



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

March 8, 2018

Kristopher A. Isham
Walmart Inc.
kristopher.isham@walmartlegal.com

Re: Walmart Inc.
Incoming letter dated January 29, 2018

Dear Mr. Isham:

This letter is in response to your correspondence dated January 29, 2018 concerning the shareholder proposal (the "Proposal") submitted to Walmart Inc. (the "Company") by Martin Harangozo for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. Copies of all of the correspondence on which this response is based will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Matt S. McNair
Senior Special Counsel

Enclosure

cc: Martin Harangozo

March 8, 2018

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: Walmart Inc.
Incoming letter dated January 29, 2018

The Proposal recommends that the Company prepare a report outlining the requirements suppliers must follow regarding engineering ownership and liability.

There appears to be some basis for your view that the Company may exclude the Proposal under rule 14a-8(i)(7). Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Evan S. Jacobson
Special Counsel

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.

January 29, 2018

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 Martin Harangozo
Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that Wal-Mart Stores, Inc.¹ (the “Company”), intends to omit from its proxy statement and form of proxy for its 2018 Annual Shareholders’ Meeting (collectively, the “2018 Proxy Materials”) a shareholder proposal (the “Proposal”) and statements in support thereof received from Martin Harangozo (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 2018 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 be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

¹ As previously announced, the Company’s legal name will become Walmart Inc. effective on February 1, 2018.

THE PROPOSAL

The Proposal states:

This proposal recommends that Walmart prepares a report, following all applicable laws, at reasonable expense, outlining the requirements suppliers must follow regarding engineering ownership and liability.

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

BASIS FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2018 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal deals with matters relating to the Company's ordinary business operations. Specifically, the Proposal relates to the Company's supplier relationships and decisions concerning the products offered for sale by the Company.

ANALYSIS

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

A. Background

Pursuant to Rule 14a-8(i)(7), a shareholder proposal may be excluded if it "deals with a matter relating to the company's ordinary business operations." According to the Commission's 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 [of] 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 explained 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. In this regard, the Commission identified one of the central considerations underlying this policy as the fact 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." *Id.* (citing Exchange Act Release No. 12999 (Nov. 22, 1976)).

Framing a shareholder proposal in the form of a request for a report does not change the nature of the proposal. The Commission has stated that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the report is within the

ordinary business of the issuer. See Exchange Act Release No. 20091 (Aug. 16, 1983). In addition, the Staff has indicated that “[where] the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be excluded under [R]ule 14a-8(i)(7).” *Johnson Controls, Inc.* (avail. Oct. 26, 1999).

B. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Relates To The Company’s Supplier Relationships

The Proposal requests a report “outlining the requirements suppliers must follow regarding engineering ownership and liability,” and thus implicates the Company’s ordinary business operations as it relates to the Company’s relationships with its suppliers.

In the 1998 Release, the Commission included supplier relationships as an example of an ordinary business matter excludable under Rule 14a-8(i)(7), stating:

Certain 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. Examples include the management of the workforce, such as the hiring, promotion, and termination of employees, decisions on production quality and quantity, and the retention of suppliers. (emphasis added)

In numerous instances, the Staff has concurred with the exclusion of proposals under Rule 14a-8(i)(7) because they concerned decisions relating to supplier or vendor relationships. For example, in *Foot Locker, Inc.* (avail. Mar. 3, 2017), the Staff concurred with the exclusion of a proposal seeking a report on steps taken by the company to monitor overseas apparel suppliers’ use of subcontractors as relating “broadly to the manner in which the company monitors the conduct of its suppliers and their subcontractors.” Additionally, in *Kraft Foods Inc.* (avail. Feb. 23, 2012), the Staff concurred with the exclusion of a proposal under Rule 14a-8(i)(7) that sought a report detailing the ways the company “is assessing water risk to its agricultural supply chain and action it intends to take to mitigate the impact on long-term shareholder value,” noting that the “proposal relates to decisions relating to supplier relationships. Proposals concerning decisions relating to supplier relationships are generally excludable under rule 14a-8(i)(7).” See also *Corrections Corp. of America* (avail. Feb. 28, 2014, *recon. denied* Mar. 25, 2014) (concurring with the exclusion of a proposal requesting the board adopt and implement provisions “relate[d] to inmate telephone service contracts at correctional and detention facilities operated by the business” on grounds that it “relates to decisions relating to supplier relationships”); *The GEO Group, Inc.* (avail. Feb. 24, 2014, *recon. denied* Mar. 25, 2014) (same); *PetSmart, Inc.* (avail. Mar. 24, 2011) (concurring with the exclusion of a proposal regarding the compliance of the company’s suppliers with certain animal rights statutes as relating to the company’s ordinary business operations); *Duke Energy Corp.* (avail. Jan. 24, 2011) (concurring with the exclusion of a proposal requesting that the company “strive to purchase a very high percentage” of “Made in USA” goods and services on the grounds that it related to “decisions relating to supplier relationships”); *The Southern Co.* (Doremus) (avail. Jan. 19, 2011) (same); *Spectra Energy Corp.* (avail. Oct. 7, 2010, *recon. denied* Oct. 25, 2010)

