of U.S. citizenship for the company's U.S. workforce could be excluded because it concerned "procedures for hiring and training employees"); *Consolidated Edison, Inc.* (avail. Feb. 24, 2005) (concurring that a proposal requesting the termination of certain supervisors could be excluded as it related to "the termination, hiring, or promotion of employees"); *Bank of America Corp.* (avail. Feb. 4, 2005) (concurring that a proposal regarding the relocation of U.S.-based jobs to foreign countries could be excluded as it related to the company's "management of the workforce"); *Fluor Corp.* (avail. Feb. 3, 2005) (concurring that a proposal requesting information relating to the elimination or

relocation of U.S.-based jobs within the company could be excluded as it related to the company's "management of its workforce"); *Allegheny Energy, Inc.* (avail. Mar. 3, 2003) (concurring that a proposal requesting the removal of certain executive officers could be excluded as it related to "the termination, hiring, or promotion of employees"); *McDonald's Corp.* (avail. Mar. 19, 1990) (concurring that a proposal regarding various Company policies, including affirmative action and equal employment opportunity policies, could be excluded under the predecessor to Rule 14a-8(i)(7)).

The Proposal requests that the Committee "include in the metrics used to determine senior executives' incentive compensation at least one metric related to Walmart's employee engagement." The Proposal then defines "employee engagement" as "the extent to which the company's hourly, non-exempt workforce is motivated to contribute to organizational success and is willing to apply discretionary effort to accomplish organizational goals." The Company employs approximately 2.2 million associates worldwide.¹ Ensuring that these associates are "motivated to contribute" to the Company's success and are "willing to apply discretionary effort" to accomplish the Company's goals is a fundamental component of management's day-to-day operations. Moreover, decisions concerning employee relations, including efforts related to motivating the Company's "hourly, non-exempt workforce," are multifaceted, complex and based on a range of factors beyond the knowledge and expertise of shareholders. These are fundamental business issues for the Company's management and require an understanding of the business implications that could result from changes made.

B. The Proposal Does Not Focus On A Significant Policy Issue.

Even though the Proposal requests that employee engagement metrics be used to "determine senior executives' incentive compensation," the Proposal remains excludable under Rule 14a-8(i)(7). We recognize that the Staff has concluded that proposals focusing on executive compensation matters raise significant policy issues that are not within a company's ordinary course of business. *See, e.g., AT&T Corp.* (avail. Mar. 1, 2004) (proposal requesting a special review of "executive compensation policies to determine whether they create an undue incentive to export jobs, restructure operations or make other decisions that may prove to be short-sighted, by linking the compensation of senior executives to measures of performance that are based on corporate income or earnings" not excludable under Rule 14a-8(i)(7)); *International Business Machines Corp.* (avail. Feb. 2, 2004) (proposal requesting a special review of executive compensation policies to determine whether they "create an undue incentive to make short-sighted decisions, by linking the compensation of senior executives to measures of performance that include net earnings, cash flow and earnings-per-share" not excludable under Rule 14a-8(i)(7)). In these instances, executive compensation policies were the primary focus of the proposals, and, as such, the proposals were not excludable under Rule 14a-8(i)(7).

¹ *See* Wal-Mart Stores, Inc. 2014 Annual Report, p. 13.

However, even where a proposal purports to address executive compensation, the Staff allows exclusion of the proposal under Rule 14a-8(i)(7) where the thrust and focus of the proposal relates to a matter of ordinary business. For example, in *Apple Inc.* (avail. Dec. 30, 2014), the Staff concurred in the exclusion of a proposal requesting that the compensation committee “include in the metrics used to determine incentive compensation for Apple’s five most-highly compensated executives . . . a metric related to the effectiveness of Apple’s policies and procedures designed to promote adherence to laws and regulations” Apple argued that the proposal focused on Apple’s legal compliance program, an ordinary business matter and thus was excludable under Rule 14a-8(i)(7). The Staff agreed and noted that “although the proposal relates to executive compensation, the thrust and focus of the proposal is on the ordinary business matter of the company’s legal compliance program.” *See also General Electric Co.* (avail. Jan. 10, 2005) (concurring in the exclusion of a proposal requesting that the compensation committee include social responsibility and environmental criteria among the performance goals executives must meet to earn their compensation, where the proposal’s supporting statement was devoted primarily to a recitation of statistics purporting to show a link between teen smoking and the presentation of smoking in movies. In allowing exclusion of the proposal, the Staff noted that “although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of the nature, presentation and content of programming and film production.”); *The Walt Disney Co.* (avail. Dec. 15, 2004) (same); *Wal-Mart Stores, Inc.* (avail. Mar. 17, 2003) (concurring in the exclusion of a proposal requesting that the board of directors consider as a factor in determining senior executive compensation the percentage increase of employees covered by the company’s medical health insurance plan, noting that “while the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of general employee benefits”).

