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

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report . . . .

For the transition period from to

Commission file number: 1-14852

GRUMA, S.A.B. de C.V.
(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

United Mexican States
(Jurisdiction of incorporation or organization)

Calzada del Valle, 407 Ote.
Colonia del Valle
San Pedro Garza García, Nuevo León
66220, México
(Address of principal executive offices)

Investor Relations
Calzada del Valle, 407 Ote.
Colonia del Valle
San Pedro Garza García, Nuevo León
66220, México
Tel: (52) 81 8399-3349
Facsimile: (52) 81 8399-3359
Email: ir@gruma.com
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of exchange on which registered:
Series B Common Shares, without par value	New York Stock Exchange*
American Depositary Shares, each representing four Series B Common Shares, without par value	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

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Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

457,315,640 Series B Common Shares, without par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

N/A

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ IFRS ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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* Not for trading but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

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INTRODUCTION

Gruma, S.A.B. de C.V. is a publicly held corporation (*Sociedad Anónima Bursátil de Capital Variable*) organized under the laws of the United Mexican States, or Mexico.

In this Annual Report on Form 20-F, references to "pesos" or "Ps." are to Mexican pesos, references to "U.S. dollars," "U.S.$," "dollars" or "$" are to United States dollars and references to "bolivars" and "Bs." are to the Venezuelan bolivar. "We," "our," "us," "our company," "GRUMA" and similar expressions refer to Gruma, S.A.B. de C.V. and its consolidated subsidiaries, except when the reference is specifically to Gruma, S.A.B. de C.V. (parent company only) or the context otherwise requires.

PRESENTATION OF FINANCIAL INFORMATION

This Annual Report contains our audited consolidated financial statements as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010. The consolidated financial statements have been audited by PricewaterhouseCoopers, S.C., an independent registered public accounting firm and were approved by our shareholders at the annual general shareholders' meeting held on April 26, 2013.

We publish our financial statements in pesos and prepare our consolidated financial statements included in this annual report in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements of our entities are measured using the currency of the main economic environment where the entity operates (functional currency). The audited consolidated financial statements are presented in Mexican pesos, which corresponds to our presentation currency. Prior to the peso translation, the financial statements of foreign subsidiaries with functional currency from a hyperinflationary environment are adjusted for inflation in order to reflect changes in purchasing power of the local currency. Subsequently, assets, liabilities, equity, income, costs, and expenses are translated to the presentation currency at the closing rate at the date of the most recent balance sheet. To determine the existence of hyperinflation, we evaluate the qualitative characteristics of the economic environment, as well as the quantitative characteristics established by IFRS, including an accumulated inflation rate equal or higher than 100% in the past three years.

DECONSOLIDATION OF OUR VENEZUELAN SUBSIDIARIES

In accordance with IFRS, we concluded that we lost control of our Venezuelan subsidiaries, Molinos Nacionales, C.A. ("MONACA") and Derivados de Maíz Seleccionado, C.A. ("DEMASECA") on January 22, 2013. As a result of such loss of control, we will cease the consolidation of the financial information of MONACA and DEMASECA starting January 22, 2013, and consequently we will present the net investment and results of operations of these companies as of such date as a discontinued operation. See Note 30-B of our audited consolidated financial statements.

As disclosed in Note 7 to our audited consolidated financial statements, at December 31, 2012, the total assets and liabilities of these subsidiaries in Venezuela were Ps.7,087,569 and Ps.2,948,192, respectively. For the year ended December 31, 2012, these subsidiaries represented net sales of Ps.9,907,182 and operating income of Ps.444,525.

Our interest in the total net assets of Venezuelan subsidiaries was Ps.3,090,289 at December 31, 2012. In January 2013 and as a result of the loss of control in these subsidiaries, the foreign currency translation loss of Ps.432,458, recorded in other comprehensive income at December 31, 2012 will be transferred to our income statement and presented as a discontinued operation.

MARKET SHARE

The information contained in this Annual Report regarding our market positions is based primarily on our own estimates and internal analysis and data obtained from AC Nielsen. Market position information for the United States is also based on data from Technomic. For Mexico, information is also based on data from *Información Sistematizada de Canales y Mercados* or "ISCAM", *Asociación Nacional de Tiendas de Autoservicio y Departamentales* (National Supermarkets and Department Stores Association) or "ANTAD", *Asociación Nacional de Abarroteros Mayoristas* (National Groceries Wholesalers Association) or "ANAM" and reports from industry chambers. For Venezuela, information is also based on data obtained from LatinPanel Venezuela. For Europe, information is also based on data from Symphony IRI Group. While we believe our internal research and estimates are reliable, they have not been verified by any independent source and we cannot ensure their accuracy.

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EXCHANGE RATE

This annual report contains translations of various peso amounts into U.S. dollars at specified rates solely for your convenience. You should not construe these translations as representations by us that the peso amounts actually represent the U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, we have translated U.S. dollar amounts from pesos (i) as of December 31, 2012 at the exchange rate of Ps.13.01 to U.S.$1.00, which was the rate established by *Banco de México* on December 27, 2012 and (ii) as of March 31, 2013 at the exchange rate of Ps.12.35 to U.S.$1.00, which was the rate established by *Banco de México* on March 26, 2013.

OTHER INFORMATION

Certain figures included in this Annual Report have been rounded for ease of presentation. Percentage figures included in this Annual Report are not all calculated on the basis of such rounded figures; some are calculated on the basis of such amounts prior to rounding. For this reason, percentage amounts in this Annual Report may vary from those obtained by performing the same calculations using the figures in our audited consolidated financial statements. Certain numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them due to rounding.

All references to "tons" in this Annual Report refer to metric tons. One metric ton equals 2,204 pounds. Estimates of production capacity contained herein assume the operation of relevant facilities on the basis of 360 days a year, on three shifts, and assume only regular intervals for required maintenance.

FORWARD LOOKING STATEMENTS

This Annual Report includes "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, including the statements about our plans, strategies and prospects under "Item 4. Information on the Company" and "Item 5. Operating and Financial Review and Prospects." Some of these statements contain words such as "believe," "expect," "intend," "anticipate," "estimate," "strategy," "plans" and other similar words. Although we believe that our plans, intentions and expectations as reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that these plans, intentions or expectations will be achieved. Actual results could differ materially from the forward-looking statements as a result of risks, uncertainties and other factors discussed in "Item 3. Key Information—Risk Factors," "Item 4. Information on the Company," "Item 5. Operating and Financial Review and Prospects" and "Item 11. Quantitative and Qualitative Disclosures About Market Risk." These risks, uncertainties and factors include: general economic and business conditions, including changes in exchange rates and conditions that affect the price and availability of corn, wheat and edible oils; potential changes in demand for our products; price and product competition; and other factors discussed herein.

PART I

ITEM 1 Identity of Directors, Senior Management and Advisors.

Not applicable.

ITEM 2 Offer Statistics and Expected Timetable.

Not applicable.

ITEM 3 Key Information.

SELECTED FINANCIAL DATA

The following tables present our selected consolidated financial data as of and for each of the years indicated. The data as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010 are derived from and should be read together with our audited consolidated financial statements included herein and "Item 5. Operating and Financial Review and Prospects."

Pursuant to the transitional relief granted by the SEC in respect of the application of IFRS, historical financial data for the years ended December 31, 2008 and 2009 have been omitted.

In accordance with IFRS, we concluded that we lost control of our Venezuelan subsidiaries, MONACA and DEMASECA on January 22, 2013. As a result of such loss of control, we will cease the consolidation of the financial information of MONACA and DEMASECA starting January 22, 2013.

As disclosed in Note 7 to our audited consolidated financial statements, at December 31, 2012, the total assets and liabilities of these subsidiaries in Venezuela were Ps.7,087,569 and Ps.2,948,192, respectively. For the year ended December 31, 2012, these subsidiaries represented net sales of Ps.9,907,182 and operating income of Ps.444,525.

Our interest in the total net assets of Venezuelan subsidiaries was Ps.3,090,289 at December 31, 2012. In January 2013 and as a result of the loss of control in these subsidiaries, the foreign currency translation loss of Ps.432,458, recorded in other comprehensive income at December 31, 2012 will be transferred to our income statement and presented as a discontinued operation.

	2012	2011	2010
	(thousands of Mexican Pesos, except per share amounts)		
Income Statement Data:			
Net sales	Ps. 64,316,632	Ps. 57,644,749	Ps. 46,232,454
Cost of sales	(45,349,670)	(40,117,952)	(31,563,342)
Gross profit	18,966,962	17,526,797	14,669,112
Selling and administrative expenses	(15,352,274)	(13,984,486)	(12,100,365)
Other expense, net	(101,655)	(203,850)	(518,732)
Operating income	3,513,033	3,338,461	2,050,015
Comprehensive financing cost, net	(728,959)	(427,200)	(1,163,203)
Equity in earnings of associated companies	2,976	3,329	592,235
Gain from divestment in associated companies	—	4,707,804	—
Income before income tax	2,787,050	7,622,394	1,479,047
Income tax expense	(1,083,291)	(1,806,572)	(839,561)
Consolidated net income	1,703,759	5,815,822	639,486
Attributable to:			
Shareholders	1,115,338	5,270,762	431,779
Non-controlling interest	588,421	545,060	207,707
Per share data(1):			
Basic and diluted earnings per share (Pesos)	2.00	9.35	0.77

	2012	2011	2010
	(thousands of Mexican pesos, except per share amounts and operating data)		
Balance Sheet Data (at period end):			
Property, plant and equipment, net	Ps. 20,917,534	Ps. 20,515,633	Ps. 17,930,173
Total assets	49,460,402	44,542,618	38,927,394
Short-term debt(2)	8,018,763	1,633,207	2,192,871
Long-term debt(2)	11,852,708	11,472,110	15,852,538
Total liabilities	35,126,685	26,829,834	28,205,120
Common stock	5,668,079	6,972,425	6,972,425
Total equity(3)	14,333,717	17,712,784	10,722,274
Other Financial Information:			
Capital expenditures	2,784,587	2,386,966	1,115,161
Depreciation and amortization	1,744,716	1,596,643	1,502,534
Net cash provided by (used in):			
Operating activities	1,806,136	1,751,314	3,291,138
Investing activities	(3,455,629)	6,779,129	(802,208)
Financing activities	1,817,675	(7,429,059)	(4,234,431)

(1) Based upon weighted average of outstanding shares of our common stock (in thousands), as follows: 558,712 shares for the year ended December 31, 2012 (See Note 3 to our audited consolidated financial statements), 563,651 shares for the year ended

December 31, 2011 and 563,651 shares for the year ended December 31, 2010. Each of our American Depositary Shares represents four Series B Common Shares.