(same); *Alaska Air Group, Inc.* (avail. Mar. 8, 2010) (concurring with the exclusion of a proposal requesting a report on contract repair facilities as relating to “decisions relating to vendor relationships”); *Continental Airlines, Inc.* (avail. Mar. 25, 2009) (concurring with the exclusion of a proposal requesting a policy on contract repair stations as relating to “decisions relating to vendor relationships”); *Southwest Airlines Co.* (avail. Mar. 19, 2009) (same); *Dean Foods Co.* (avail. Mar. 9, 2007, *recon. denied* Mar. 22, 2007) (concurring with the exclusion of a proposal requesting a report on, among other things, consumer and media criticism of the company’s production and sourcing practices as relating to “customer relations and decisions relating to supplier relationships”); *PepsiCo, Inc.* (avail. Feb. 11, 2004) (concurring with the exclusion of a proposal concerning the company’s relationships with different bottlers as relating to “decisions relating to vendor relationships”).

As with the proposals at issue in *Foot Locker*, *Kraft Foods* and the other precedents cited above, the Proposal directly relates to the Company’s ordinary business operations of managing its relationships with suppliers, which is a core function of the Company’s management. The Company develops and maintains relationships with more than 100,000 suppliers located around the world. Determining how best to manage these relationships, and deciding which factors to consider in maintaining these relationships, is one of management’s most fundamental day-to-day responsibilities. A significant aspect of managing supplier relationships is monitoring potential intellectual property issues, including those related to “engineering ownership,” and liability claims, and deciding the “requirements that suppliers must follow” in this regard, which is not something that can, “as a practical matter, be subject to direct shareholder oversight.” The Company’s decisions related to the monitoring of its suppliers with respect to potential intellectual property issues and liability claims involve numerous factors, including price, technology, capacity, support, reliability, and safety. As a result of the number, variety and complexity of issues related to managing the Company’s relationships with its suppliers, this monitoring requires the expertise of the Company’s management, and it cannot, “as a practical matter, be subject to direct shareholder oversight.” Because the Proposal directly relates to how the Company monitors and deals with the “engineering ownership and liability” of its suppliers’ products, the Proposal squarely implicates decisions relating to the Company’s supplier relationships. Consequently, as in the precedents cited above, the Proposal may be excluded pursuant to Rule 14a-8(i)(7) because it relates to the Company’s ordinary business operations, specifically, decisions relating to the Company’s supplier relationships.

C. *The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Addresses Decisions Concerning A Wide Variety Of Products Offered For Sale By The Company*

The Staff consistently has recognized that proposals concerning decisions by retailers regarding the products they sell relate to a company’s ordinary business operations and thus may be excluded under Rule 14a-8(i)(7). For example, in *Wal-Mart Stores, Inc. (Porter)* (avail. Mar. 26, 2010) the Staff concurred in the exclusion under Rule 14a-8(i)(7) of a proposal “to adopt a policy requiring all products and services offered for sale in the United States of America by Wal-Mart and Sam’s Club stores shall be manufactured or produced in the United States of America,” with

the Staff noting that “the proposal relates to the products and services offered for sale by the company.” In addition, in *Rite Aid Corp.* (avail. Mar. 24, 2015), the Staff concurred in the exclusion under Rule 14a-8(i)(7) of a proposal requesting that a committee of the company’s board “provide oversight concerning the formulation, implementation and public reporting of policies and standards that determine whether or not the company should sell a product that especially endangers public health and well-being, has substantial potential to impair the reputation of the company and would reasonably be considered by many to be offensive to the values integral to the company’s promotion of its brand.” *See also Walgreens Boots Alliance, Inc.* (avail. Nov. 7, 2016, *recon. denied* Nov. 22, 2016), (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company’s board of directors prepare a report assessing the financial risk facing the company based on its continued sales of tobacco products); *Amazon.com, Inc.* (avail. Mar. 11, 2016) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company issue a report addressing animal cruelty in the supply chain); *Wal-Mart Stores, Inc. (Trinity)* (avail. Mar. 20, 2014) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting board oversight of determinations whether to sell certain products that endanger public safety and well-being, could impair the reputation of the company and/or would be offensive to family and community values, on the basis that the proposal related to “the products and services offered for sale by the company”), *aff’d and cited in Trinity Wall Street v. Wal-Mart Stores, Inc.*, 792 F.3d 323, 327 (3d Cir. 2015); *Dillard’s, Inc.* (avail. Feb. 27, 2012) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal encouraging the board to develop a plan “to phase out the sale of fur from raccoon dogs (*Nyctereutes procyonoides*)”); *Wal-Mart Stores, Inc. (Albert)* (avail. Mar. 30, 2010) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requiring that all Company stores stock certain amounts of locally produced and packaged food as concerning “the sale of particular products”).

