

Stipulation of Settlement

WHEREAS there is certain litigation pending between Wal-Mart Stores Inc., Wal-Mart Puerto Rico, Inc. and Supermercados Amigo, Inc. (together "Wal-Mart"), on the one hand, and Anabelle Rodriguez, the Secretary of Justice of Puerto Rico ("Secretary"), on the other, in regards to Wal-Mart's acquisition of Supermercados Amigo, Inc., and

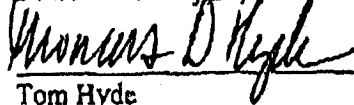
WHEREAS all parties desire to settle all such litigation according to the terms of this stipulation of settlement,

Now THEREFORE, it is agreed among the parties as follows:

1. Wal-Mart shall divest absolutely and unconditionally the supermarkets presently operated by Supermercados Amigo, Inc. ("Amigo"), in Bayamon Gardens and Santa Juanita. Wal-Mart shall first offer the stores to Supermercados Maximo, Inc. ("Maximo") at a price per store comparable to that paid by Maximo for the four Amigo stores pursuant to the Asset Purchase Agreement dated as of November 12, 2002 among Supermercados Amigo, Inc., Supermercados Maximo, Inc., Wal-Mart Puerto Rico, Inc. and all amendments, exhibits, attachments, related agreements and schedules thereto (the "Asset Purchase Agreement"). If Maximo agrees to purchase the stores on those terms, Wal-Mart shall proceed to divest the stores to Maximo and this paragraph 1 shall be satisfied. If Maximo does not agree to purchase the stores under those circumstances, then Wal-Mart shall divest the stores to another purchaser approved by the Secretary of Justice within six months of the date this stipulation is executed by the parties. If Wal-Mart is unable to sell the stores in Bayamon Gardens and Santa Juanita as set forth in this paragraph within six months of the date this stipulation is executed by the parties, the remaining store(s) shall be sold by a Divestiture Trustee who shall be selected according to the same criteria and procedures and who shall have the same obligations and responsibilities as set forth in Paragraph III of the FTC's Decision and Order in the Matter of Wal-Mart Stores, Inc. and Supermercados Amigo, Inc., dated November 21, 2002, except that "Secretary" shall be substituted for "Commission."
2. On Monday, March 3, 2003, the parties will file a joint motion (in the form annexed hereto) in the United States Court of Appeals for the First Circuit informing the Court of Appeals of the settlement of the case captioned *Wal-Mart Stores, Inc., et al. v. Anabelle Rodriguez*, Civ. No. 02-2778 (PG) and requesting that the case be remanded to the District Court with instructions to dismiss the complaint filed on December 6, 2002 with prejudice and to vacate the preliminary injunction and opinion and order of December 26, 2002. Upon such remand, the parties shall promptly request the District Court to dismiss the case with prejudice and to vacate the preliminary injunction and opinion and order issued on December 26.
3. Simultaneous with the filing of the joint motion to the First Circuit, on Monday, March 3, 2003, the Secretary shall secure the immediate dismissal with prejudice of the complaint as to all defendants and the immediate vacation of the opinion and preliminary injunction previously issued in the case captioned *Estado Libre Asociado de Puerto Rico v. Wal-Mart Puerto Rico, Inc., et al.*, Civil Num. KPE 02-2847 (907) by the Puerto Rico Court of First Instance on December 6, 2002. Wal-Mart shall immediately withdraw the petition for a writ of *certiorari* now pending before the Supreme Court of Puerto Rico in that case.
4. Annexed hereto is a certification from Wal-Mart that the divestiture to Maximo of four supermarkets pursuant to the Asset Purchase Agreement occurred after Wal-Mart had made a good faith effort to find a purchaser of the stores acceptable to the Federal Trade Commission.