In this case, the Proposal is very similar to the proposal that the Staff concurred was excludable in *Apple*. The two proposals are nearly identical except that where the proposal in *Apple* calls for a compliance metric to be used in determining incentive compensation for Apple’s five highest compensated executives, the Proposal requests that a different ordinary business matter—an employee engagement metric—be used to determine the incentive compensation of “senior executives” generally. Even the Proposal’s supporting statement is very similar to the proposal in *Apple*, with each stating that the proponents “believe it is important for incentive compensation formulas to reward senior executives” for ensuring improvement of employee engagement and legal compliance, respectively. And just as the thrust and focus of the proposal in *Apple* was the ordinary business matter of legal compliance, here the thrust and focus of the Proposal is the Company’s management of its workforce as pertains to employee engagement. The Proposal explicitly defines employee engagement as “the extent to which the [C]ompany’s *hourly, non-exempt workforce* is motivated to contribute to organizational success and is willing to apply discretionary effort to accomplish organizational goals.” (emphasis added). This definition of employee engagement indicates that the Proposal is not focused on issues concerning senior executives but rather on how the Company motivates its workforce. Thus, as established by *Apple*, *General Electric*, *Walt Disney*, and *Wal-Mart*, the Proposal’s

reference to “senior executives” compensation are insufficient to avoid exclusion under Rule 14a-8(i)(7). Therefore, because the thrust and focus of the Proposal is the Company’s management of its workforce, which is a matter of ordinary business, the Company may exclude the Proposal under Rule 14a-8(i)(7).

II. The Proposal May Be Excluded Under Rule 14a-8(i)(10) Because The Company Has Substantially Implemented The Proposal.

Rule 14a-8(i)(10) permits a company to exclude a shareholder proposal from its proxy materials if the company has substantially implemented the proposal. The Commission stated in 1976 that the predecessor to Rule 14a-8(i)(10) was “designed to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management.” Exchange Act Release No. 12598 (July 7, 1976) (the “1976 Release”). Originally, the Staff narrowly interpreted this predecessor rule and granted no-action relief only when proposals were “‘fully’ effected” by the company. *See* Exchange Act Release No. 19135 (Oct. 14, 1982). By 1983, the Commission recognized that the “previous formalistic application of [the Rule] defeated its purpose” because proponents were successfully convincing the Staff to deny no-action relief by submitting proposals that differed from existing company policy by only a few words. Exchange Act Release No. 20091, at § II.E.6. (Aug. 16, 1983) (the “1983 Release”). Therefore, in the 1983 Release, the Commission adopted a revision to the rule to permit the omission of proposals that had been “substantially implemented” and the Commission codified this revised interpretation in Exchange Act Release No. 40018 at n.30 (May 21, 1998). Thus, when a company can demonstrate that it already has taken actions to address the underlying concerns and essential objectives of a shareholder proposal, the Staff has concurred that the proposal has been “substantially implemented” and may be excluded as moot. *See, e.g., Exelon Corp.* (avail. Feb. 26, 2010); *Exxon Mobil Corp. (Burt)* (avail. Mar. 23, 2009); *Anheuser-Busch Companies, Inc.* (avail. Jan. 17, 2007); *ConAgra Foods, Inc.* (avail. July 3, 2006); *Johnson & Johnson* (avail. Feb. 17, 2006); *Talbots Inc.* (avail. Apr. 5, 2002); *Exxon Mobil Corp.* (avail. Jan. 24, 2001); *Masco Corp.* (avail. Mar. 29, 1999); *The Gap, Inc.* (avail. Mar. 8, 1996). The Staff has noted that “a determination that the company has substantially implemented the proposal depends upon whether [the company’s] particular policies, practices and procedures compare favorably with the guidelines of the proposal.” *Texaco, Inc.* (avail. Mar. 28, 1991).