(2) Short-term debt consists of bank loans and the current portion of long-term debt. Long-term debt consists of bank loans, our senior unsecured perpetual bonds and debentures.

(3) Total equity includes non-controlling interests as follows: Ps.3,032 million as of December 31, 2012, Ps.4,282 million as of December 31, 2011 and Ps.3,778 million as of December 31, 2010.

	2012	2011	2010 (thousands of tons)	2009	2008
Operating Data:					
Sales volume:					
Gruma Corporation (corn flour, tortillas and other)(1)	1,596	1,464	1,395	1,312	1,337
GIMSA (corn flour, and other)	1,983	1,959	1,890	1,874	1,821
Gruma Venezuela (corn flour, wheat flour and other)	478	528	523	459	465
Molinera de México (wheat flour)	583	564	530	508	494
Gruma Centroamérica (corn flour and other)	207	229	201	208	213
Production capacity:					
Gruma Corporation (corn flour and tortillas)(2)	2,499	2,482	2,314	2,096	2,093
GIMSA (corn flour, and other)(3)	2,965	2,965	2,965	2,964	2,964
Gruma Venezuela (corn flour, wheat flour and other)(4)	823	823	823	909	823
Molinera de México (wheat flour)	860	837	811	894	894
Gruma Centroamérica (corn flour and other)	323	350	343	307	307
Number of employees	21,974	21,318	19,825	19,093	19,060

(1) Net of intercompany transactions.

(2) Includes 59 thousand tons of temporarily idled production capacity at December 31, 2012.

(3) Includes 477 thousand tons of temporarily idled production capacity at December 31, 2012.

(4) Includes 71 thousand tons of temporarily idled production capacity at December 31, 2012.

Dividends

Our ability to pay dividends may be limited by Mexican law, our *estatutos sociales*, or bylaws, and by financial covenants contained in some of our credit agreements. Because we are a holding company with no significant operations of our own, we have distributable profits to pay in the form of dividends to the extent that we receive dividends from our subsidiaries. Accordingly, there can be no assurance that we will pay dividends or of the amount of any such dividends. See "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Indebtedness."

Pursuant to Mexican law and our bylaws, the declaration, amount and payment of dividends are determined by a majority vote of the holders of the outstanding shares represented at a duly convened shareholders' meeting. The amount of any future dividend would depend on, among other things, operating results, financial condition, cash requirements, losses for prior fiscal years, future prospects, the extent to which debt obligations impose restrictions on dividends and other factors deemed relevant by the board of directors and the shareholders.

In addition, under Mexican law, companies may only pay dividends:

- from earnings included in year-end financial statements that are approved by shareholders at a duly convened meeting;

- after any existing losses applicable to prior years have been made up or absorbed into shareholders' equity;
- after at least 5% of net profits for the relevant fiscal year have been allocated to a legal reserve until the amount of the reserve equals 20% of a company's paid-in capital stock; and
- after shareholders have approved the payment of the relevant dividends at a duly convened meeting.

Holders of our American Depositary Receipts, or ADRs, on the applicable record date are entitled to receive dividends declared on the shares represented by American Depositary Shares, or ADSs, evidenced by such ADRs. The depositary will fix a record date for the holders of ADRs in respect of each dividend distribution. We pay dividends in pesos and holders of ADSs will receive dividends in U.S. dollars (after conversion by the depositary from pesos, if not then restricted under applicable law) net of the fees, expenses, taxes and governmental charges payable by holders under the laws of Mexico and the terms of the deposit agreement.

The ability of our subsidiaries to make distributions to us is limited by the laws of each country in which they were incorporated and by their constitutive documents. For example, our ability to repatriate dividends from Gruma Venezuela has in the past been adversely affected by exchange controls and other governmental policies. See "Item 3. Key Information—Risk Factors—Risks Related to Venezuela." In the case of Gruma Corporation, our principal U.S. subsidiary, its ability to pay dividends in cash is prohibited upon the occurrence of any default or event of default under its principal credit agreements. See "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Indebtedness."

During 2012, 2011, 2010, 2009 and 2008 we did not pay any dividends to shareholders.

Exchange Rate Information

Mexico has had a free market for foreign exchange since 1994, when the government suspended intervention by the *Banco de México*, and allowed the peso to float freely against the U.S. dollar. From the beginning of 2004 until August 2008, the Mexican peso was relatively stable, ranging from Ps.9.92 to Ps.11.63. Between October 1, 2008 and March 2, 2009, the Mexican peso depreciated in value from Ps.10.97 to Ps.15.40. From March 2009 to the end of May 2011, the Mexican peso appreciated in value from Ps.15.40 to Ps.11.58. From June 2011 to June 1, 2012, the Mexican peso depreciated in value from 11.58 to 14.37. From June 1, 2012 to April 12, 2013 the Mexican peso appreciated in value from Ps.14.37 to Ps.12.07. There can be no assurance that the government will maintain its current policies with regard to the peso or that the peso will not depreciate or appreciate in the future. See "Item 3. Key Information — Risk Factors—Risks Related to Mexico—Devaluations of the Mexican Peso May Affect our Financial Performance."

The following table sets forth, for the periods indicated, the high, low, average and period-end noon buying rate in New York City for cable transfers in pesos published by the Federal Reserve Bank of New York, expressed in pesos per U.S. dollar.

	Noon Buying Rate (Ps. Per U.S.$)			
Year	**High (1)**	**Low (1)**	**Average (2)**	**Period End**
2008	13.9350	9.9166	11.1415	13.8320
2009	15.4060	12.6318	13.4970	13.0576
2010	13.1940	12.1556	12.6222	12.3825
2011	14.2542	11.5050	12.4270	13.9510
2012	14.3650	12.6250	13.15397	12.9635
October 2012	13.0925	12.7054	12.8976	13.0877
November 2012	13.0925	12.9171	13.0639	12.9171
December 2012	13.0125	12.7202	12.8651	12.9635
January 2013	12.7891	12.5857	12.6964	12.7344
February 2013	12.8798	12.6260	12.7249	12.7788
March 2013	12.7956	12.3155	12.5000	12.3155

(1) Rates shown are the actual low and high, on a day-by-day basis for each period.

(2) Average of month-end rates.

On April 19, 2013, the noon buying rate for pesos was Ps. 12.2320 to U.S.$1.00.

RISK FACTORS

Risks Related to Our Company

Fluctuations in the Cost and Availability of Corn, Wheat and Wheat Flour May Affect Our Financial Performance

Our financial performance may be affected by the price and availability of corn, wheat and wheat flour as each of these raw materials represented 36%, 14% and 5%, respectively, of our cost of sales in 2012. Mexican and world markets have experienced periods of either over-supply or shortage of corn and wheat, some of which have caused adverse effects on our results of operations. In recent years, there have been substantial volatility and increases in the price of corn due mainly to increased demand for corn from emerging markets, demand for corn-based ethanol and adverse weather conditions in certain regions of the world, which may increase our cost of corn and negatively affect our financial condition and results of operations. Also, there has been substantial volatility in the price of wheat, driven by adverse weather conditions in certain regions of the world and increased demand worldwide, especially from emerging markets. The price of corn has remained at high levels, reaching a peak in 2012 for recent years. The price of wheat declined significantly from its peak in 2008, and thereafter increased substantially but is still below the prior peak. We believe that the demand and price for corn and wheat will increase over the long term in part in connection with expected rising demand for corn-based ethanol, but mainly from increased demand by emerging markets.

To manage these price risks, we regularly monitor our risk tolerance and evaluate the possibility of using derivative instruments to hedge our exposure to commodity prices. We currently hedge against fluctuations in the costs of corn and wheat using futures and options contracts and fixed price supply contracts according to the Company's risk management policy, but remain exposed to losses in the event of non-performance by counterparties to the financial instruments or the supply contracts. In addition, if corn or wheat prices decrease below the levels specified in our various hedging agreements, we would lose the value of a decline in these prices.

Additionally, because of this volatility and price variations, we may not always be able to pass along our increased costs to our customers in the form of price increases. We cannot always predict whether or when shortages or over-supply of corn and wheat will occur. In addition, future Mexican or other countries' governmental actions could affect the price and availability of corn and wheat. Any adverse developments in domestic and international corn and wheat markets could have a material adverse effect upon our business, financial condition, results of operations, and prospects.

Our Current or Future Indebtedness could Adversely Affect Our Business and, Consequently, Our Ability to Pay Interest and Repay Our Indebtedness

Our level of short and long term indebtedness could increase our vulnerability to adverse general economic and industry conditions, including increases in interest rates, increases in prices of raw materials, foreign currency exchange rate fluctuations and market volatility. Our ability to make scheduled payments and refinance our indebtedness when due depends on, and is subject to, several factors, including our financial and operating performance, which is subject to prevailing economic and financial conditions, business and other factors, the availability of financing in the Mexican and international banking and capital markets, and our ability to sell assets and implement operating improvements. See "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Indebtedness."

