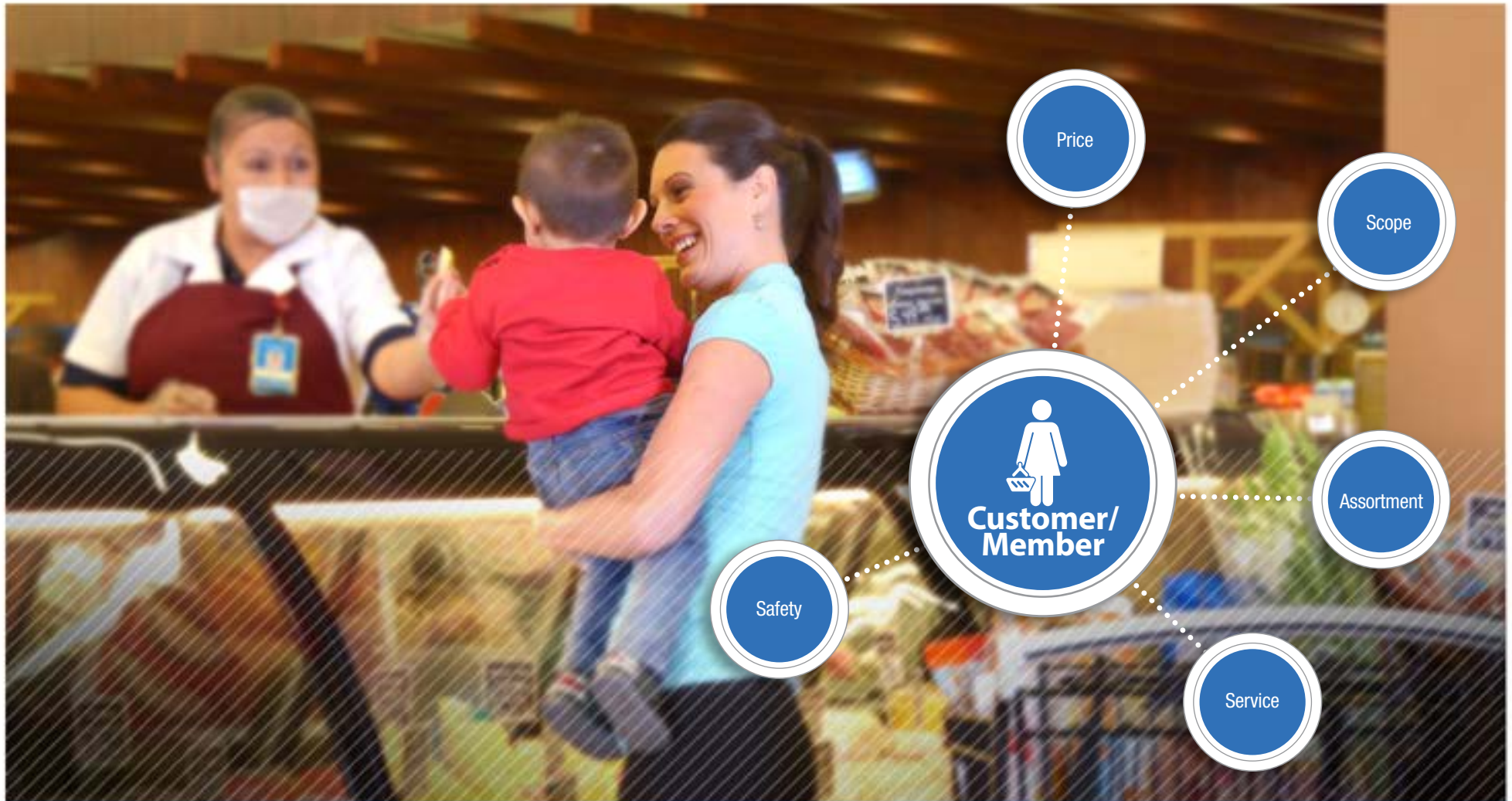




2

The customer/member
is first



Given that our customers are the reason why we're in this business, this year we centered our efforts on meeting their needs. In fact, when running various business formats, having presence in 571 cities in the 6 countries where we operate, and dealing with the changing needs of our over 2 billion customers a year, all represent a challenge in obtaining customer insight and opening efficient communication channels aimed at addressing their concerns in an efficient, clear and transparent way. As part of a continuous improvement process, we were able to offer them the lowest prices in the market and the widest assortment, without sacrificing quality or service, thanks to our multi-format approach and in-depth knowledge of their habits and preferences.