The Company has substantially implemented the Proposal because the Company’s current compensation practices address the Proposal’s essential objective. The Proposal asks the Committee to “include in the metrics used to determine senior executives’ incentive compensation at least one metric related to Walmart’s employee engagement.” The Proposal defines “employee engagement” as “the extent to which the company’s hourly, non-exempt workforce is motivated to contribute to organizational success and is willing to apply discretionary effort to accomplish organizational goals.” The Proposal further states that “[t]he Committee should use its discretion . . . in selecting and measuring the employee engagement metric.” The Proposal also allows the Committee to use its discretion in “deciding whether the

[employee engagement] metric is more appropriately incorporated into the metrics for the annual cash incentive program or the long-term performance shares program.”

The Company has substantially implemented the Proposal because the Company’s Management Incentive Plan (the “Annual Incentive Plan”) already includes a diversity and inclusion metric related to employee engagement, as defined in the Proposal, and the Committee has adopted this metric for use in its compensation determinations. Specifically, each executive officer’s compensation under the Annual Incentive Plan can be reduced by up to 15% based on the extent to which he or she contributes to diversity and inclusion, which are strongly correlated to employee engagement.

Diversity and inclusion are values embedded in the Company’s culture, and the Company considers these values fundamental to its success. As explained in the Company’s 2014 Diversity & Inclusion Report (the “D&I Report”),² the Company is “bound together by a common way of doing business that serves our customers, drives performance, and creates a positive place for us to work.” The D&I Report also states that “[w]inning today – and tomorrow – requires both a diverse workforce made up of the best talent and an inclusive environment that enables and empowers all of us to be at our best,” and that “[t]hrough our efforts to foster an inclusive environment, each of our associates feels inspired and encouraged to achieve their goals.” Moreover, the D&I Report indicates that diversity and inclusion are drivers of employee engagement, empowerment, innovation, and productivity at the Company.

Because of the importance of these initiatives, since 2004 the Committee has included diversity and inclusion metrics in its compensation determinations pursuant to the Annual Incentive Plan, under which all executive officers and other management associates, whom (in each case) the Committee determines have the potential to contribute significantly to the success of the Company, are eligible to receive Company-performance-based cash incentive payments on an annual basis.³ As disclosed on page 54 of the Company’s 2014 proxy statement:

A portion of each NEO’s cash incentive payment is . . . subject to satisfying diversity objectives, and each NEO’s cash incentive payment can be reduced by up to 15 percent if he or she does not satisfy these objectives. The [Committee] established these diversity goals because it believes that diversity and inclusion contributes to an engaged and effective workforce. For fiscal 2014, these objectives consisted of one or both of two components: good faith efforts and placement objectives. Each of our NEOs is subject to good faith efforts requirements. In order to satisfy the good faith efforts component of this program, each NEO must actively sponsor at least two Associates and must also participate in at least two diversity-related events.

² Available at <http://cdn.corporate.walmart.com/04/50/c9c4367040029f6b2a4aca089d2c/diversity-inclusion.pdf>.

³ “Employee diversity goals” is included in the approved performance measures set forth in the Annual Incentive Plan, as amended.

The Committee established these performance metrics under the Annual Incentive Plan after extensive discussions and analysis of the Company's plans for strategic growth, including the Company's commitment to diversity and inclusion. In designing the compensation program, the Committee determined that these metrics were best suited to be included in the Annual Incentive Plan.