As with the proposals in *Wal-Mart (Porter)*, *Rite Aid* and the other precedents cited above, the Proposal here may be excluded under Rule 14a-8(i)(7) because it relates to the Company’s ordinary business operations. The Proposal’s supporting statements focus both on one product the Company sells (“[s]ome Walmart shareholders and Walmart customers are concerned that Matthew Johnson, using corrupt engineering practices may now contaminate the Haier [dishwasher] sold at Walmart to Walmart customers”) and on the Company’s general approach to the products it sells (“[t]he best way to serve and safeguard these precious Walmart customers, and ultimately Walmart shareholders is to reassure them that there is clear engineering ownership and liability”).² By calling for requirements that would govern the Company’s

² We also note that the Proposal is excludable under Rule 14a-8(i)(7) because, as demonstrated in this quote from the Proposal, it relates to the Company’s customer relations. *See, e.g., Ford Motor Co. (Lance Brown)* (avail. Feb. 13, 2013) (concurring in the exclusion of a proposal requesting a review of dealerships with poor customer service, noting that “[p]roposals concerning customer relations are generally excludable under [R]ule 14a-8(i)(7)”; *Coca-Cola Co.* (avail. Feb. 17, 2010) (concurring in the exclusion of a proposal recommending that the company issue a report “discussing policy options to respond to the public concerns . . . regarding bottled water, including . . . the options of providing additional information to consumers,” noting that “[p]roposals that concern customer relations and decisions relating to product quality are generally excludable under [R]ule 14a-8(i)(7)”; *McDonald’s Corp.* (avail. Mar. 19, 1990) (concurring in the exclusion of a proposal recommending that the company adopt policies governing, among other issues, the company’s interactions with

monitoring decisions with respect to “engineering ownership and liability,” the Proposal seeks to subject these decisions to shareholder oversight. As a retailer, the Company sells tens of millions of products worldwide in its stores, wholesale warehouse clubs, and online, and it is a fundamental responsibility of management to decide how to approach potential issues of “engineering ownership and liability” with respect to those products, and ultimately, which products to sell. In making these decisions, the Company’s management must consider myriad factors, including the tastes and preferences of customers, the products offered by the Company’s competitors, the laws where the Company’s stores and clubs are located and the availability and prices charged by and the negotiating terms of the Company’s suppliers. Balancing such interests is a complex issue and is “so fundamental to management’s ability to run [the C]ompany on a day-to-day basis that [it] could not, as a practical matter, be subject to direct shareholder oversight.” See 1998 Release. Accordingly, because the Proposal relates to decisions concerning the products offered for sale by the Company, the Proposal may be excluded pursuant to Rule 14a-8(i)(7) as relating to the Company’s ordinary business operations.

D. The Proposal Does Not Raise A Significant Policy Issue That Transcends The Company’s Ordinary Business Operations

The well-established precedent set forth above demonstrates that the Proposal addresses ordinary business matters, and therefore is excludable under Rule 14a-8(i)(7). The underlying subject of the Proposal—requirements suppliers must follow regarding engineering ownership and liability—does not raise a significant policy issue that transcends the Company’s ordinary business operations.