We May be Adversely Affected by Increases in Interest Rates

Interest rate risk exists primarily with respect to our floating-rate peso denominated debt, which generally bears interest based on the Mexican equilibrium interbank interest rate, which we refer to as the "TIIE." In addition, we have additional interest rate risk with respect to floating-rate dollar-denominated debt, which generally bears interest based on the London interbank offered rate, which we refer to as "LIBOR." We have significant exposure to exchange rate fluctuation due to our floating-rate peso and dollar-denominated debt. As a result, if the TIIE or LIBOR rates increase significantly, our ability to service our debt may be adversely affected.

Downgrades of Our Debt May Increase Our Financing Costs or Otherwise Adversely Affect Us or Our Stock Price

Our long-term corporate credit rating and our senior unsecured perpetual bond are rated "BB" by Standard & Poor's Ratings Services ("Standard & Poor's"). Our Foreign Currency Long-Term Issuer Default Rating and our Local Currency Long-Term Issuer Default Rating are rated "BB" by Fitch Ratings ("Fitch"). Our U.S.$300 million perpetual bond is rated "BB" by Fitch.

If our financial condition deteriorates, we may experience future declines in our credit ratings, with attendant consequences. Our access to external sources of financing, as well as the cost of that financing, could be adversely affected by a deterioration of our long-term debt ratings. A downgrade in our credit ratings could increase the cost of and/or limit the availability of unsecured financing, which may make it more difficult for us to raise capital when necessary. If we cannot obtain adequate capital on favorable terms or at all, our business, operating results and financial condition would be adversely affected.

We Expect to Pay Interest and Principal on Our Debt with Cash Generated mainly in Dollars or Pesos, as Needed, But Cannot Assure You That We Will Generate Sufficient Cash Flow in the Relevant Currency at the Required Times From Our Operations

We had approximately 81% of our outstanding debt denominated in dollars, 18% in Mexican pesos and 1% in other currencies as of December 31, 2012. We may not generate sufficient cash in the relevant currency from our operations to service the entire amount of our debt in such currency. A devaluation of certain currencies or a change in our business could adversely affect our ability to service our debt.

Increases in the Cost of Energy Could Affect Our Profitability

We use a significant amount of electricity, natural gas and other energy sources to operate our corn and wheat flour mills and processing ovens for the manufacture of tortillas and related products at our domestic and international facilities. These energy costs represented approximately 3% of our cost of sales in 2012. In addition, considerable amounts of diesel fuel are used in connection with the distribution of our products. The cost of energy sources may fluctuate widely due to economic and political conditions, government policy and regulation, war, weather conditions or other unforeseen circumstances. An increase in the price of fuel and other energy sources would increase our operating costs and, therefore, could affect our profitability.

The Inadvertent Presence of Genetically Modified Corn Not Approved for Human Consumption in Our Products May Have a Negative Impact on Our Results of Operations

As we do not grow our own corn, we are required to buy it from various producers in the United States, Mexico and elsewhere. Although we only buy corn from farmers and grain elevators who agree to supply us with approved varieties of corn and we have developed a protocol in all our operations, to test and monitor our corn for certain strains of bacteria and chemicals that have not been approved for human consumption, we may unwittingly buy genetically modified corn that is not approved for human consumption, and use such raw materials in the manufacture of our products. This may result in costly recalls, subject us to lawsuits, and may have a negative impact on our results of operations.

In the past, various allegations have been made, mostly in the United States and the European Union, that genetically modified foods are unsafe for human consumption, pose risks of damage to the environment and create legal, social and ethical dilemmas. Some countries, particularly in the European Union, as well as Australia and some countries in Asia, have instituted a partial limitation on the import of grain produced from genetically modified seeds. Some countries have imposed labeling requirements and traceability obligations on genetically modified agricultural and food products, which may affect the acceptance of these products. In particular, several states of the United States, such as New Mexico and Washington have initiatives to impose labeling requirements on food products containing genetically modified organisms; if approved, these requirements may affect the acceptance of these products in such states. To the extent that we may unknowingly buy or may be perceived to be a seller of products manufactured with genetically modified grains not approved for human consumption, this may have a significant negative impact on our financial condition and results of operation.

Regulatory Developments May Adversely Affect Our Business

We are subject to regulation in each of the territories in which we operate. The principal areas in which we are subject to regulation are health, environmental, labor, taxation and antitrust. The adoption of new laws or regulations in the countries in which we operate may increase our operating costs or impose restrictions on our operations which, in turn, may adversely affect our financial condition, business and results of operations. Further changes in current regulations may result in an increase in compliance costs, which may have an adverse effect on our financial condition and results of operations. See “Item 4. Information on the Company—Regulation.”

Economic and Legal Risks Associated with a Global Business May Affect Our International Operations

We conduct our business in many countries and anticipate that revenues from our international operations will account for a significant portion of our future revenues. There are risks inherent in conducting our business internationally, including:

- general political and economic instability in international markets;
- limitations in the repatriation, nationalization or governmental seizure of our assets, including cash;
- direct or indirect expropriation of our international assets;
- varying prices and availability of corn, wheat and wheat flour and the cost and practicality of hedging such fluctuations under current market conditions;
- different liability standards and legal systems;
- developments in the international credit markets, which could affect capital availability or cost, and could restrict our ability to obtain financing or refinance our existing indebtedness at favorable terms, if at all; and
- intellectual property laws of countries that do not protect our international rights to the same extent as the laws of Mexico.

In recent years, we have expanded our operations to Ukraine, Russia and Turkey. Our presence in these and other markets could present us with new and unanticipated operational challenges. For example, we may encounter labor restrictions or shortages and currency conversion obstacles, or be required to comply with stringent local governmental and environmental regulations. Any of these factors could increase our operating expenses and decrease our profitability.

Our Business May Be Adversely Impacted By Risks Related to Our Derivatives Trading Activities

From time to time, we enter into commodities, currency and other derivative transactions, pursuant to the Company's risk management policy, that cover varying periods of time and have varying pricing provisions. We may incur unrealized losses in connection with potential changes in the value of our derivative instruments as a result of changes in economic conditions, investor sentiment, monetary and fiscal policies, the liquidity of global markets, international and regional political events, and acts of war or terrorism. See "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources," and "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Foreign Exchange Rate Risk."

We Cannot Predict the Impact that Changing Climate Conditions, Including Legal, Regulatory and Social Responses Thereto, May Have on Our Business

Various scientists, environmentalists, international organizations, regulators and other commentators believe that global climate change has added, and will continue to add, to the unpredictability, frequency and severity of natural disasters (including, but not limited to droughts, hurricanes, tornadoes, freezes, other storms and fires) in certain parts of the world. In response to this belief, a number of legal and regulatory measures as well as social initiatives have been introduced in an effort to reduce greenhouse gas and other carbon emissions which some believe may be chief contributors to global climate change. We cannot predict the impact that changing climate conditions, if any, will have on our results of operations or our financial condition. Moreover, we cannot predict how legal, regulatory and social responses to concerns about global climate change will impact our business in the future.

Our Business and Operations May Be Adversely Affected by Global Economic Conditions

The current global macroeconomic environment, characterized by a continuing instability in the financial markets and the potential threat of a global economic downturn, primarily as a result of the ongoing sovereign debt crisis and general economic outlook of the Eurozone, the high degree of unemployment in certain countries and the level of public debt in the U.S. and certain European countries, has adversely affected the economy in the United States, Europe and many other parts of the world, including Mexico, and has had significant consequences worldwide, including unprecedented volatility, significant lack of liquidity, loss of confidence in the financial markets, disruptions in the credit sector, reduced business activity, rising unemployment, decline in interest rates and erosion of consumer confidence. It is uncertain how long the effects of this global macroeconomic instability will continue and how much of an impact it will have on the global economy in general, or the economies in which we operate in particular, and whether slowing economic growth in any such countries could result in our customers and consumers reducing their spending. As a result, we may need to lower the prices of certain of our products and services in order to maintain their attractiveness, which could lead to reduced turnover and profit or a decline in demand for our products. Any such development could adversely affect our business, results of operations and financial condition and lead to a drop in the trading price of our shares.

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Our Financial Information Prepared under IFRS May Not Be Comparable to Our Financial Information Prepared Under Mexican FRS

We adopted IFRS as of January 1, 2011 and prepared our audited consolidated financial statements included in this annual report in accordance with IFRS as issued by the IASB. IFRS differs in certain significant respects from Mexican FRS and U.S. GAAP. As a result of the adoption of IFRS, our consolidated financial information presented under IFRS for fiscal years 2010, 2011 and 2012 may not be comparable to our financial information for previous periods prepared under Mexican FRS available in the market.

Risks Related to Mexico

Our Results of Operations Could Be Affected by Economic and Social Conditions in Mexico

We are a Mexican company with 38% of our consolidated assets located in Mexico and 35% of our consolidated net sales derived from our Mexican operations as of and for the year ended December 31, 2012. As a result, Mexican economic conditions could impact our results of operations.

In the past, Mexico has experienced exchange rate instability and devaluation as well as high levels of inflation, domestic interest rates, unemployment, negative economic growth and reduced consumer purchasing power. These events resulted in limited liquidity for the Mexican government and local corporations. Crime rates and civil and political unrest in Mexico and around the world could also negatively impact the Mexican economy. See "Item 3. Key Information—Risk Factors—Developments in Other Countries Could Adversely Affect the Mexican Economy, the Market Value of our Securities and Our Results of Operations."