Our Every Day Low Prices business strategy aims to help our customers save every time they buy in our stores, thus following through on our mission of improving the quality of life of their families. Throughout the year we completed various pricing programs in our formats, highlighting our commitment of offering them the best value for their money.

Price

We launched a promotional campaign for walmart.com.mx as an alternative channel for our customers

Bodega Aurrerá held its *Precio Bodega* (Bodega Price) campaign to have an aggressive price differentiation vis-à-vis our competitors, benefiting our customers considerably. Its *Morralla* (Small Change) campaign also drove sales by selling clusters of products at the same low price-point so our customers may restock their pantries for less money, helping them during the challenging economic year.

Walmart Supercenter had its *Rebajas* (Markdowns) campaign as a response to our customers' need to pay lower prices for a great variety of items throughout the year, and kept its *Martes de Frescura* (Fresh Tuesday) sale, attracting customers to our stores with appealing prices for Produce. To top it all, and in order to drive online sales, we launched a campaign highlighting our walmart.com.mx site as a shopping alternative for our customers.

Superama had a very successful year after re-launching the format through its *Decidimos ser tu Tienda* (We Decided to Become Your Store) campaign, by permanently lowering the prices of thousands of products; offering freshness and quality guarantees; improving Perishables, Bakery and the selection of gourmet and organic products; and enhancing service. With this, the value proposition of the format evolved and considerably drove traffic and sales.

Suburbia continued offering apparel with the best value, price and quality through its *Ponte Algo Nuevo, Ponte Feliz* (Wear Something New, Be Happy) campaign, which recalls the feeling people get when wearing something new for the first time. The big challenge this year was offering our customers credit alternatives, and therefore we entered into an alliance with Banco Bradesco to launch a private label credit card.

Our emblematic *Mamá Lucha* character was taken to Central America to reinforce our price leadership image in the region. It immediately positioned itself in the minds of our customers as the *Low Price Champion* and the banner for our different discount formats in the region. This was coupled with comprehensive price reductions and wider price gaps regarding our competitors.



Mamá Lucha arrived to Central America this year to reinforce our price leadership image in the region





2,979 units

Openings:

100 in Mexico

32 in Central America

Scope

After opening 132 new units in 2014, at the closing of the year we had 2,979 units and 24 distribution centers throughout the 6 countries where we operate. With this extensive coverage network, we are able to meet our customers' shopping needs. Some 100 new stores were opened: 26 Bodega Aurrerá units; 18 Mi Bodega units; 35 Bodega Aurrerá Express stores; 8 Walmart Supercenters; 4 Sam's Clubs; 8 Suburbias; and 1 Superama. Our installed capacity in Mexico grew by 3.6% vs. the previous year. In addition, Suburbia opened several units in strategic areas of different cities under a new prototype that reached more customers by offering them a differentiated

assortment. At the same time, 32 new units were opened in Central America: 19 Bodega stores; 10 Discount units; 2 Hypermarkets and 1 Supermarket, with which we increased our sales floor by 7.1%.

We not only grew our traditional brick-and-mortar base, but we also offered our customers internet platforms and online applications to buy General Merchandise and Groceries through our walmart.com.mx, superama.com.mx and sams.com.mx websites, offering a greater assortment of products and alternatives to our customers.