All of the Company's executive officers participate in the Annual Incentive Plan, and up to 15% of each executive officer's annual cash incentive payment is subject to the good faith efforts requirements described in the Company's 2014 proxy statement and above. This means that each executive officer must attend at least two diversity and inclusion events and actively sponsor at least two employees. In addition, the compensation of all executive officers with responsibility for the Company's field operations⁴ is subject to "placement objectives," which are additional diversity and inclusion metrics. As described in the 2014 proxy statement, for each executive officer whose compensation is subject to the placement objectives, his or her annual cash incentive payment may be adjusted "based on several factors, including the relative number of diverse candidates placed in specified positions within the [executive officer's] organization; the [executive officer's] engagement and participation in a diversity and inclusion strategy; the [executive officer's] leadership efforts in implementing these strategies; and the [executive officer's] efforts in recruiting and developing diverse Associates."

Moreover, diversity and inclusion data in the Company's 2014 Global Responsibility Report (the "GR Report") suggest that these metrics have been effective.⁵ The GR Report states that during fiscal year 2014, the Company "increased representation of women and people of color across all store management roles." The Company's GR Report goes on to discuss how the Company's leadership is responsible for driving employee engagement, and also discusses the results of its most recent engagement and inclusion survey:

Our commitment to diversity and inclusion starts at the top, through the engagement of our senior leaders. More than half of Walmart U.S. business unit presidents, divisional senior vice presidents and regional vice presidents are women and/or people of color. Our senior leadership sets the tone by integrating diversity and inclusion into business strategy as the foundation for our commitment to customer service and associate development. In FY2014, our leaders drove the highest engagement and inclusion survey scores in our history.

Last year, in *Wal-Mart Stores, Inc.* (avail. Mar. 27, 2014), the Staff concurred in the Company's exclusion under Rule 14a-8(i)(10) of a proposal (the "Prior Proposal") substantially

⁴ This includes the Company's Chief Executive Officer, the President and Chief Executive Officer of Walmart U.S., the President and Chief Executive Officer of Sam's Club, and dozens of others who are Vice Presidents or above in Walmart U.S. or Sam's Club operations positions.

⁵ Available at <http://corporate.walmart.com/global-responsibility/environment-sustainability/global-responsibility-report>.

similar to the Proposal. Aside from the Proposal's recommendation that the Committee use "the help of third-party employee engagement experts," the only difference between the Prior Proposal and the Proposal is a variation in the definition of "employee engagement." Whereas the Prior Proposal defined "employee engagement" as "the extent to which employees are motivated to contribute to organizational success," the Proposal defines the term as "the extent to which the company's *hourly, non-exempt workforce* is motivated to contribute to organizational success" (emphasis added). As explained below, even with this change the Proposal remains excludable under Rule 14a-8(i)(10).

The Company's diversity and inclusion performance metrics qualify as employee engagement metrics, as defined by the Proposal, because the diversity and inclusion performance metrics promote employee engagement by promoting a culture of engagement that starts with executives and permeates the Company-wide workforce. As stated in the 2014 proxy statement, "The [Committee] established these diversity goals because it believes that diversity and inclusion contributes to an engaged and effective workforce."⁶ By incentivizing executive officers to foster a workplace in which employees of all backgrounds feel included and empowered, the diversity and inclusion metrics promote the essential objective of the Proposal – hourly, non-exempt employees' "motivat[ion] to contribute to organizational success" and "willing[ness] to apply discretionary effort to accomplish organizational goals." In addition, as stated in the GR Report, the Company's leaders, incentivized by these metrics, "drove the highest engagement and inclusion survey scores in [Company] history." Moreover, in the words of the D&I Report, "Associates who have a great work environment do great work. They're comfortable and free to bring their whole selves to their jobs. That's where creativity and innovation start, and that's how we'll exceed our customers' expectations in the years ahead." Diversity and inclusion are therefore critical aspects of employee engagement, aspects that serve as catalysts for driving higher employee engagement. Because the Proposal explicitly grants the Committee "discretion . . . in selecting and measuring the employee engagement metric and deciding whether the metric is more appropriately incorporated into the metrics for the annual cash incentive program or the long-term performance shares program," the diversity and inclusion metrics already in place meet the requirements of the Proposal.