Mexico has experienced periods of slow growth since 2001, primarily as a result of the downturn in the U.S. economy. The Mexican economy grew by 1.5% in 2008 but contracted by 6.1% in 2009. In 2010, 2011 and 2012, the Mexican economy grew by 5.5%, 3.9% and 3.9%, respectively.

Developments and trends in the world economy affecting Mexico may have a material adverse effect on our business, financial condition and results of operations. The Mexican economy is tightly connected to the U.S. economy through international trade (approximately 77% of Mexican exports are directed to the United States), international remittances (billions of dollars from Mexican workers in the United States are the country's second-largest source of foreign exchange), foreign direct investment (approximately 59% of Mexican foreign direct investment comes from U.S.-based investors), and financial markets (the U.S. and Mexican financial systems are highly integrated). As the U.S. economy contracts, U.S. citizens consume fewer Mexican imports, Mexican workers in the United States send less money to Mexico, U.S. firms with businesses in Mexico make fewer investments, U.S.-owned banks in Mexico make fewer loans, and the quality of U.S. financial assets held in Mexico deteriorates. Moreover, a collapse in confidence in the U.S. economy may spread to other economies closely connected to it, including Mexico's. The result may be a potentially deep and protracted recession in Mexico. If the Mexican economy falls into a deep and protracted recession, or if inflation and interest rates increase, consumer purchasing power may decrease and, as a result, demand for our products may decrease. In addition, a recession could affect our operations to the extent we are unable to reduce our costs and expenses in response to falling demand.

Our Business Operations Could Be Affected by Government Policies in Mexico

The Mexican government has exerted, and continues to exert, significant influence over the Mexican economy. Mexican governmental actions concerning the economy could have a significant effect on Mexican private sector entities, as well as on market conditions, prices and returns on securities of Mexican issuers, including our securities. Governmental policies have negatively affected our sales of corn flour in the past and may continue to do so in the future.

Mexico held Presidential and Congressional elections on July 1, 2012, in which Enrique Peña Nieto, of political party *Partido Revolucionario Institucional*, or PRI, was elected. Following these elections, the Mexican Congress continues to be divided, as no political party in Mexico holds an absolute majority in the Senate or House of Representatives. The lack of a majority party in the legislature, the lack of alignment between the legislature and the President and any changes that result from the recent Presidential and Congressional elections, could result in political uncertainty or deadlock and prevent the timely implementation of political and economic reforms, which in turn could have a material adverse effect on Mexican economic policy and on our business, financial conditions and results of operations.

The Mexican government supports the commercialization of corn for Mexican corn growers through the Agricultural Incentives and Services Agency (*Apoyos y Servicios a la Comercialización Agropecuaria*, or ASERCA). To the extent that this or other similar programs are cancelled or modified by the Mexican government, we may be required to incur additional costs in

purchasing corn for our operations, and therefore we may need to increase the prices of our products to reflect such additional costs. See "Item 4. Information on the Company—Regulation."

In 2008, the Mexican government created a program to support the corn flour industry (*Programa de Apoyo a la Industria de la Harina de Maíz* or PROHARINA). This program aimed to mitigate the impact of the rise in international corn prices through price supports designed to aid the consumer and provided through the corn flour industry. However, the Mexican government cancelled the PROHARINA program in December 2009. As a result of the cancellation of this program by the Mexican government in December of 2009, we were required to increase the prices of our products to reflect such additional costs. There can be no assurance that we will maintain our eligibility for other programs similar to PROHARINA that may be implemented, or that the Mexican government will not institute price controls or other actions on the products we sell, which could adversely affect our financial condition and results of operations. See "Item 4. Information on the Company—Regulation—Corn Flour Consumer Aid Program."

The level of environmental regulations and enforcement in Mexico has increased in recent years. We expect the trend toward greater environmental regulation and enforcement to continue and to be accelerated as a result of international agreements between Mexico and the United States. The promulgation of new and more stringent environmental regulations or higher levels of enforcement could adversely affect our business condition and results of operations.

Devaluations of the Mexican Peso May Affect our Financial Performance

Because we have significant international operations generating revenue in different currencies (mainly in U.S. dollars) and debt denominated in various currencies, we remain exposed to foreign exchange risks that could affect our ability to meet our obligations and result in foreign exchange losses. We posted a net foreign exchange gain of Ps.144 million in 2010, a gain of Ps.41 million in 2011 and a loss of Ps.89 million in 2012. Major devaluation or depreciation of the Mexican peso may limit our ability to transfer or to convert such currency into U.S. dollars for the purpose of making timely payments of interest and principal on our indebtedness. The Mexican government does not currently restrict, and for many years has not restricted, the right or ability of Mexican or foreign persons or entities to convert pesos into U.S. dollars or to transfer other currencies out of Mexico. The government could, however, institute restrictive exchange rate policies in the future.

High Levels of Inflation and High Interest Rates in Mexico Could Adversely Affect the Business Climate in Mexico and our Financial Condition and Results of Operations

Mexico has experienced high levels of inflation in the past. The annual rate of inflation, as measured by changes in the National Consumer Price Index was 4.40% for 2010, 3.82% for 2011 and 3.57% for 2012. From January through March 2013, the inflation rate was 1.64%. On April 24, 2013, the 28-day CETES rate was 3.76%. While a substantial part of our debt is dollar-denominated at this time, high interest rates in Mexico may adversely affect the business climate in Mexico generally and our financing costs in the future and thus our financial condition and results of operations.

Developments in Other Countries Could Adversely Affect the Mexican Economy, the Market Value of Our Securities and Our Results of Operations

The Mexican economy may be, to varying degrees, affected by economic and market conditions in other countries. Although economic conditions in other countries may differ significantly from economic conditions in Mexico, investors' reactions to adverse developments in other countries may have an adverse effect on the market value of securities of Mexican issuers. In recent years, economic conditions in Mexico have become increasingly correlated to economic conditions in the United States. Accordingly, the slow recovery of the economy in the United States, and the uncertainty of the impact it could have on the general economic conditions in Mexico and the United States could have a significant adverse effect on our businesses and results of operations. See "Item 3. Key Information—Risk Factors—Our Results of Operations Could Be Affected by Economic Conditions in Mexico," and "Item 3. Key Information—Risk Factors—Risks Related to the United States—Unfavorable General Economic Conditions in the United States Could Negatively Impact Our Financial Performance." In addition, economic crises in the United States as well as in Asia, Russia, Brazil, Argentina and other emerging market countries have adversely affected the Mexican economy in the past.

Our financial performance may also be significantly affected by general economic, political and social conditions in the emerging markets where we operate, particularly Mexico, Venezuela, Eastern Europe and Asia. Many countries in Latin America, including Mexico and Venezuela, have suffered significant economic, political and social crises in the past, and these events may occur again in the future. See also "Item 3. Key Information —Risks Related to Venezuela—Our Subsidiaries in Venezuela are Currently Involved in Expropriation Proceedings and May Engage in Arbitration Proceedings." Instability in Latin America has been caused by many different factors, including:

- Significant governmental influence over local economies;
- Substantial fluctuations in economic growth;
- High levels of inflation;
- Changes in currency values;
- Exchange controls or restrictions on expatriation of earnings;
- High domestic interest rates;
- Wage and price controls;
- Changes in governmental, economic or tax policies;
- Imposition of trade barriers;
- Unexpected changes in regulation; and
- Overall political, social and economic instability.

Adverse economic, political and social conditions in Latin America may create uncertainty regarding our operating environment, which could have a material adverse effect on our company.

We cannot assure you that the events in other emerging market countries, in the United States, Europe, or elsewhere will not adversely affect our business, financial condition and results of operations.

You May Be Unable to Enforce Judgments Against Us in Mexican Courts

We are a Mexican publicly held corporation (*Sociedad Anónima Bursátil de Capital Variable*). Most of our directors and executive officers are residents of Mexico, and a significant portion of the assets of our directors and executive officers, and a significant portion of our assets, are located in Mexico. You may experience difficulty in effecting service of process upon our company or our directors and executive officers in the United States, or, more generally, outside of Mexico and in enforcing civil judgments of non-Mexican courts in Mexico, including judgments predicated on civil liability under U.S. federal securities laws, against us, or our directors and executive officers. We have been advised by our General Counsel that there is doubt as to the enforceability of original actions in Mexican courts of liabilities predicated solely on the U.S. federal securities laws.

Risks Related to Venezuela

Our Subsidiaries in Venezuela are Currently Involved in Expropriation Proceedings and May Engage in Arbitration Proceedings

On May 12, 2010, the Bolivarian Republic of Venezuela (the "Republic") published decree number 7,394 in the Official Gazette of Venezuela (the "Expropriation Decree"), which announced the forced acquisition of all goods, movables, and real estate of MONACA. The Republic has expressed to GRUMA's representatives that the Expropriation Decree extends to DEMASECA.

As stated in the Expropriation Decree and in accordance with the Venezuelan Expropriation Law (the "Expropriation Law"), the transfer of legal ownership can occur either through an "Amicable Administrative Arrangement" or a "Judicial Order". Neither method of transfer of titles has been completed. Therefore, as of this date, no formal transfer of title of the assets covered by the Expropriation Decree has taken place.

GRUMA's interests in MONACA and DEMASECA are held through two Spanish companies Valores Mundiales, S.L. ("Valores Mundiales") and Consorcio Andino, S.L. ("Consorcio Andino"). In 2010, Valores Mundiales and Consorcio Andino (collectively, the "Investors") commenced negotiations with the Republic with the intention of reaching an amicable settlement. Through Valores Mundiales and Consorcio Andino, GRUMA participated in these negotiations with a view to (i) continuing its presence in Venezuela by potentially entering into a joint venture with the Venezuelan government; and/or (ii) seeking adequate compensation for the assets subject to expropriation.