3 websites available to our customers





6

countries

132

Openings

2,979

Units

Through this extensive coverage network we meet our customers' shopping needs

24

Distribution centers

100

Openings Mexico

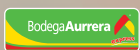
26



18



35



8



4



8



1



32

Openings Central America

19



2



10

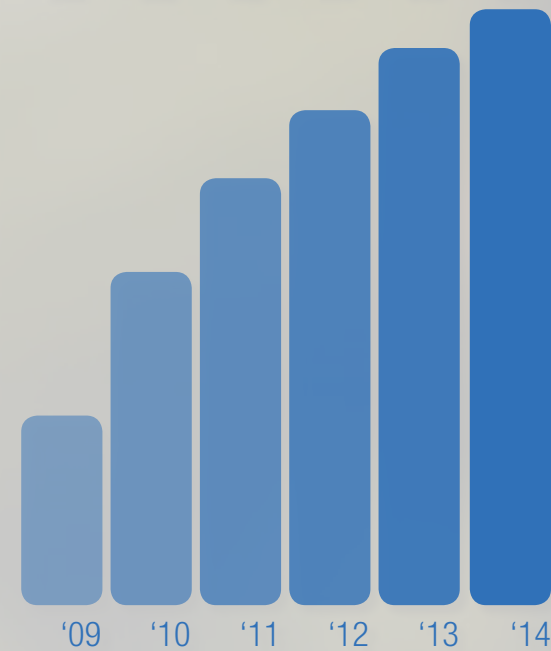


1



Cities

263 383 466 504 540 571



3.6%

Mexico sales floor increase



7.1%

Central America sales floor increase



3.9%

Consolidated sales floor increase



We improved catalogs in Perishables, Electronics and Babies

Assortment

Throughout the year, our Customer Insight and Analytics department evolved by creating better customer research and communication capabilities, allowing for the alignment with a more suitable assortment and the creation of differentiated, solid business plans per format, yielding great benefits for our customers. We have developed charts that compare demographic and consumption habits at store level. We have also been able to segment our stores per market niche and therefore understand the competitive environment we face with each channel, and in consequence offer our customers the merchandise they need.

We improved the product catalogs in 2014. After reviewing them, we changed them to include the items that meet our customers' characteristics and preferences, especially in key areas such as Perishables, Electronics and Babies.

To complement the initiatives above, we improved our modular program within our Self-service division in Mexico that allows us to select the assortment and stock the shelves in a way that better addresses our customers' needs and drives sales, while regionalizing our products.

An example of how to better address our customers' needs with an enhanced assortment is a campaign focused on healthy items in Food, Fruits & Vegetables in our Walmart Supercenter format, in response to a trend to change to a healthier life style. Several events were also held in the stores to offer customers a wide selection of specialized products, such as items for the *Feria de la Belleza* (Beauty Fair). We enhanced our alliance with Gandhi bookstores to have their selection in 187 Walmart Supercenter stores; and with Lumen Stationery stores to have their business in 5 of our stores, thus meeting our customers' need for certain solutions.



We undertook in-store events offering a wide selection of specialized products



In Central America we improved the assortment in General Merchandise and boosted Food & Consumables

At Sam's Club we centered our efforts on various actions that allowed us to have the products, quality, quantity, and novelty that our members expected. We reincorporated in our assortment those items that were right for the members and that had been deleted from the system; we displayed items in a sustainable package suitable for the club; we corrected inventory levels per item; we focused on the most relevant brands; and we introduced novelty items with greater frequency.

Medimart, our brand of generic medical products, has an extensive catalog to help cure both chronic and acute illnesses. In 2014, Medimart increased its price differentiation vs. patent medicine -benefitting customers who shop in all our formats- and launched 32 new drugs for nervous system disorders, inflammation and cardiovascular ailments.

In Central America, we continue improving our value proposition as we gain ever more insight into the shopping habits and needs of the people in the region. As a result, we have enhanced our General Merchandise assortment and boosted Food & Consumables. Also, we improved the supply to our stores and

continue working on implementing a comprehensive modular process while increasing the sales of imported products, as compared to 2013.

We increased the catalog of our walmart.com.mx site by adding new categories this year. Moreover, apart from providing the service of home delivery for General Merchandise, we now also deliver Groceries and Consumables. We continue working to offer our customers flexible and time saving options through our call center, internet site and mobile applications. Due to the constant improvement of our superama.com.mx mobile application, visits to the site have increased 47%, whereas Sam's Club advantage and business members have found more options for shipping and home delivery, making sams.com.mx a site used by over 400,000 people. Walmart.com.mx visitors increased 92% in 2014 vs. the previous year, thanks to a wider item catalog and an increase in the number of kiosks in our stores, that went from 65 to 156.



92%
traffic increase at
our walmart.com.mx
website





156
walmart.com.mx
service kiosks in our
stores

Service

In order to deliver on our business vision, we need to continuously invest in service initiatives that build our customers' trust and enhance their shopping experience. Based on our multi-format approach, we have developed a variety of programs to address our customers' needs, depending on the format.

At Walmart Supercenter, we devoted our efforts to delivering on our commitment of having associates available for fast service at checkouts during rush hours. Also, we retrofitted more stores with service kiosks for our walmart.com.mx customers, thus helping them obtain better understanding of our eCommerce business.

At Superama, we implemented service protocols to enhance our customers' shopping experience from the moment they enter our stores, by having associates handing them shopping carts in optimum conditions. Also, we placed 6 shopping basket stations at strategic areas throughout the stores, and committed to reducing the time our customers have to wait on the checkout line.

At Bodega Aurrerá, we went above and beyond conventional standards, and created activities to have a good time with our customers both inside and outside our stores, in order to build a connection with them and their families, and make them feel at home during every visit.