5. For a period of ten (10) years following the date of this Stipulation, Wal-Mart will maintain at least the current level of labor force of Supermercados Amigo (as of December 6, 2002) minus the level of labor force then employed at the Amigo stores to be divested at Bayamon Gardens and Santa Juanita, and Wal-Mart will not substitute current full time employees for part-timers at Supermercados Amigo as part of the transaction.
6. For a period of ten (10) years following the date of this Stipulation, subject to the terms and criteria contained in this paragraph 6 and the attached "Considerations for Local vs. Import Purchases Decisions," Wal-Mart voluntarily agrees that it will not reduce or suspend its current volume of purchases of local agricultural products.
 - a. Wal-Mart's purchasing decisions are based on local consumer preferences. Wal-Mart understands that consumers in Puerto Rico (as elsewhere) generally prefer to purchase local products and that local purchasing generally makes good economic sense. Before the Amigo transaction, Wal-Mart purchased most of the food products it sells in Puerto Rico from a local supplier base of almost 300 producers and distributors. In fact, local purchases outweigh imported goods in all food categories in Wal-Mart stores in Puerto Rico. Once Wal-Mart is free to integrate the Amigo stores into its operations, Wal-Mart will continue this policy in pursuit of the goals underlying these local purchasing policies and practices (see attached "Considerations for Local vs. Import Purchases Decisions") which have led Wal-Mart to buy the vast majority of its food products, including local agricultural products, from local sources. Indeed, Wal-Mart anticipates that the additional Amigo volumes will enhance Wal-Mart's opportunities to purchase locally, especially in developing more private label food products with local suppliers. Over the past few years, Wal-Mart has also moved all Puerto Rico buying decisions (and the supporting functions and positions) to our offices in Bayamon, Puerto Rico in order to be closer to our suppliers. Wal-Mart will also continue to purchase Puerto Rican products for export. Wal-Mart anticipates that export opportunities will continue to arise in the future, benefiting local suppliers.
 - b. Wal-Mart has a strong tradition of maintaining good vendor relations. Wal-Mart selects its suppliers and distributors based on providing value to customers (see attached summary "Considerations for Local vs. Import Purchases Decisions"). Wal-Mart will only switch vendors if there is an objective business reason to do so for the benefit of our customers according to the criteria set forth in that summary. Wal-Mart's open door policy enables vendors to raise with top Wal-Mart management any issues that may arise. Wal-Mart will continue these policies and practices with its vendors in Puerto Rico after the Amigo transaction.

Dated: February 28, 2003



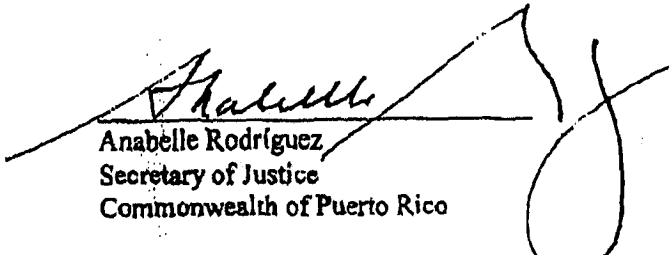
Tom Hyde
Executive Vice President
Wal-Mart Stores, Inc.

Anabelle Rodríguez
Secretary of Justice
Commonwealth of Puerto Rico

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Dated: February 28, 2003

Tom Hyde
Executive Vice President
Wal-Mart Stores, Inc.



Anabelle Rodríguez
Secretary of Justice
Commonwealth of Puerto Rico

United States Court of Appeals

FOR THE FIRST CIRCUIT

No. 02-2710

WAL-MART STORES, INC., WAL-MART PUERTO RICO,
INC., and SUPERMERCADOS AMIGO, INC.,

Plaintiffs-Appellees,

-v.-

ANABELLE RODRÍGUEZ, in her personal and official
capacity as Secretary of Justice of the Commonwealth of
Puerto Rico,

Defendant-Appellant.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

**JOINT MOTION REQUESTING REMAND TO THE
DISTRICT COURT WITH INSTRUCTIONS TO DISMISS THE
UNDERLYING ACTION WITH PREJUDICE AND TO
VACATE THE PRELIMINARY INJUNCTION AND OPINION
AND ORDER BELOW**

