



January 8, 2015

Dr. John Elstrott
Chair
c/o Corporate Secretary
Whole Foods Markets, Inc.
550 Bowie Street
Austin, TX 78703

Dear Dr. Elstrott:

I am writing on behalf of the Council of Institutional Investors (CII), an association of public, corporate and union pension funds with assets under management exceeding \$3 trillion—many of which are longtime Whole Foods shareholders—to urge the Whole Foods board to revise management's proposed binding proxy access bylaw to be in line with prevailing U.S. shareowner views for a viable ownership threshold.

CII was deeply disappointed by Whole Foods' initial move to thwart a shareholder's non-binding proxy access proposal by countering with plans to propose an access bylaw amendment with an unworkable ownership threshold. The proposed threshold—requiring a nominating shareholder to have held a 9 percent stake for five years—would not have been viable for any current Whole Foods shareholder.

CII is not comforted by Whole Foods' subsequent decision to instead ask shareholders to approve an access bylaw requiring a single nominating investor to have held a minimum of 5 percent of the stock for at least five years. That is also an unreasonably high bar and is wildly at odds with the approach to proxy access that U.S. shareholders broadly favor: requiring a nominating shareholder or group of shareholders to have owned at least 3 percent of voting shares for at least three years. This approach has been adopted by several companies including Chesapeake Energy, Western Union and Verizon. In 2014, shareholder proposals seeking access to the proxy to nominate directors won majority shareholder support at annual meetings of six U.S. companies and all six proposals followed the "3 percent for three years" model. CII members have endorsed a slightly more flexible "3 percent for two years" approach.

CII urges the Whole Foods board to revise the company's proposed binding access bylaw to be respectful of what U.S. shareholders increasingly regard as the norm.

Please share this letter with the full board.

Sincerely,

Ann Yerger
Executive Director
Council of Institutional Investors