The Republic and the Kingdom of Spain are parties to a Treaty on Reciprocal Promotion and Protection of Investments dated November 2, 1995 (the "Investment Treaty"), under which the Investors may settle investment disputes by means of arbitration before the International Centre for Settlement of Investment Disputes ("ICSID"). On November 9, 2011, the Investors, MONACA, and DEMASECA validly provided formal notice to the Republic that an investment dispute had arisen as a consequence of the Expropriation Decree and related measures adopted by the Republic. In that notification, the Investors, MONACA, and DEMASECA also agreed to submit the dispute to ICSID arbitration if the parties were unable to reach an amicable agreement.

On January 22, 2013, the Venezuelan Government issued a resolution providing the right to take control over the operations of MONACA and DEMASECA. As a result, we concluded that we lost control of our Venezuelan subsidiaries, MONACA and DEMASECA, on January 22, 2013.

While negotiations with the government have taken place and may again take place from time to time, the Company cannot assure that such negotiations will be successful or will result in the Investors receiving adequate compensation, if any, for their investments subject to the Expropriation Decree. Additionally, the Company cannot predict the results of any arbitral proceeding, or the ramifications that costly and prolonged legal disputes could have on its results of operations or financial position, or the likelihood of collecting a successful arbitration award. The Company and its subsidiaries reserve and intend to continue to reserve the right to seek full compensation for any and all expropriated assets and investments under applicable law, including investment treaties and customary international law. See "Item 8—Legal Proceedings—Venezuela—Expropriation Proceedings by the Venezuelan Government."

We Intend to Deconsolidate Our Venezuelan Subsidiaries Beginning January 22, 2013

In accordance with IFRS, we concluded that we lost control of our Venezuelan subsidiaries, MONACA and DEMASECA, on January 22, 2013. As a result of such loss of control, we will cease the consolidation of the financial information of MONACA and DEMASECA starting January 22, 2013.

As disclosed in Note 7 to our audited consolidated financial statements, at December 31, 2012, the total assets and liabilities of these subsidiaries in Venezuela were Ps.7,087,569 and Ps.2,948,192, respectively. For the year ended December 31, 2012, these subsidiaries represented net sales of Ps.9,907,182 and operating income of Ps.444,525.

Our interest in the total net assets of Venezuelan subsidiaries was Ps.3,090,289 at December 31, 2012. In January 2013 and as a result of the loss of control in these subsidiaries the foreign currency translation loss of Ps.432,458, recorded in other comprehensive income at December 31, 2012, will be transferred to our income statement and presented as a discontinued operation.

This loss of control may adversely affect our results of operation. The net impact of this matter on the Company's audited consolidated financial statements cannot be reasonably estimated at this time.

Venezuela Presents Significant Economic Uncertainty and Political Risks

Our operations in Venezuela through MONACA and DEMASECA accounted for 15% of our net sales and 14% of our total assets as of December 31, 2012. In recent years, political and social instability has prevailed in Venezuela. This unrest presents a risk to our operations in Venezuela which cannot be controlled or accurately measured or estimated

Venezuelan authorities have imposed foreign exchange and price controls that apply to products such as corn flour and wheat flour, which have limited our ability to increase our prices in order to compensate for higher costs in raw materials and to convert bolivars into other currencies and transfer funds out of Venezuela. Pursuant to the foreign exchange controls, the purchase and sale of foreign currency is required to be made at an official rate of exchange, as determined by the Venezuelan government (the "Official Rate"). In addition, U.S. dollars may be acquired in order to settle certain U.S. dollar-denominated debt incurred pursuant to imports and royalty agreements, and for payment of dividends, capital gains, interest payments or private debt only after proper submission and approval by the Foreign Exchange Administration Board (CADIVI). We continue to make appropriate submissions to CADIVI. We expect to be in a position to meet our foreign currency-denominated obligations; however, as long as the system of exchange controls remains in effect, there is no assurance that we will be able to secure the required approvals from CADIVI to have sufficient foreign currency for this purpose.

In addition, as described in Notes 6 and 30 to our audited consolidated financial statements, the Venezuelan government devalued its currency and established a two tier exchange structure on January 11, 2010. On December 30, 2010, the Venezuelan government issued Exchange Agreement No. 14, which established a single exchange rate of 4.30 bolivars per U.S. dollar effective January 1, 2011. On February 8, 2013, the National Executive, through the Central Bank of Venezuela and the Ministry of Popular Power for Planning and Finance, amended the Exchange Agreement to the effect that an exchange rate of 6.30 bolivars per U.S. dollar

is applicable to all operations conducted in foreign currency effective as of February 9, 2013. We cannot guarantee that the Venezuelan government will not impose additional price controls, or further devalue its currency or make similar decisions in the future.

As a result of the devaluation and based on the company's foreign currency positions at December 31, 2012 and management interpretations, the estimated financial effect from the enactment of this Exchange Agreement for those items that management believes will be settled at these new exchange rates, is an estimated net foreign exchange loss of Bs.19,494, which could have been recognized in February 2013. Additionally, the conversion of the financial position and the results of operations of our Venezuelan subsidiaries could have resulted in a decrease of approximately 45% of the value in Mexican peso of these subsidiaries for consolidation purposes. Future devaluations of the Venezuelan currency will have a limited impact on our future financial statements as Gruma Venezuela will be deconsolidated from our operations as of January 22, 2013.

Risks Related to the United States

Unfavorable General Economic Conditions in the United States Could Negatively Impact Our Financial Performance

Net sales in the U.S. constituted 37% of our total sales in 2012. Unfavorable general economic conditions, such as the current economic slowdown in the United States, could negatively affect the affordability of and consumer demand for some of our products. Under difficult economic conditions, customers and consumers may seek to forego purchases of our products or, if available, shift to lower-priced products offered by other companies. Softer customer and consumer demand for our products in the United States or in other major markets could reduce our profitability and could negatively affect our financial performance.

Additionally, as the retail grocery trade continues to consolidate and our retail customers grow larger, they could demand lower pricing and increased promotional programs. Also, our dependence on sales to certain retail and food service customers could increase. There is a risk that we will not be able to maintain our U.S. profit margin in this environment.

Demand for our products in Mexico may also be disproportionately affected by the performance of the United States economy. See also "Item 3. Key Information—Risk Factors—Risks Related to Mexico—Our Results of Operations Could Be Affected by Economic Conditions in Mexico."

Risks Related to Our Controlling Shareholders and Capital Structure

Holders of ADSs May Not Be Able to Vote at our Shareholders' Meetings

Our shares are traded on the New York Stock Exchange in the form of ADSs. There can be no assurance that holders of our shares through ADSs will receive notices of shareholder meetings from our ADS depositary with sufficient time to enable such holders to return voting instructions to our ADS depositary in a timely manner. Under certain circumstances, a person designated by us may receive a proxy to vote the shares underlying the ADSs at our discretion at a shareholder meeting.

Holders of ADSs Are Not Entitled to Attend Shareholder Meetings, and They May Only Vote Through the Depositary

Under Mexican law, a shareholder is required to deposit its shares with a Mexican custodian in order to attend a shareholders' meeting. A holder of ADSs will not be able to meet this requirement, and accordingly is not entitled to attend shareholders' meetings. A holder of ADSs is entitled to instruct the depositary as to how to vote the shares represented by ADSs, in accordance with procedures provided for in the deposit agreement, but a holder of ADSs will not be able to vote its shares directly at a shareholders' meeting or to appoint a proxy to do so. In addition, such voting instructions may be limited to matters enumerated in the agenda contained in the notice to shareholders and with respect to which information is available prior to the shareholders' meeting.

Holders of ADSs May Not Be Able to Participate in Any Future Preemptive Rights Offering and as a Result May Be Subject to a Dilution of Equity Interest

Under Mexican law, if we issue new shares for cash as a part of a capital increase, other than in connection with a public offering of newly issued shares or treasury stock, we must generally grant our shareholders the right to purchase a sufficient number of shares to maintain their existing ownership percentage. Rights to purchase shares in these circumstances are known as preemptive rights. We may not legally be permitted to allow holders of our shares through ADSs in the United States to exercise any preemptive rights in any future capital increases unless (i) we file a registration statement with the U.S. Securities and Exchange Commission, or SEC, with respect to that future issuance of shares or (ii) the offering qualifies for an exemption from the registration requirements of the Securities Act. At the time of any future capital increase, we will evaluate the costs and potential liabilities associated with filing a

registration statement with the SEC, as well as the benefits of preemptive rights to holders of our shares through ADSs in the United States and any other factors that we consider important in determining whether to file a registration statement.

We are under no obligation to, and there can be no assurance that we will, file a registration statement with the SEC to allow holders of our shares through ADSs in the United States to participate in a preemptive rights offering. In addition, under current Mexican law, sales by the ADS depositary of preemptive rights and distribution of the proceeds from such sales to the holders of our shares through ADSs is not possible. As a result, the equity interest of holders of our shares through ADSs would be diluted proportionately and such holders may not receive any economic compensation. See "Item 10. Additional Information—Bylaws—Preemptive Rights."

The Protections Afforded to Minority Shareholders in Mexico Are Different From Those in the United States

Under Mexican law, the protections afforded to minority shareholders are different from those in the United States. In particular, the law concerning fiduciary duties of directors, executive officers and controlling shareholders has been recently developed and there is no legal precedent to predict the outcome of any such action. Additionally, shareholders' class actions are not available under Mexican law and there are different procedural requirements for bringing shareholder derivative lawsuits. As a result, in practice it may be more difficult for our minority shareholders to enforce their rights against us, our directors, our executive officers or our controlling shareholders, than it would be for shareholders of a U.S. company.