Even if the Staff were to determine that engineering ownership and liability of products raises a significant policy issue, the Staff consistently has drawn a distinction between proposals that address the manufacturing of a product and proposals that address a retailer’s sale of the same product, concurring that significant policy issues raised by a product or products, if any, are not sufficient to transcend a retailer’s day-to-day business. This distinction is consistent with Staff’s position in Note 32 of Staff Legal Bulletin 14H (Oct. 22, 2015), which explains “[w]hether the significant policy exception applies depends, in part, on the connection between the significant policy issue and the company’s business operations.” For example, proposals relating to additional disclosures in the packaging of tobacco products directed at tobacco companies have generally not been excludable under Rule 14a-8(i)(7). See, e.g., *R.J. Reynolds Tobacco Holdings, Inc.* (avail. Mar. 7, 2002) (denying exclusion of a proposal requesting the company provide additional information in the packaging of its tobacco products). In contrast, proposals addressing the sale of those same tobacco products by retailers have generally been excludable. See, e.g., *Walgreens Boots Alliance, Inc.* (avail. Nov. 7, 2016, *recon. denied* Nov. 22, 2016) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting a report assessing the financial risk of tobacco sales in the company’s stores because the proposal “relat[es] to [the company’s] ordinary business operations”); *Rite Aid Corp.* (avail. Mar. 24, 2015) (concurring in

its customers and noting that the proposal concerned “the [c]ompany’s customer and business policies,” which “involve decisions dealing with the [c]ompany’s business operations”).

Office of Chief Counsel
Division of Corporation Finance
January 29, 2018
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the exclusion under Rule 14a-8(i)(7) of a proposal requesting the development of policies regarding the company's sale of tobacco products because "the proposal relates to the products and services offered for sale by the company").

Like the proposals in the precedents cited above, even if the Proposal touches upon a significant policy issue, it does not raise a significant policy issue *as to the Company*. The Company is merely a retailer of the products described in the Proposal. Decisions regarding requirements suppliers must follow with respect to engineering ownership and liability of their products do not transcend the Company's day-to-day operations. Accordingly, the Proposal may be excluded pursuant to Rule 14a-8(i)(7) as relating to the Company's ordinary business operations.

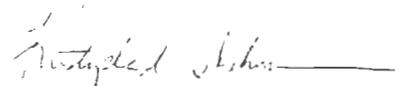
CONCLUSION

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 2018 Proxy Materials.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Please provide any correspondence regarding this matter to me at Kristopher.Isham@walmartlegal.com. If we can be of any further assistance in

this matter, please do not hesitate to call me at (479) 204-8684, or Elizabeth A. Ising of Gibson, Dunn & Crutcher LLP at (202) 955-8287.

Sincerely,



Kristopher A. Isham
Senior Associate Counsel
Wal-Mart Stores, Inc.

cc: Elizabeth A. Ising, Gibson, Dunn & Crutcher LLP
Martin Harangozo

EXHIBIT A

Martin Harangozo

Gordon Y. Allison, Vice President and General Counsel, Corporate Division Wal-Mart Stores, Inc.

702 Southwest 8th Street

Bentonville, Arkansas

72716-0215

Ladies and Gentlemen:

Please include the shareowner proposal enclosed in the proxy for voting at the next Annual Shareowner Meeting.

I intend to continue holding the required number or amount of Company shares through the date of the Company's next Annual Meeting of Shareowners.

Kind regards,

Martin J Harangozo 11-4-2017

Martin Harangozo

This proposal recommends that Walmart prepares a report, following all applicable laws, at reasonable expense, outlining the requirements suppliers must follow regarding engineering ownership and liability.

The General Motors ignition switch debacle shows that well known engineering flaws are often covered up for years for many reasons including ‘nodding to the boss’, sometimes with devastating results.

According to Reuters, ...continue using a switch that was made by Delphi Automotive and approved by General Motors, even though Delphi told the automaker in early 2002 that the switch did not meet GM’s performance specifications. <http://www.reuters.com/article/us-gm-recall-delphi/gm-avoided-defective-switch-redesign-in-2005-to-save-a-dollar-each-idUSBREA3105R20140402>

CNN Money reports the death toll was 124.

<http://money.cnn.com/2015/12/10/news/companies/gm-recall-ignition-switch-death-toll/index.html>

Forbes reports “...how a General Motors engineer was able to approve a redesign of the switch without a corresponding change in the part number -- a cardinal sin in engineering...”

<https://www.forbes.com/sites/joannmuller/2014/06/04/gm-investigation-presents-moment-of-truth-for-ceo-mary-barra/#1f42403e34e5>

This may not however be the world’s only engineering cover up. A General Electric Company engineer informed General Electric Company Appliance 2010 parts sourcing boss Matthew Johnson that adequate General Electric Company owned engineering data to produce dishwasher escutcheon assemblies was not available or was inadequate, but necessary and important to make a supplier change. Some General Electric Company shareholders and Walmart shareholders and Walmart customers believe: 1) Matthew Johnson did not take timely action to make available important and necessary engineering data to the new supplier, and, according to one familiar with the matter, Matthew Johnson believed he could somehow “shout it out” from the suppliers who were to produce engineering data on

their own, and, 2) Matthew Johnson retaliated by separating the engineer from the General Electric Company who was six sigma certified, and raised the concern. The foundation of this retaliation belief is that a General Electric Company engineering boss Martin Zentner unsuccessfully wanted to hire the six sigma certified separated engineer, after the separation date. The engineering concern was an electrical enclosure assembly requiring material suitable for this application

<https://www.cpsc.gov/s3fs-public/electric.pdf>

Leaving engineering jurisdiction for assemblies of this nature to suppliers, who have incentive to reduce cost to optimize their profit is a recklessly dangerous engineering practice.