TO THE HONORABLE COURT:

**PLAINTIFFS-APPELLEES, Wal-Mart Stores, Inc., Wal-Mart Puerto
Rico, Inc., and Supermercados Amigo, Inc. (together, "appellees") and**

DEFENDANT-APPELLANT Anabelle Rodríguez ("appellant") respectfully and jointly state and pray as follows:

The undersigned parties have entered into a stipulation of settlement that is dispositive of the controversy underlying this appeal (which had been scheduled for oral argument on March 6, 2003) and the proceedings below. Accordingly, the parties hereby request that this appeal be dismissed and that the case be remanded to the District Court with instructions to dismiss the complaint filed on December 6, 2002 with prejudice and to vacate the preliminary injunction and opinion and order of December 26, 2002.

An essential component of appellant's entry into the stipulation of settlement is that the parties file this joint motion for vacatur of the Opinion and Order - Preliminary Injunction dated December 26, 2002. Appellant respectfully submits that vacatur is justified in the circumstances of this case because, although appellant is satisfied that the settlement constitutes a fair resolution of the issues in dispute between the parties, she is primarily concerned about the impact of the decision below on her obligations as the official with principal responsibility to institute enforcement actions under, and otherwise enforce, Puerto Rico's antitrust laws; and appellant believes that the decision below has important implications with respect to delicate issues of state-federal relations that are of concern to many states as set forth in the amicus brief filed herein by the Commonwealth of

Massachusetts on its own behalf and on behalf of 19 other states, including all the states in the First Circuit. See Motta v. District Dir. of Immigration, 61 F. 3d 117 (1st Cir. 1995). See also Microsoft Corporation v. Bristol Tech., Inc., 250 F. 3d 152 (2d Cir. 2001). The settlement herein is the product of negotiations initiated by appellees, who are presently restrained from consummating their merger by the injunction obtained by appellant in the courts of the Commonwealth of Puerto Rico, and those negotiations involved concessions on both sides. As part of this settlement, appellees join in this motion for vacatur solely because appellees believe that resolution of this controversy by means of a settlement is in the interest of the parties, of justice, and the public.

WHEREFORE, it is respectfully requested that this Court grant the parties' request and remand this case to the District Court with instructions to dismiss the complaint filed on December 6, 2002 with prejudice and to vacate the preliminary injunction and opinion and order issued by the District Court on December 26, 2002.

RESPECTFULLY SUBMITTED,

this 3rd day of March, 2003.


WACHTELL, LIPTON, ROSEN & KATZ

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Anabelle Rodríguez

CERTIFICATION OF FAIR SALE

In order to avoid a challenge by the Federal Trade Commission (FTC) to the Wal-Mart's merger with Supermercados Amigo ("Amigo"), Wal-Mart was forced to divest itself of the following four (4) Amigo supermarkets: Manatí, Vega Baja, Ponce and Cidra.

Following its long-standing policies regarding divestiture approvals in the retail food industry and many other industries, the FTC required that Wal-Mart identify and reach an agreement with the proposed acquirer(s) of the divestiture stores "up front" and that they be pre-approved by the FTC before the execution of the consent decree. Getting FTC approval for the deal negotiated deferred completion of the Wal-Mart/Amigo merger for many months. The FTC required that the divestiture buyer meet the FTC's rigorous standards for a qualified divestiture purchaser - that the buyer possess the financial, managerial and operational capabilities "to ensure continuation of the [assets to be divested] as ongoing viable enterprises in the Supermarket business and to remedy the lessening of competition resulting from the [Wal-Mart/Amigo merger] alleged in the" FTC's complaint. See FTC Decision & Order, Section II.D.

Wal-Mart considered approaching a number of potential acquirers, all firms that already operated supermarkets in Puerto Rico. At that point in time, the Chairman of Amigo's Board of Directors, Steven Lausell, Esq., advised Wal-Mart that a group to be formed consisting of Lausell himself, current Amigo shareholder, William González, and the then executive director of Grupo Guayacán, an investment group, Francisco Uriarte, was interested in purchasing the four (4) supermarkets subject to the divestiture. Mr. Uriarte, who had no previous interest in Amigo, agreed to make a substantial investment of his own personal funds in the new venture.