Moreover, consistent with the Proposal's definition of "employee engagement," the diversity and inclusion performance metrics assess the extent to which executive officers "contribute to [the Company's] organizational success and are willing to apply discretionary effort to accomplish [the Company's] organizational goals" relating to diversity and inclusion, which, as indicated above, the Company views as drivers of its success. Executive officers hold positions of leadership in the Company. As such, the workplace behavior of these executive officers serves as a guide for other Company employees. Therefore, by compensating executive officers based on their level of engagement, the Company signals to other employees, including members of the Company's "hourly, non-exempt workforce," that it is important to "contribute

⁶ Wal-Mart Stores, Inc. 2014 Proxy Statement, p. 54.

to organizational success” and “to apply discretionary effort to accomplish organizational goals.” The Company’s emphasis on employee engagement does not stop, but rather only begins, with the diversity and inclusion metrics used in executive compensation. Below the executive level, senior managers and managers are evaluated annually on how well they foster engagement among associates. Taken together, the diversity and inclusion performance metrics for senior manager and executive compensation and the associate engagement competencies for manager evaluations indicate the Company’s commitment to fostering employee engagement by setting the right tone at the highest levels of the Company.

The already implemented diversity and inclusion performance metrics also are consistent with provisions of the Proposal’s supporting statement that further define the Proposal’s essential objective. Specifically, the Proposal and supporting statement aim to: (1) create “incentive compensation formulas [that] reward senior executives for effective management of employee engagement;” and (2) avoid “reliance on . . . financial metrics [that] could reward senior executives for cutting employee-related expenses in a way that undermines Walmart’s prospects.” Both metrics steer executive officers away from focusing solely on financial goals and require them to focus efforts on employee growth and development as a fundamental aspect of the Company’s long-term success. Thus, the diversity and inclusion performance metrics also address these provisions in the Proposal’s supporting statement.

As for the Proposal’s recommendation that the Committee use the “help of third-party employee engagement experts” when selecting and measuring the employee engagement metric and determining the program into which it should be incorporated, the Committee already relies on an independent consultant for executive compensation matters. This third-party consultant is an expert on employee compensation matters, including a wide range of performance-based metrics, one of which is employee engagement. The Company therefore has already substantially implemented this aspect of the Proposal as well.

During November 2014, the Committee met and, after due deliberation, determined to continue using the diversity and inclusion objectives in the Annual Incentive Plan for executive officers for the fiscal year ending January 31, 2016. The Proposal’s objective of incorporating at least one employee engagement-related metric in determining executive officers’ incentive compensation will therefore continue to be substantially implemented going forward.

In *Raytheon Co.* (avail. Feb. 26, 2001), the Staff concurred with the exclusion of a shareholder proposal under Rule 14a-8(i)(10) involving similar circumstances. Specifically, in *Raytheon*, the proponent submitted a proposal “request[ing] that the Compensation and Compensation Administration Committees of the Board of Directors, in establishing and administering standards for use in awarding performance-based executive compensation, incorporate measures of human capital such as contributions to employee training, morale and safety, in addition to traditional measures of the [c]ompany’s financial performance, such as stock price.” The company argued that it had already substantially implemented the proposal because the incentive plan through which executives were awarded performance-based

compensation included a measure that incorporated team evaluation information and each executive's participation in the career development of his or employees. The Staff concurred with the exclusion of the proposal under Rule 14a-8(i)(10) because the company had substantially implemented the proposal. In the current instance, the Company has substantially implemented the Proposal by tying executive compensation to diversity and inclusion, both of which galvanize employee engagement, in addition to setting a tone of engagement to be followed by employees throughout the Company.