General Electric Company Senior executives became aware of this cover up and quickly announced the sale of the General Electric Company Appliance business for a fire sale price. Eventually Haier purchased it.

Some Walmart shareholders and Walmart customers are concerned that Matthew Johnson, using corrupt engineering practices may now contaminate the Haier product, product sold at Walmart to Walmart customers.

The best way to serve and safe guard these precious Walmart customers, and ultimately Walmart shareholders is to reassure them that there is clear engineering ownership and liability. Please vote FOR this proposal.

From: Kristopher Isham - Legal <Kristopher.Isham@walmartlegal.com>
Sent: Wednesday, November 15, 2017 5:44 PM
To: ***
Subject: Shareholder Proposal - Walmart 2018 Proxy Statement
Attachments: Deficiency Notice - Harangozo - Signed.pdf

Hello Mr. Harangozo,

We received your letter and accompanying shareholder proposal submission on Monday, November 13, 2017. Please find attached a copy of the letter we are sending to you regarding notification of certain procedural deficiencies under applicable SEC rules and regulations.

The hard copy of the letter will follow shortly and is being delivered to the address provided in your letter.

Kind regards,
Kris Isham, Senior Associate Counsel - Corporate
Office: 479.204.8684; Fax (479) 277-5991
Mobile: 479.586.0394
kristopher.isham@walmartlegal.com

Wal-Mart Stores, Inc.
Legal Department – Corporate Division
702 S.W. 8th Street
Bentonville, AR 72716-0215
Save money. Live better.

CONFIDENTIALITY NOTE: This e-mail and any attachments are confidential and may be protected by legal privilege.



Legal Corporate

Kristopher A. Isham
Senior Associate Counsel

702 SW 8th Street
Bentonville, AR 72716-0215
Phone 479.204.8684
Fax 479.277.5991
Kristopher.Isham@walmartlegal.com

November 15, 2017

VIA OVERNIGHT MAIL AND E-MAIL

Martin Harangozo

Dear Mr. Harangozo:

I am writing on behalf of Wal-Mart Stores, Inc. (the “Company”), which received on November 13, 2017, your shareholder proposal regarding a report on requirements suppliers must follow regarding engineering ownership and liability and that was submitted pursuant to Securities and Exchange Commission (“SEC”) Rule 14a-8 for inclusion in the proxy statement for the Company’s 2018 Annual Meeting of Shareholders (the “Proposal”).

The Proposal contains certain procedural deficiencies, which SEC regulations require us to bring to your attention. Rule 14a-8(b) under the Securities Exchange Act of 1934, as amended, provides that shareholder proponents must submit sufficient proof of their continuous ownership of at least \$2,000 in market value, or 1%, of a company’s shares entitled to vote on the proposal for at least one year as of the date the shareholder proposal was submitted. The Company’s stock records do not indicate that the Proponent is the record owner of sufficient shares to satisfy this requirement. In addition, to date we have not received proof that you have satisfied Rule 14a-8’s ownership requirements as of the date that the Proposal was submitted to the Company.

To remedy this defect, you must submit sufficient proof of your continuous ownership of the required number or amount of Company shares for the one-year period preceding and including November 4, 2017, the date the Proposal was submitted to the Company. As explained in Rule 14a-8(b) and in SEC staff guidance, sufficient proof must be in the form of:

- (1) a written statement from the “record” holder of your shares (usually a broker or a bank) verifying that you continuously held the required number or amount of Company shares for the one-year period preceding and including November 4, 2017; or
- (2) if you have filed with the SEC a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5, or amendments to those documents or updated forms, reflecting your ownership of the required number or amount of Company shares as of or before the

date on which the one-year eligibility period begins, a copy of the schedule and/or form, and any subsequent amendments reporting a change in the ownership level and a written statement that you continuously held the required number or amount of Company shares for the one-year period.