We Have Transactions With Affiliates That Could Create Potential Conflicts of Interest

In general, transactions with affiliates may create the potential for conflicts of interest. See "Item 7. Major Shareholders and Related Party Transactions."

We purchased some of our raw materials from Archer-Daniels-Midland Company ("Archer-Daniels-Midland," or "ADM") at market rates and terms. During 2010, 2011 and 2012, we purchased U.S.$97 million, U.S.$ 147 million and U.S.$ 179 million of raw materials, respectively, from Archer-Daniels-Midland. As of December 14, 2012, as a result of the ADM Transaction (as defined elsewhere in this report), Archer-Daniels-Midland no longer holds any interests in our Company. See "Item 7. Major Shareholders and Related Party Transactions."

Exchange Rate Fluctuations May Affect the Value of Our Shares

Fluctuations in the exchange rate between the peso and the U.S. dollar will affect the U.S. dollar value of an investment in our shares and of dividend and other distribution payments on those shares. See "Item 3. Key Information—Selected Financial Data—Exchange Rate Information" and "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Foreign Exchange Rate Risk."

Mexican Law Restricts the Ability of Non-Mexican Shareholders to Invoke the Protection of Their Governments With Respect to Their Rights as Shareholders

As required by Mexican law, our bylaws provide that non-Mexican shareholders shall be treated as Mexican shareholders in respect to their ownership interests in us, and shall be deemed to have agreed not to invoke the protection of their governments under any circumstance, under penalty of forfeiting, in favor of the Mexican government, any participation or interest held in us.

Under this provision, a non-Mexican shareholder is deemed to have agreed not to invoke the protection of its own government by requesting the initiation of a diplomatic claim against the Mexican government with respect to its shareholder's rights. However, this provision shall not deem non-Mexican shareholders to have waived any other rights they may have, including any rights under the U.S. securities laws, with respect to their investment in us.

Our Controlling Shareholder Exerts Substantial Control Over Our Company

As of April 26, 2013, the estate of the late Roberto González Barrera and his family (the "Control Group") controlled approximately 66.45% of our outstanding shares. See "Item 10. Additional Information—Bylaws—Changes in Capital stock." Consequently, the Control Group, acting together, has the power to elect the majority of our directors and to determine the outcome of most actions requiring approval of our stockholders, including the declaration of dividends.

We cannot assure you that the Control Group will continue to act together for purposes of control. Additionally, the Control Group may pledge part of its shares in us to secure any future borrowings. If such were the case and the Control Group were to default on its payment obligations, the lenders could enforce their rights with respect to such shares, and the Control Group could lose its controlling interest in us resulting in a change of control. A change of control could trigger a default in some of our credit agreements and the indenture governing our perpetual bonds, which have an aggregate principal amount outstanding as of December 31, 2012 of U.S. $1,063 million, and could have a material adverse effect upon our business, financial condition, results of operations and prospects.

Additionally, we cannot assure you that the Control Group will continue to act together for purposes of control. A change of control could trigger a default in some of our credit agreements and have a material adverse effect upon our business, financial condition, results of operations and prospects.

Our Antitakeover Protections May Deter Potential Acquirors

Certain provisions of our bylaws could make it substantially more difficult for a third party to acquire control of us. These provisions in our bylaws may discourage certain types of transactions involving the acquisition of our securities. These provisions could discourage transactions in which our shareholders might otherwise receive a premium for their shares over the then current market price. Holders of our securities who acquire shares in violation of these provisions will not be able to vote, or receive dividends, distributions or other rights in respect of, these securities and would be obligated to pay us a penalty. For a description of these provisions, see "Item 10. Additional Information—Bylaws—Other Provisions—Antitakeover Protections."

We Are a Holding Company and Depend Upon Dividends and Other Funds From Subsidiaries to Service Our Debt

We are a holding company with no significant assets other than the shares of our subsidiaries. As a result, our ability to meet our debt service obligations depends primarily on the dividends received from our subsidiaries. Under Mexican law, companies may only pay dividends:

- from earnings included in year-end financial statements that are approved by shareholders at a duly convened meeting;
- after any existing losses applicable to prior years have been made up or absorbed into stockholders' equity;
- after at least 5% of net profits for the relevant fiscal year have been allocated to a legal reserve until the amount of the reserve equals 20% of a company's paid-in capital stock; and
- after shareholders have approved the payment of the relevant dividends at a duly convened meeting.

In addition, Gruma Corporation is subject to covenants in some of its debt agreements, which require the maintenance of specified financial ratios and balances and, upon an event of default, prohibit the payment of cash dividends. For additional information concerning these restrictions on inter-company transfers, see "Item 3. Key Information—Selected Financial Data—Dividends" and "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources."

We own approximately 83% of the outstanding shares of Grupo Industrial Maseca, S.A.B. de C.V., or GIMSA; accordingly, we are entitled to receive only our *pro rata* share of any of its dividends.

We also own 76% of MONACA and 60% of DEMASECA. However, as of January 22, 2013, we lost control of MONACA and DEMASECA as a consequence of the actions of the Venezuelan Government. Our ability to repatriate our *pro rata* share of dividends from MONACA and DEMASECA may be adversely affected. See "Item 3. Key Information—Risk Factors—Risks Related to Venezuela."

ITEM 4 Information on the Company.

HISTORY AND DEVELOPMENT

Gruma, S.A.B. de C.V. is a publicly held corporation (*Sociedad Anónima Bursátil de Capital Variable*) registered in Monterrey, Mexico under the *Ley General de Sociedades Mercantiles*, or Mexican Corporations Law, on December 24, 1971, with a corporate life of 99 years. Our full legal name is Gruma, S.A.B. de C.V., but we are also known by our commercial names: GRUMA and MASECA. The address of our principal executive office is Calzada del Valle, 407 Ote., Colonia del Valle, San Pedro Garza García, Nuevo León, 66220, México, and our telephone number is (52) 81 8399-3300. Our legal domicile is Monterrey, Nuevo León, México.

We were founded in 1949, when the late Roberto González Barrera started producing and selling corn flour in Northeastern Mexico as an alternative raw material for producing tortillas. Prior to our founding, all corn tortillas were made using a rudimentary process. We believe that the preparation of tortillas using our dry corn flour method presents significant advantages, including greater efficiency and higher quality, which makes tortillas consistent and readily available. The corn flour process has been a significant impetus for growth, resulting in expanding corn flour and tortilla production and sales throughout Mexico, the United States, Central

America, Venezuela, Europe, Asia and Oceania. In addition, we have diversified our product mix to include wheat flour in Mexico and Venezuela, other types of flatbreads (pita, naan, chapatti, pizza bases and piadina) mainly in Europe, Asia and Oceania, among other products in the regions where we have presence.

One of our most important competitive advantages is our proprietary state-of-the art technology for the manufacturing of corn flour and tortillas and other related products. We have been developing and advancing our own technology since the founding of our company. Throughout the years we have been able to achieve vertical integration, which is an important part of our competitive advantage.

The following are some significant historical highlights:

- **In 1949**, Roberto González Barrera and a group of predecessor Mexican corporations founded GIMSA, which is engaged principally in the production, distribution and sale of corn flour in Mexico.
- **In 1972**, we entered the Central American market with our first operation in Costa Rica. Today, we have operations in Costa Rica, Guatemala, Honduras, El Salvador and Nicaragua, as well as Ecuador, which we include as part of our Central American operations.
- **In 1977**, we entered the U.S. market. Our operations have grown to include products such as tortillas, corn flour, and other tortilla related products.
- **From 1989 to 1995**, we significantly increased our installed manufacturing capacity in the United States and in Mexico.
- **In 1993**, we entered the Venezuelan corn flour market through an investment in DEMASECA, a Venezuelan corporation producing corn flour.
- **In 1994** GRUMA became a publicly listed company in both Mexico and the U.S.
- **In 1996**, we strengthened our position in the U.S. corn flour market through an association with Archer-Daniels-Midland. Through this association we combined our existing U.S. corn flour operations and strengthened our position in the U.S. corn flour market. This association also allowed us to enter the Mexican wheat flour market by acquiring a 60% ownership interest in Archer-Daniels-Midland's Mexican wheat flour operations. Archer-Daniels-Midland no longer holds an ownership interest in the Company. See "Item 4. Information on the Company—Share Purchase Transaction with Archer-Daniels-Midland."
- **From 1997 to 2000**, we initiated a significant plant expansion program. During this period, we acquired or built tortilla plants, corn flour plants and wheat flour plants in the United States, Mexico, Central America, Venezuela and Europe.
- **From 2001 to 2003**, we entered into a comprehensive review of our business portfolio and focused on our core businesses.
- **In 2004**, we increased our presence in Europe by acquiring Ovis Boske, a tortilla company based in the Netherlands, and Nuova De Franceschi & Figli, a corn flour company based in Italy. We continued to expand capacity and upgrade several of our U.S. operations, the most relevant of which was the expansion of a corn mill in Indiana.
- **In 2005**, we continued to expand capacity at existing plants, began the construction of a tortilla plant in the northeast of the U.S., acquired three tortilla plants from Cenex Harvest States or CHS (located in Minnesota, Texas and Arizona) and one more in San Francisco, California. In addition, GIMSA acquired Agroindustrias Integradas del Norte and Agroinsa de México (together, and with their subsidiaries, Agroinsa), a group of companies engaged primarily in the production of corn flour and, to a lesser extent, wheat flour and other products in Mexico.
- **In 2006**, we acquired two small tortilla plants in Australia (Rositas Investments and Oz-Mex Foods) and opened our first tortilla plant in China, which strengthened our presence in the Asian and Oceania markets. We concluded the acquisition of Pride Valley Foods, a company based in England that produces tortillas, pita bread, naan, and chapatti, thus expanding our product portfolio to other types of flatbreads.