Wal-Mart pursued this expression of interest because the new venture, Supermercados Maximo ("Maximo"), consisted of people who, through their connection with Amigo, were intimately familiar with the stores, which would speed the negotiation, due diligence and FTC approval processes substantially; and would satisfy the FTC's preference that

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a divestiture purchaser not be an in-market competitor, because Maximo would be a new entrant into the supermarket industry in Puerto Rico in general and more importantly in the three divestiture markets in particular.

A purchase price was agreed to in a good faith, arms-length negotiation between Wal-Mart and the new venture. It reflected the book value of the four (4) supermarkets plus the cost of inventory in those stores and cash in hand, amounted to almost \$9 million and was the best price Wal-Mart was able to obtain in the circumstances of a forced divestiture in a time frame and to a purchaser acceptable to the FTC.

There is no agreement whatsoever that Wal-Mart/Amigo and Maximo will not compete against each other after the merger and divestiture of the four supermarkets. To the contrary, since Maximo has paid millions of dollars to buy the four stores, Maximo is already operating as an aggressive competitor to Wal-Mart, a company in which the owners of Maximo have no ownership or other financial stake, and Wal-Mart fully expects it to continue to do so.

By: 
Mark Schmidt, Vice-President

Considerations for Local vs. Import Purchase Decisions

In general, Wal-Mart prefers to purchase merchandise from local suppliers. This is reflected in the fact that wherever Wal-Mart operates around the world, the majority of merchandise purchases are from local suppliers. Purchasing locally supports the local economy and therefore the local consumers to which Wal-Mart hopes to sell at retail.

Nevertheless, for appropriate business reasons, Wal-Mart may import merchandise to sell at retail. Multiple factors contribute to any purchase decision. The following are some of the considerations Wal-Mart uses in making purchasing decisions, including whether to purchase the merchandise locally or import it.

Added Value: Does the merchandise supplier add value to the merchandise or for the customer? One example is product packaging in shelf-ready cartons, which in turn reduce store labor expense and ultimately lower retail prices to the consumer. Another example is Category Management, where a supplier may have the knowledge and systems to work jointly with Wal-Mart to improve sales or customer service within the entire category of their merchandise.

Availability: Is the merchandise available for purchase locally? And, if it is, is it available in sufficient quantities? And in sufficient lead times?

Business Relationship: Can the supplier be depended on? Will the supplier act in good faith if problems arise, such as correcting defects, accepting returns, honoring warranties, providing product service, and so on? Have any past business relationships with the supplier been mutually beneficial? Can the supplier exchange business communications through Electronic Data Interchange (EDI)?

Cost: What is the cost of the merchandise? How does the cost of local product compare to the Landed Cost of imported product? "Landed Cost" is the total cost to deliver the product to the local port or distribution point. It includes the cost to purchase the product and extra costs to import it, such as shipping, insurance, storage, handling, tariffs, fees, transit delays, and so on.

Demand: Is there sufficient consumer demand for the merchandise? Is there a consumer preference for a particular brand of merchandise?

Quality: Is the quality of the merchandise match the consumer needs? How does the quality of the local merchandise compare to the quality of comparable imported merchandise?

Replenishment: Can the supplier replenish the merchandise if more is required. How quickly can the supplier replenish the merchandise? How completely will the supplier fill the replenishment orders? Given the supplier's replenishment history, how much buffer inventory must Wal-Mart maintain to insure consistent merchandise availability on the store shelves?

Supplier Standards: Can the supplier meet Wal-Mart's supplier standards? Wal-Mart lays out certain supplier standards in the Wal-Mart/Supplier Agreement. For example, the requirement that suppliers not use child labor or forced labor, that they provide proper working conditions, that they maintain adequate liability insurance, and so on.