If you intend to demonstrate ownership by submitting a written statement from the “record” holder of your shares as set forth in (1) above, please note that most large U.S. brokers and banks deposit their customers’ securities with, and hold those securities through, the Depository Trust Company (“DTC”), a registered clearing agency that acts as a securities depository (DTC is also known through the account name of Cede & Co.). Under SEC Staff Legal Bulletin No. 14F, only DTC participants are viewed as record holders of securities that are deposited at DTC. You can confirm whether your broker or bank is a DTC participant by asking your broker or bank or by checking DTC’s participant list, which is available at <http://www.dtcc.com/~media/Files/Downloads/client-center/DTC/alpha.ashx>. In these situations, shareholders need to obtain proof of ownership from the DTC participant through which the securities are held, as follows:

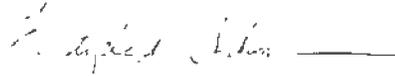
- (1) If your broker or bank is a DTC participant, then you need to submit a written statement from your broker or bank verifying that you continuously held the required number or amount of Company shares for the one-year period preceding and including November 4, 2017.
- (2) If your broker or bank is not a DTC participant, then you need to submit proof of ownership from the DTC participant through which the shares are held verifying that you continuously held the required number or amount of Company shares for the one-year period preceding and including November 4, 2017. You should be able to find out the identity of the DTC participant by asking your broker or bank. If your broker is an introducing broker, you may also be able to learn the identity and telephone number of the DTC participant through your account statements, because the clearing broker identified on your account statements will generally be a DTC participant. If the DTC participant that holds your shares is not able to confirm your individual holdings but is able to confirm the holdings of your broker or bank, then you need to satisfy the proof of ownership requirements by obtaining and submitting two proof of ownership statements verifying that, for the one-year period preceding and including November 4, 2017, the required number or amount of Company shares were continuously held: (i) one from your broker or bank confirming your ownership, and (ii) the other from the DTC participant confirming the broker or bank’s ownership.

The SEC’s rules require that any response to this letter be postmarked or transmitted electronically no later than 14 calendar days from the date you receive this letter. Please address any 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.

Martin Harangozo
November 15, 2017
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If you have any questions with respect to the foregoing, please contact me at (479) 204-8684. For your reference, I enclose a copy of Rule 14a-8 and Staff Legal Bulletin No. 14F.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kristopher Isham", followed by a horizontal line.

Kristopher Isham
Senior Associate Counsel

Enclosures

Kristopher Isham - Legal

From: Martin Harangozo ***
Sent: Friday, November 17, 2017 3:38 PM
To: Kristopher Isham - Legal; Martin Harangozo
Subject: EXT: Re: Shareholder Proposal - Walmart 2018 Proxy Statement
Attachments: Martin Harangozo Response Wal Mart.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

On Wednesday, November 15, 2017, 5:44:45 PM EST, Kristopher Isham - Legal <Kristopher.Isham@walmartlegal.com> wrote:

Hello Mr. Harangozo,

We received your letter and accompanying shareholder proposal submission on Monday, November 13, 2017. Please find attached a copy of the letter we are sending to you regarding notification of certain procedural deficiencies under applicable SEC rules and regulations.

The hard copy of the letter will follow shortly and is being delivered to the address provided in your letter.

Kind regards,
Kris Isham, Senior Associate Counsel - Corporate
Office: 479.204.8684; Fax (479) 277-5991
Mobile: 479.586.0394
kristopher.isham@walmartlegal.com

Wal-Mart Stores, Inc.
Legal Department – Corporate Division
702 S.W. 8th Street
Bentonville, AR 72716-0215
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Please find my response attached,

Martin Harangozo



11/17/2017

Martin Harangozo

Re: Scottrade Account ***

To Whom It May Concern:

This letter is to verify the following information for the account listed above:

- As of November 4, 2017, Mr. Harangozo holds 159 shares of Wal-Mart common stock (WMT) and has held them continuously for at least one year.

Please contact us with any further questions.

Sincerely,

A handwritten signature in black ink that reads "Brady Jackson". The signature is written in a cursive, flowing style.

Brady Jackson
Investment Consultant

Kristopher Isham - Legal

From: Kristopher Isham - Legal
Sent: Monday, November 20, 2017 8:30 AM
To: 'Martin Harangozo'
Subject: RE: Re: Shareholder Proposal - Walmart 2018 Proxy Statement

Follow Up Flag: Follow up
Flag Status: Flagged

Thank you Mr. Harangozo, I confirm receipt.