- **In 2007**, we entered into a contract to sell a 40% stake in MONACA to our former partner in DEMASECA. In conjunction with this transaction, we also agreed to purchase an additional 10% ownership interest in DEMASECA from our former partner. We also purchased the remaining 49% ownership interest in Nuova De Franceschi & Figli. In addition, we made major investments in capacity expansions and upgrades in Gruma Corporation, started the construction of a new tortilla plant in Australia for Gruma Asia & Oceania, and expanded two of GIMSA's plants.

- **From 2008 to 2010**, we made capital expenditures for the construction of a tortilla plant in southern California, capacity expansions, general manufacturing and technology upgrades to several of our existing facilities, the construction of a tortilla plant in Australia, the construction of a wheat mill in Venezuela, and the acquisition of the leading producer of corn grits in Ukraine.

- **In 2011**, we acquired Semolina, the Turkish market leading producer of corn grits, two tortilla plants in the U.S. located in Omaha, Nebraska and Albuquerque, New Mexico, and Solntse Mexico, the leading tortilla manufacturer in Russia.

- **In 2012**, our founder Mr. Roberto González Barrera passed away. In December 2012, we repurchased from Archer-Daniels-Midland 23.16% of our issued shares as well as Archer-Daniels-Midland's minority stakes in Azteca Milling, L.P., Molinera de México, S.A. de C.V., Consorcio Andino, S.L. and Valores Mundiales, S.L. See "Item 4. Information on the Company—Share Purchase Transaction with Archer-Daniels-Midland."

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ORGANIZATIONAL STRUCTURE

We are a holding company and conduct our operations through subsidiaries. The table below sets forth our principal subsidiaries as of December 31, 2012.

Name of Company	Principal Markets	Jurisdiction of Incorporation	Percentage Owned(1)	Products/ Services
Mexican Operations				
Grupo Industrial Maseca, S.A.B. de C.V. ("GIMSA")	Mexico	Mexico	83%	Corn flour, Other
Molinera de México, S.A. de C.V. ("Molinera de México")	Mexico	Mexico	100%	Wheat flour, Other
U.S. and Europe Operations				
Gruma Corporation	United States and Europe	Nevada	100%	Tortillas, Other tortilla related products, Corn flour, Flatbreads, Grits, Other
Azteca Milling, LP. ("Azteca Milling")	United States	Texas	100%	Corn flour
Central American Operations				
Gruma de Guatemala, S.A., Derivados de Maíz Alimenticio, S.A., Industrializadora y Comercializadora de Palmito, S.A., Derivados de Maíz de Guatemala, S.A., Tortimasa, S.A., Derivados de Maíz de El Salvador, S.A., and Derivados de Maíz de Honduras, S.A. ("Gruma Centroamérica")	Costa Rica, Honduras, Guatemala, El Salvador, Nicaragua, Ecuador	Costa Rica, Honduras, Guatemala, El Salvador, Nicaragua, Ecuador	100%	Corn flour, Tortillas, Snacks, Hearts of palm, Rice
Venezuelan Operations(2)				
Molinos Nacionales, C.A. ("MONACA") (3)	Venezuela	Venezuela	76%	Corn flour, Wheat flour, Other products
Derivados de Maíz Seleccionado, C.A. ("DEMASECA") (3)	Venezuela	Venezuela	60%	Corn flour
Other Subsidiaries				
Mission Foods (Shanghai) Co. Ltd., Gruma Oceania Pty. Ltd., and Mission Foods (Malaysia) Sdn. Bhd. ("Gruma Asia & Oceania")	Asia and Oceania	China, Malaysia and Australia	100%	Tortillas, Chips, Other products
Productos y Distribuidora Azteca, S.A. de C.V. ("PRODISA")	Mexico	Mexico	100%	Tortillas, Other related products
Investigación de Tecnología Avanzada, S.A. de C.V. ("INTASA")	Mexico	Mexico	100%	Construction, Technology and Equipment operations

(1) Percentage of equity capital owned by us directly or indirectly through subsidiaries.

(2) Together these subsidiaries are referred to as "Gruma Venezuela." We will deconsolidate Gruma Venezuela as of January 22, 2013 and account for it as a discontinued operation.

(3) RFB Holdings de Mexico, S.A. de C.V. holds a 24.14% indirect interest in MONACA and 40% in DEMASECA. See "Item 3. Key Information—Risk Factors—Risks Related to Venezuela—Our Subsidiaries in Venezuela are Currently Involved in Expropriation Proceedings and May Engage in Arbitration Proceedings and "Item 10. Additional Information—Material Contracts—Archer-Daniels-Midland."

Our subsidiaries accounted for the following percentages and amount of our net sales in millions of pesos for the years ended December 31, 2012, 2011 and 2010.

	Year ended December 31,					
	2012		2011		2010	
	In Millions of Pesos	Percentage of Net Sales	In Millions of Pesos	Percentage of Net Sales	In Millions of Pesos	Percentage of Net Sales
Gruma Corporation	Ps. 26,932	42%	Ps. 23,923	42%	Ps. 21,451	46%
GIMSA	17,573	27	15,386	27	11,853	26
Gruma Venezuela	9,907	15	9,157	16	5,382	12
Molinera de México	5,046	8	4,633	8	3,757	8
Gruma Centroamérica	3,369	5	3,180	6	2,765	6
Others and eliminations	1,490	2	1,366	1	1,024	2
Total	Ps. 64,317	100	Ps. 57,645	100	Ps. 46,232	100

Share Purchase Transaction with Archer-Daniels-Midland

We entered into an association with Archer-Daniels-Midland in September 1996. Archer-Daniels-Midland is one of the world's largest agricultural processors and traders. Through our partnership we improved our position in the U.S. corn flour market and gained an immediate presence in the Mexican wheat flour market. See "Item 7. Major Shareholders and Related Party Transactions—Transactions with Archer-Daniels-Midland." On December 14, 2012, we acquired the stake that Archer-Daniels-Midland owned directly and indirectly in the Company and certain of our subsidiaries (the ''Equity Interests'') through the exercise of a purchase option pursuant to certain rights of first refusal (the "ADM Transaction"), consisting of:

- 18.81% of the issued shares of Gruma S.A.B. de C.V. and, indirectly, an additional 4.35% of the issued shares of Gruma, S.A.B. de C.V. via the acquisition of 45% of the shares of Valores Azteca, S.A. de C.V. (''Valores Azteca''), a company that owns 9.66% of the issued shares of Gruma, S.A.B. de C.V.;

- 3% of the partnership interest of Valores Mundiales and Consorcio Andino, holding companies of our subsidiaries in Venezuela, MONACA and DEMASECA, respectively;

- 40% of the shares of Molinera de Mexico, our wheat flour business in Mexico; and

- 100% of the shares of Valley Holding Inc., a company that owns 20% of Azteca Milling, our corn flour business in the United States.

The Equity Interests were acquired from Archer-Daniels-Midland for US$450 million plus a contingent payment of up to US$60 million, which contingent payment is payable only if during the 42 months following the closing of the ADM Transaction certain conditions are met. See "Item 10. Additional Information—Material Contracts." The economic terms of the ADM Transaction were based on the terms contained in the offer made by a third party to Archer-Daniels-Midland for the purchase of the Equity Interests. As a result of the ADM Transaction, Archer-Daniels-Midland no longer holds an ownership interest in the Company.

Based on a fairness opinion issued by an Independent Expert, as well as the financial analysis conducted by our management, we believe that, at the agreed values for the ADM Transaction, the ADM Transaction will generate a significant economic benefit and substantial creation of value for the Company because of the higher net income attributable to shareholders that we will obtain due to the increase of our stake in Azteca Milling and Molinera de México. We believe this benefit will occur regardless of whether we will be required to make the contingent payment.

To fund the ADM Transaction, GRUMA obtained short-term unsecured loan facilities for a total amount of US$400,000,000, with maturities of up to a year (the ''Short-Term Facilities''), and used proceeds from Gruma Corporation's revolving syndicated

credit facility with Bank of America, N.A. We expect to refinance the Short-Term Facilities in 2013. See "Item 5. Operating and Financial Review and Prospects—Indebtedness."

Capital Expenditures

Our capital expenditure program continues to be primarily focused on our core businesses and markets. Capital expenditures for 2010, 2011, and 2012 were U.S.$89 million, U.S.$191 million and U.S.$ 212 million, respectively. During 2010, capital expenditures were mostly applied to general manufacturing and technology upgrades in Gruma Corporation and GIMSA, and the acquisition of the leading producer of corn grits in Ukraine. During 2011, capital expenditures were primarily applied to production capacity expansions, manufacturing and technology upgrades, particularly in the U.S., Mexico and Europe. We also made certain acquisitions throughout 2011, including the purchase of the leading producer of corn grits in Turkey, two tortilla plants in the U.S. and the leading tortilla manufacturer in Russia. During 2012, capital expenditures were applied primarily to production capacity expansions, general manufacturing and technology upgrades in Gruma Corporation and GIMSA.

We have budgeted approximately U.S.$ 130 million for capital expenditures in 2013, which we intend to use mainly for production capacity expansions, general manufacturing and technology upgrades, especially in Gruma Corporation and GIMSA. We anticipate financing these expenditures throughout the year through internally generated funds and debt.

The following table sets forth the aggregate amount of our capital expenditures during the periods indicated.

