



MAY 25 2006

May 25, 2006

The Honorable Barney Frank
United States House of Representatives
Washington, DC 20515

Dear Congressman Frank:

The purpose of this letter is to respond to your correspondence of May 3, 2006 seeking clarity with respect to certain terms in the lease arrangements between Wal-Mart, or its subsidiaries, and the tenants in Wal-Mart's in-store branch program. Specifically, you focused on renewal options and damage limitation provisions in the leases.

Wal-Mart has reviewed all of the leases in the program that were active on May 12, 2006 to provide better clarity regarding the terms of those leases and to ensure that Wal-Mart is characterizing the program correctly. This review included Wal-Mart's 559 leases with 327 depository institutions covering 1,103 Wal-Mart store locations.

As a result of this analysis, we believe we have characterized the program as a whole correctly. Our depository institution leases are predominately fifteen year arrangements with three five-year terms, renewable at the sole discretion of the depository institution. However, it is also true that a small number of leases require mutual consent to renew. Similarly, a small number of lease arrangements have terms that depart from the fifteen year norm.

Specifically, we have determined that 531, or 94.99%, of the 559 active leases contain renewal provisions that are at the sole discretion of the depository institution. Conversely, in 21 of the leases, or 3.76% (covering 49 locations), the renewal option is mutual, which means both Wal-Mart and the depository institution must consent in order to renew the lease. In another 7 of the leases, or 1.25% (covering 43 locations), the renewal option shifts from sole discretion to mutual depending on the term of the agreement. Individual tenant locations at 91.66% of the locations are governed by a lease renewable at the sole discretion of the tenant.

It should also be noted that although 499, or 89.27%, of the lease arrangements cover a total term (including renewal periods) of fifteen years, some leases are actually for a term for as few as two years or as many as 25 years. We will honor requests to modify the

lease agreements to include renewal options at the sole discretion of the depository institution.

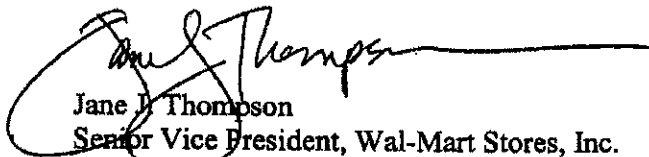
We have also reviewed our leases with respect to whether Wal-Mart can unilaterally terminate the leases at minimum expense. Most of Wal-Mart's leases do contain a damages limitation provision that creates a maximum financial penalty for breach of the lease by Wal-Mart. This provision is not a buyout or liquidated damage provision and does not permit Wal-Mart to avoid its responsibilities under the lease. Certainly, the provision does not result in an election of remedies and in the case of a dispute this provision would not preclude a tenant from taking legal action to enforce the original terms of its lease arrangement.

We would be delighted to review with you and your staff this data and, if useful, actual leases that represent the different variations described above so that you will have a clear understanding of how the lease program actually works. We are forwarding this same information to the FDIC and the Utah Department of Financial Institutions for their review.

In conclusion, I would like to reiterate what we have said in other contexts. It is very much in Wal-Mart's interest to have satisfied, profitable and productive tenants. These depository institutions provide branch banking services to Wal-Mart's customers and associates, many of whom do not have other banking relationships. We believe the tenants also benefit from access to Wal-Mart's customer base. Wal-Mart is unequivocally committed to its program of in-store branching. It is an absolutely essential component of Wal-Mart's commitment to its customers and is the only vehicle through which Wal-Mart will bring branch banking to these customers.

We stand by what we have told you personally in the past. If our application for an Industrial Bank in Utah is approved, Wal-Mart will not engage in branch banking.

Sincerely,



Jane D. Thompson
Senior Vice President, Wal-Mart Stores, Inc.
President, Wal-Mart Financial Services