Kind regards,
Kris Isham, Senior Associate Counsel - Corporate
Office: 479.204.8684; Fax (479) 277-5991
Mobile: 479.586.0394
kristopher.isham@walmartlegal.com

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From: Martin Harangozo ***
Sent: Friday, November 17, 2017 3:38 PM
To: Kristopher Isham - Legal; Martin Harangozo
Subject: EXT: Re: Shareholder Proposal - Walmart 2018 Proxy Statement

On Wednesday, November 15, 2017, 5:44:45 PM EST, Kristopher Isham - Legal <Kristopher.Isham@walmartlegal.com> wrote:

Hello Mr. Harangozo,

We received your letter and accompanying shareholder proposal submission on Monday, November 13, 2017. Please find attached a copy of the letter we are sending to you regarding notification of certain procedural deficiencies under applicable SEC rules and regulations.

The hard copy of the letter will follow shortly and is being delivered to the address provided in your letter.

Kind regards,
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Please find my response attached,

Martin Harangozo

Kristopher Isham - Legal

From: Martin Harangozo ***
Sent: Monday, January 08, 2018 5:32 PM
To: Kristopher Isham - Legal
Subject: EXT: Re: RE: RE: RE: Shareholder Proposal - Walmart 2018 Proxy Statement

Yes, and thank you. As you are senior corporate counsel, and I will be without counsel (by background is technical), I hope I can be primarily a listener in this call. Please advise if there is any critical data you need from me. I will wait for your call on Friday 11 am Eastern time.

Thanks again.

-Martin

On Monday, January 8, 2018, 4:11:47 PM EST, Kristopher Isham - Legal <Kristopher.Isham@walmartlegal.com> wrote:

Great, thank you Mr. Harangozo. How about this Friday, Jan. 12 at 11am Eastern, would that work for you?

Kind regards,
Kris Isham, Senior Associate Counsel - Corporate
Office: 479.204.8684; Fax (479) 277-5991
Mobile: 479.586.0394
kristopher.isham@walmartlegal.com

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From: Martin Harangozo ***
Sent: Sunday, January 07, 2018 11:52 PM
To: Kristopher Isham - Legal
Subject: EXT: RE: Re: Shareholder Proposal - Walmart 2018 Proxy Statement

My phone number is ***

[Sent from Yahoo Mail on Android](#)

On Sun, Jan 7, 2018 at 9:06 PM, Martin Harangozo

*** wrote:

Yes. I work during the day. I am off Friday's. So 6 to 7 pm weekdays or Friday normal work hours. Please give one day notice. I am honored to have the opportunity. Thank you.

[Sent from Yahoo Mail on Android](#)

On Sun, Jan 7, 2018 at 1:50 PM, Kristopher Isham - Legal

<Kristopher.Isham@walmartlegal.com> wrote:

Hello Mr. Harangozo,

I have been reviewing the shareholder proposal you submitted for inclusion in the 2018 Walmart annual proxy materials. Would you be interested in speaking with me about your proposal? If so, please let me know what dates and times would work best for you and the best phone number where you can be reached. I would be happy to work within your schedule.

Kind regards,

Kris Isham, Senior Associate Counsel - Corporate

Office: 479.204.8684; Fax (479) 277-5991

Mobile: 479.586.0394

kristopher.isham@walmartlegal.com

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From: Kristopher Isham - Legal <Kristopher.Isham@walmartlegal.com>
Sent: Friday, January 12, 2018 5:30 PM
To: Martin Harangozo
Subject: Shareholder Proposal - Walmart 2018 Proxy Statement

Hello Martin,

Thank you again for taking the time this morning to speak with me about the shareholder proposal requesting a report on the minimum requirements that suppliers must follow regarding engineering ownership and liability that you submitted for inclusion in the company's proxy statement for the 2018 annual meeting of shareholders.

As we discussed this morning, I am sending you links to some information that is available on our corporate website and that are directly relevant to the topics and concerns raised in your shareholder proposal. Each of these hyperlinks is viewable by the public and can be reached by navigating Walmart's corporate website: <https://corporate.walmart.com>.

First, from the menu at the top of our corporate website, you will see "Suppliers" on the title bar to the right, which takes you to a page titled "Becoming a Supplier" (<https://corporate.walmart.com/suppliers>), where you will see a box titled "Minimum Requirements."

The "Minimum Requirements" page (<https://corporate.walmart.com/suppliers/minimum-requirements>) shows you a number of general categories of the basic expectations Walmart has for its suppliers, including product safety and compliance requirements and insurance coverage requirements. The product safety and compliance requirements section also includes a reference and link to the company's U.S. Product Safety & Compliance Manual. This is the document I mentioned to you this morning.