When a company has already acted favorably on an issue addressed in a shareholder proposal, Rule 14a-8(i)(10) provides that the company is not required to ask its shareholders to vote on that same issue. In this regard, the Staff has on numerous occasions concurred with the exclusion of proposals that pertained to executive compensation where the company had already addressed each element requested in the proposal. *See General Electric Co.* (avail. Jan. 23, 2010) (concurring with the exclusion of a proposal requesting that the board explore with certain executive officers the renunciation of stock option grants where the board had conducted discussions with the executive officers on that topic); *AutoNation Inc.* (avail. Feb. 16, 2005) (concurring with the exclusion of a proposal requesting that the board seek shareholder approval for future "golden parachutes" with senior executives where, after receiving the proposal, the company adopted a policy to submit any such arrangements to shareholder vote); *Intel Corp.* (avail. Mar. 11, 2003) (concurring that a proposal requesting Intel's board to submit to a shareholder vote all equity compensation plans and amendments to add shares to those plans that would result in material potential dilution was substantially implemented by a board policy requiring a shareholder vote on most, but not all, forms of company stock plans). Accordingly, based on the actions taken by the Company, the Proposal may be properly excluded from the Company's 2015 Proxy Materials under Rule 14a-8(i)(10) as substantially implemented.

CONCLUSION

Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its 2015 Proxy Materials.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to Geoffrey.Edwards@walmartlegal.com. If we can be of any further assistance in this matter, please do not hesitate to call me at (479) 204-6483 or Elizabeth A. Ising of Gibson, Dunn & Crutcher LLP at (202) 955-8287.

Office of Chief Counsel
Division of Corporation
Finance
January 30, 2015
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Sincerely,

A handwritten signature in black ink, appearing to read "Geoffrey Edwards", with a long horizontal flourish extending to the right.

Geoffrey Edwards
Senior Associate General Counsel
Wal-Mart Stores, Inc.

Enclosures

cc: Denise L. Nappier, Connecticut State Treasurer
Laura Jordan, Connecticut Assistant Treasurer for Policy

EXHIBIT A

State of Connecticut

DENISE L. NAPIER
TREASURER



Hartford

December 17, 2014

Gordon Y. Allison,
Vice President and General Counsel,
Corporate Division
Wal-Mart Stores, Inc.
702 Southwest 8th Street
Bentonville, Arkansas 72716-0215

Dear Mr. Woodruff,

Submitted herewith is a shareholder resolution on behalf of Connecticut Retirement Plans and Trust Funds (CRPTF) for consideration and action by shareholders at the next annual meeting of Wal-Mart Stores.

As the principal fiduciary of the CRPTF, I hereby certify that the CRPTF has held the mandatory minimum number of Wal-Mart Stores shares for the past year. Furthermore, as of December 16, 2014, the CRPTF held 489,500 shares of Wal-Mart Stores stock valued at approximately \$40,608,920. The CRPTF will continue to hold the requisite number of shares of Wal-Mart Stores through the date of the 2015 annual meeting.

If you have any questions or comments concerning this resolution, please contact, Laura Jordan, Assistant Treasurer for Policy at (860) 702-3163.

Sincerely

A handwritten signature in cursive script that reads "Denise L. Nappier".

Denise L. Nappier
State Treasurer



Connecticut Retirement Plans and Trust Funds

RESOLVED that shareholders of Wal-Mart Stores, Inc. ("Walmart") urge the Compensation, Nominating and Governance Committee (the "Committee") to include in the metrics used to determine senior executives' incentive compensation at least one metric related to Walmart's employee engagement. Employee engagement is the extent to which the company's hourly, non-exempt workforce is motivated to contribute to organizational success and is willing to apply discretionary effort to accomplish organizational goals.

The Committee should use its discretion, with the help of third-party employee engagement experts, in selecting and measuring the employee engagement metric and deciding whether the metric is more appropriately incorporated into the metrics for the annual cash incentive program or the long-term performance shares program (or successor short- and long-term incentive programs).

This proposal should be implemented prospectively and in a manner that does not violate the terms of any contract, incentive plan or applicable law or regulation.

Supporting Statement

As long-term shareholders, we believe that senior executive incentive compensation should encourage executives to focus on the drivers of Walmart's success. As a retail company, Walmart's level of employee engagement—the extent to which employees apply discretionary effort to achieve the company's goals—is one of its most important assets. Research has shown that employee engagement has been linked to higher employee retention, greater customer satisfaction, improved financial performance, and higher total shareholder return. (See, e.g., Clark, et al., "From the Stockholder to the Stakeholder: How Sustainability Can Drive Financial Outperformance," University of Oxford and Arabesque Partners, September 2014 (available at http://www.smithschool.ox.ac.uk/research/library/SSEE_Arabesque_Paper_16Sept14.pdf)).