At Suburbia, we provided continuity for our *I Love to Serve* program by training over 5,000 associates. As part of this initiative, we developed a new customer service protocol to be conducted at checkouts, and created the position of *Fitting Room Greeter*, who helps our customers with their shopping decisions.

At Sam's Club, we focused our efforts on faster service for our members at checkouts, and on properly cleaned and illuminated clubs. We also worked on having all our associates show the friendliness and skills our members expect when they ask questions about the products they wish to buy. As a consequence, our *Members' Experience Indicator* (IES per its acronym in Spanish) fared better after a quantitative monthly survey was applied and answered by members who had made a purchase during that period, to measure their level of satisfaction with our service. This year we scored the highest since we started applying the survey. This year we created 20 *Centers of Excellence*, that is, clubs operating under high levels of service standards and in all the areas of the club, aimed at building the foundations for a future Sam's Club model. This model mainly considers a high level of execution and member service standards.



20
Centers of Excellence
at Sam's Club





We improved our home delivery service for Superama and Walmart Supercenter

Additionally, we introduced improvement programs to our home delivery service for Superama and Walmart Supercenter.

We monitored execution standards at points of sale to ensure an increasingly better shopping experience for our customers, which is a key factor in growing sales, by making use of our *mystery shopper* and *corporate call center* tools, whose purpose are to make sure service processes in place are followed and thus help Operations implement continuous improvement processes for customer service and item display. These tools work as points of contact with our customers, allowing us to address the issues they raise.

Our customers can reach us at the *corporate call center* or by e-mailing us at miopinion@walmart.com (if in Mexico) or sac@walmart.com (if in Central America). This information is posted at the customer service area in all our units and on our corporate website.

On the other hand, *mystery shopper* is a means by which to measure compliance with service standards at the point of sale, by applying questionnaires to a random sample, assessing issues such as cleanliness, atmosphere, checkout, service, freshness, assortment, and variety.

We also permanently assess our customers' perception of their shopping experience and value with a monthly monitoring of brand positioning and price perception, compliance level, and characteristics of the value proposition per format.

We evaluate our customers' shopping experience and value perception on a permanent basis





We signed agreements with the Secretary of Health and the Federal Commission for the Protection Against Health Risks

Safety

Customers currently demand that companies be held accountable for the sourcing of the products they sell. Since we are living in an age of transparent communication, and since we have full confidence in our operations, we have kept a step ahead of issues that concern our customers by executing several agreements with the Secretary of Health in Mexico:

- Agreement for the timely detection of clenbuterol in meat. We committed to participating in a program that entails consistent monitoring of meat products.
- Agreement to deliver medication in case of an emergency, so that our pharmacies can function as fast, timely, and free distribution channels for medication against influenza.

In addition to the agreements above, a health promotion agreement was executed with the Federal Commission for the Protection Against Health Risks (Cofepris, per its acronym in Spanish) to govern Pharmacy operations and the adjacent physician's office.

In Mexico, we work hand in hand with the Consumer Protection Agency (Profeco, per its acronym in Spanish), in charge of taking care of consumers' interests, and have become the only self-service company that has executed the following:

- A cooperation agreement was signed since 2013 to implement better business practices in our stores for customers to be able to buy safe products that won't pose any risks to their safety, health or even life.
- An agreement to cooperate with Concilianet [a conciliation institution] was signed since 2012 to set up the basis for the use of this institution's internet site. We agreed to receive all citations and information stemming from conciliation proceedings, via our e-mail address.

We have a global program in place that entails having independent third-party auditors validate our compliance with labor, safety and environment standards, pursuant to local legislation. The program includes subject matter experts who will classify factories as per risks found during audits. There are 4 kinds of classifications, with differing frequency for a second audit to be scheduled, depending on the risks involved in each of them:

In Mexico we work hand in hand with the Consumer Protection Agency

Audits classification



We guarantee quality and compliance for the products we sell

Adherence to quality and compliance standards for the products that we sell our customers is ensured by checking the safety, the source of the supplies, and compliance with the law.

We also verify that absolutely all suppliers for our private label products and internal supplies for our stores, and their production centers have timely audits regarding the following items:

- Good manufacturing practices
- Quality systems
- Process controls
- Training

- Pest control
- Facilities
- Risk analysis and control of critical points

Moreover, we created the Consumer Protection and Privacy areas, reporting to the Vice President for Compliance, who must design related policies, procedures, and programs to be in compliance with the law. Each area in the company has a *Privacy Ambassador* in charge of defining its action plans.

We created the Consumer Protection and Privacy areas