Walmart's U.S. Product Safety & Compliance Manual is available at <https://cdn.corporate.walmart.com/8a/77/11d533db4491a18caa620fb09741/product-safety-manual.pdf>, and it contains written policies and standards for consumer product safety and regulatory compliance, as well as robust descriptions of our product testing program and our verification programs to monitor compliance. I would call your attention to the very beginning of this manual where there is a message from an officer of Walmart stating that Walmart will not retaliate against suppliers who, in good faith, raise legal, ethical, or compliance concerns. In fact, it says failure to report a violation could jeopardize the supplier's relationship with Walmart.

In addition, you may be interested in reviewing our Global Statement of Ethics (<https://www.walmartethics.com/uploadedFiles/Content/U.S.%20-%20English.pdf>). In the table of contents, you will see sections titled "Raising Concerns and Speaking Up," "Leading with Integrity in Our Workplace," "Leading with Integrity in Our Marketplace," and "Leading with Integrity in Our Communities." On page 8, there is a discussion about how to raise concerns and a statement that the company will not terminate, demote or otherwise discriminate against associates for raising concerns, as well as a statement that there is a process to deal with retaliation if someone believes he or she has experienced it after raising a concern.

I hope that you find these materials useful and instructive in evaluating whether you would like to withdraw your proposal from inclusion in the company's proxy statement for its 2018 annual meeting of shareholders. If you have other questions or concerns about these materials or your shareholder proposal, please feel free to contact me.

Thank you again for your continued interest and investment in Walmart.

Thanks,

Kris Isham, Senior Associate Counsel - Corporate

Office: 479.204.8684; Fax (479) 277-5991

Mobile: 479.586.0394

kristopher.isham@walmartlegal.com

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From: Kristopher Isham - Legal <Kristopher.Isham@walmartlegal.com>
Sent: Monday, January 22, 2018 6:12 PM
To: Martin Harangozo
Subject: Shareholder Proposal - Walmart 2018 Proxy Statement

Hello Martin,

I am following up on my email of January 12. Have you had an opportunity yet to review the materials that I mentioned? I am curious to hear if these materials sufficiently address the matters raised in your shareholder proposal regarding requirements of suppliers and engineering ownership.

If so, will you withdraw the shareholder proposal from inclusion in the Walmart 2018 proxy statement?

Thanks,

Kris Isham, Senior Associate Counsel - Corporate

Office: 479.204.8684; Fax (479) 277-5991

Mobile: 479.586.0394

kristopher.isham@walmartlegal.com

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From: Martin Harangozo ***
Sent: Monday, January 22, 2018 6:58 PM
To: Kristopher Isham - Legal
Subject: EXT: Re: Shareholder Proposal - Walmart 2018 Proxy Statement

Would you like to call me at 11:00 A.M. Friday eastern time? I do have a couple questions after reading your material. Thank you for sending it to me. Please confirm if you want to discuss Friday. Kind regards

-Martin Harangozo

From: Kristopher Isham - Legal <Kristopher.Isham@walmartlegal.com>
Sent: Monday, January 22, 2018 8:51 PM
To: Martin Harangozo
Subject: RE: Re: Shareholder Proposal - Walmart 2018 Proxy Statement

Hello Martin,

Yes, Friday at 11am Eastern works for me. I will call you at that time, and I look forward to speaking with you again.

Thanks,
Kris Isham, Senior Associate Counsel - Corporate
Office: 479.204.8684; Fax (479) 277-5991
Mobile: 479.586.0394
kristopher.isham@walmartlegal.com

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From: Martin Harangozo ***
Sent: Thursday, January 25, 2018 7:56 PM
To: Kristopher Isham - Legal
Subject: EXT: Re: Shareholder Proposal - Walmart 2018 Proxy Statement

<https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2013/martinharangozorecon030413-14a8.pdf>

<https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2014/robertfredrich020514-14a8.pdf>

[GE to pay \\$15B for past mistakes amid breakup speculation](#)



GE to pay \$15B for past mistakes amid breakup speculation

ABC News

General Electric Co. will pay \$15 billion to make up for the miscalculations of an insurance subsidiary as a new...

<http://files.courthousenews.com/2008/01/29/GEOvern.pdf>

Kris,

Some interesting elements to the above links.

- 1). GE after a numerous confidentiality promises (until blue in the face) posted my termination on the internet. (First and second link). -Policy is not binding.
- 2). Matthew Johnson apparently counted income for the year in which parts were not yet sold. GE paid fines to the SEC for this. They now have a 15 billion dollar charge. (First and third link). miscalculations?????
- 3) GE obtained a summary judgement against Edelen preventing retaliation for raising a concern from reaching an impartial party. (Fourth link and case details -not attached).