Thus, we believe it is important for incentive compensation formulas to reward senior executives for effective management and improvement of employee engagement. Over the past several years, Walmart's incentive programs for named executive officers have used financial accounting metrics such as operating income (annual), sales (annual and performance shares), and return on investment (performance shares) as the metrics for determining awards. Financial accounting views employees only as expenses; in this view, investments in improving employee engagement—for example, by increasing training or adjusting work-life balance—reduce income without any recognition in the financial statements that those investments can promote future success. We are concerned that exclusive reliance on these financial metrics could reward senior executives for cutting employee-related expenses in a way that undermines Walmart's prospects. We note that Walmart trailed its competitors Costco and Target by a significant margin in an independent

survey of the three companies' employees (see Melanie Hicken, "Employees Say Working at Walmart Is Worse Than Target and Costco," *Business Insider*, January 18, 2012 (available at <http://www.businessinsider.com/what-its-actually-like-to-work-at-walmart-2012-1>)).

We ask the Committee not to abandon financial accounting metrics but instead to counterbalance them by adding an employee engagement metric to the mix. We do not believe our request would be overly burdensome; we note that Walmart already surveys employees and discusses associate engagement scores with investors. (Walmart, The 21st Annual Meeting for the Investment Community Transcript, at 7)

We urge shareholders to vote FOR this proposal.

Page 17 redacted for the following reason:

*** FISMA OMB Memorandum M-07-16 ***



BNY MELLON

525 William Penn Place
4th Floor
Pittsburgh, PA 15259

December 17, 2014

Mr. Gordon Y. Allison
Vice President and General Counsel
Corporate Division
Wal-Mart Stores, Inc.
702 Southwest 8th Street
Bentonville, AR 72716-0215

Re: Connecticut Retirement Plans and Trust Funds

CUSIP # 931142103

Dear Mr. Allison:

BNY Mellon is the record owner of shares of common stock ("Shares") of Wal-Mart Stores, Inc., beneficially owned by The State of Connecticut Acting Through Its Treasurer. The shares held by BNY Mellon are held in the Depository Trust Company, in the participant code 954. The Client has held shares of Wal-Mart Stores, Inc., (CUSIP # 931142103) with a market value greater than \$2,000.00 continuously for more than a one year period as of December 17th, 2014.

Please do not hesitate to contact me should you have any specific concerns or questions.

Sincerely,

Scott Dembowski
Vice President, BNY Mellon Asset Servicing

Phone: (412) 234-5532
Email: scott.dembowski@bnymellon.com

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December 31, 2014

VIA OVERNIGHT MAIL

Laura Jordan
Assistant Treasurer for Policy
State of Connecticut
55 Elm Street
Hartford, CT 06106

Dear Ms. Jordan:

I am writing on behalf of Wal-Mart Stores, Inc. (the “Company”), to acknowledge receipt on December 18, 2014 of a letter from State Treasurer Denise Nappier enclosing a shareholder proposal (the “Proposal”) to be considered at the Company’s 2015 Annual Shareholders’ Meeting. We note that Ms. Nappier’s letter does not state that the Proposal is being submitted pursuant to Securities and Exchange Commission Rule 14a-8 for inclusion in the Company’s proxy statement for its 2015 Annual Shareholders’ Meeting. However, given the timing of this submission and the statements in Ms. Nappier’s letter, it appears that (and we will treat) the Proposal as submitted pursuant to Rule 14a-8.

If you wish to discuss any matters pertaining to the Proposal, please address your response to me at 702 SW 8th Street, MS 0215, Bentonville, AR 72716-0215. Alternatively, you may transmit any response by facsimile to me at (479) 277-5991 or contact me at (479) 204-6483.

Sincerely,

/s/ Geoffrey W. Edwards
Senior Associate General Counsel

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