	Year ended December 31		
	2012	2011	2010
	(in millions of U.S. dollars)(1)		
Gruma Corporation	$ 123.9	$ 126.9	$ 50.0
GIMSA	34.3	19.2	13.8
Gruma Venezuela(2)	14.5	3.5	6.9
Molinera de México	15.8	5.7	4.5
Gruma Centroamérica	5.3	7.1	3.4
Others and eliminations	17.7	28.8	10.0
Total consolidated	$ 211.6	$ 191.2	$ 88.6

(1) Amounts in respect of some of the capital expenditures were paid for in currencies other than the U.S. dollar. As a result, U.S. dollar amounts presented in the table above may not be comparable to data contained elsewhere in this Annual Report, which is expressed on the basis of the peso/dollar exchange rate as of December 31, 2012, unless otherwise specified.

(2) We will deconsolidate Gruma Venezuela as of January 22, 2013 and account for it as a discontinued operation.

For more information on capital expenditures for each subsidiary, please see the section entitled "Operation and Capital Expenditures" under the relevant sections below.

BUSINESS OVERVIEW

We believe we are one of the largest corn flour and tortilla producers and distributors in the world. We also believe we are one of the leading producers and distributors of corn flour and tortillas in the United States, one of the leading producers of corn flour and wheat flour in Mexico. We believe that we are also one of the largest producers of corn flour and tortillas in Central America, and one of the largest producers of tortilla and other flatbreads, including pita, naan, chapatti, pizza bases and piadina in Europe, Asia and Oceania. Our focus has been and continues to be the efficient and profitable expansion of our core business—corn flour, tortilla and wheat flour production. We pioneered the dry corn flour method of tortilla production, which offers several advantages over the centuries-old traditional wet corn dough method. These advantages include higher production yields, reduced production costs, more uniform quality and longer shelf life. The dry corn flour method of production offers significant opportunities for growth. Using our technology and know-how, we expect to encourage tortilla and tortilla chip producers in the United States, Mexico, Central America, and elsewhere to convert to the dry corn flour method of tortilla and tortilla chip production. We also believe there are significant opportunities for growth in our other core businesses, especially tortillas in the United States, Europe, Asia and Oceania.

The following table sets forth our revenues by geographic market for the years ended December 31, 2012, 2011 and 2010.

	Year ended December 31,		
	2012	2011	2010
	(in millions of pesos)		
United States and Europe	Ps. 26,901	Ps. 23,901	Ps. 21,445
Mexico	22,270	19,870	15,539
Venezuela	9,907	9,157	5,382
Central America	3,369	3,180	2,765
Asia and Oceania	1,870	1,537	1,101
Total	Ps. 64,317	Ps. 57,645	Ps. 46,232

Strategy

Our strategy is to focus on our core business—corn flour, tortilla, and wheat flour production, as well as to expand our product portfolio towards the flatbreads category in general —and to capitalize upon our leading positions in the corn flour and tortilla industries. We will continue taking advantage of the increasing popularity of Mexican food and, more importantly, tortillas, in the U.S., European, Asian and Oceania markets. We will also continue taking advantage of the adoption of tortillas by the consumers of several regions of the world for the preparation of different recipes other than Mexican food. Our strategy includes the following key elements:

Expand in the Retail and Food Service Tortilla Markets Where We Currently Have a Presence and to New Regions in the United States: We believe that the size and growth of the U.S. retail and food service tortilla markets offer significant opportunities for expansion.

Maintain Gruma Corporation's MISSION® and GUERRERO® Tortilla Brands as the First and Second National Brands in the United States: We intend to achieve this by increasing our efforts at building brand name recognition, and by further expanding and utilizing Gruma Corporation's distribution network, first in Gruma Corporation's existing markets, where we believe there is potential for further growth, and second, in regions where Gruma Corporation currently does not have a significant presence but where we believe strong demand for tortillas already exists.

Encourage Transition in Certain Markets from the Traditional Cooked-Corn Method to the Dry Corn Flour Method as Well as New Uses for Corn Flour, and Continue to Establish MASECA® as a Leading Brand: We pioneered the dry corn flour method of tortilla production, which offers several advantages over the centuries-old traditional wet corn dough method. We continue to view the transition from the traditional method to the dry corn flour method of making tortillas and tortilla chips as the primary opportunity for increased corn flour sales. We see an opportunity for further potential growth in the fact that the dry corn flour method is more environmentally friendly than the traditional method. We are also working to expand the use of corn flour in the manufacture of different types of products besides tortillas and tortilla chips.

Enter and Expand in the Tortilla and Flatbread Markets in Other Regions of the World: We believe that markets in other continents such as Europe, Asia and Oceania offer us significant opportunities. We believe our current operations in Europe will enable us to better serve markets there and in the Middle East. Our presence in Asia and Oceania will enable us to offer our customers in those regions fresh products and respond more quickly to their needs

Leverage Our Existing Available Production Capacity and Focus on Optimizing Operational Matters: Our investment program during recent years in plants and operations has resulted in sufficient existing capacity to meet current and foreseeable demand. We believe that our economies of scale and existing operating synergies permit us to remain competitive without additional material capital expenditures.

Enhance Value Creation of the Company by Consolidating the Growth Experienced during Past Years: The Company is implementing initiatives oriented toward emphasizing the company's top priority of improving profitability and cash flow generation, and strengthening its financial structure by reducing debt. This will be the foundation for resuming more aggressive and profitable growth in the future.

U.S. and European Operations

Overview

We conduct our United States and European operations principally through our subsidiary Gruma Corporation, which manufactures and distributes corn flour, tortillas, corn chips and related products. Gruma Corporation commenced operations in the United States in 1977, initially developing a presence in certain major tortilla consumption markets by acquiring small tortilla manufacturers and converting their production processes from the traditional "wet corn dough" method to our dry corn flour method. Eventually, we began to build our own state-of-the-art tortilla plants in certain major tortilla consumption markets. We have vertically integrated our operations by (i) building corn flour and tortilla manufacturing facilities; (ii) establishing corn purchasing operations; (iii) launching marketing and advertising campaigns to develop brand name recognition; (iv) expanding distribution networks for corn flour and tortilla products; and (v) using our technology to design and build proprietary corn flour, tortilla and tortilla chip manufacturing machinery.

In September 1996, we combined our U.S. corn flour milling operations with Archer-Daniels-Midland's corn flour milling operations into a newly formed limited partnership known as Azteca Milling, L.P., in which Gruma Corporation held an 80% interest. As a result of the ADM Transaction, Gruma Corporation now holds a 100% interest in Azteca Milling. See "Item 4. Information on the Company—Share Purchase Transaction with Archer-Daniels-Midland."

During 2000, Gruma Corporation opened its first European tortilla and corn chips plant in Coventry, England, initiating our entry into the European market.

Gruma Corporation

Gruma Corporation operates primarily through its Mission Foods division, which produces tortillas and related products, and Azteca Milling, a limited partnership wholly owned by Gruma Corporation which produces corn flour. We believe Gruma Corporation is one of the leading manufacturers and distributors of tortillas and related products throughout the United States and Europe through its Mission Foods division. We believe Gruma Corporation is also one of the leading producers of corn flour in the United States through its Azteca Milling division.

Principal Products. Mission Foods manufactures and distributes corn and wheat tortillas and related products (which include tortilla chips) under the MISSION®, GUERRERO® and CALIDAD® brand names in the United States, as well as other minor regional brands. By continuing to build MISSION® into a strong national brand for the general consumer market, GUERRERO® into a strong Hispanic consumer focused brand and CALIDAD® as our value brand in tortillas and chips, Mission Foods expects to increase market penetration, brand awareness and profitability. Azteca Milling manufactures and distributes corn flour in the United States under the MASECA® brand, and, to a lesser extent, under our value brand TORTIMASA®.

Sales and Marketing. Mission Foods serves both retail and food service customers. In the U.S., retail customers represent approximately 75% of our sales volume, including supermarkets, mass merchandisers, membership stores and smaller independent stores. Our food service customers include major chain restaurants, food service distributors, schools, hospitals and the military. In our European business, approximately half of our tortilla production is allocated to retail sales, and the other half to the food service segment, including quick-service restaurants and food processors.

For the U.S. tortilla market, Mission Foods' current marketing strategy is to increase market penetration by increasing consumer awareness of tortilla products in general, to expand into new regions and to focus on product innovation and customer and consumer needs. Mission Foods promotes its products primarily through merchandising programs with supermarkets, and, to a lesser extent, joint promotions with other companies' products that may be complementary to ours as well as radio and television advertising, targeting both Hispanic and non-Hispanic populations. We believe these efforts have contributed to greater consumer awareness. Mission Foods also targets food service companies and works with restaurants, institutions and distributors to address their individual needs and provide them with a full line of products. Mission Foods continuously attempts to identify new customers and markets for its tortillas and related products in the United States and, more recently, in Europe.

Azteca Milling distributes approximately 39% of the corn flour it produces to Mission Foods' plants throughout the United States and Europe. Azteca Milling's third-party customers consist largely of other tortilla manufacturers, corn chip producers, retail customers and wholesalers. Azteca Milling sells corn flour in various quantities, ranging from four-pound retail packages to bulk railcar loads.

We anticipate continued growth in the U.S. market for corn flour, tortillas, and related products. We believe that the growing consumption of Mexican-style foods by non-Hispanics will continue to increase demand for tortillas and tortilla related products,

particularly wheat flour tortillas. Also influential is the fact that tortillas are no longer solely used as ingredients in Mexican food; for example, tortillas are also used for wraps, which will continue to increase demand for tortillas. Growth in the U.S. corn flour market is attributable to the conversion of tortilla and tortilla chip producers from the wet corn dough process to our dry corn flour method, the increase of the Hispanic population, the consumption of tortillas and tortilla chips by the general consumer market, and stronger and increased distribution.

Competition and Market Position. We believe Mission Foods is one of the leading manufacturers and distributors of tortillas and related products throughout the United States and Europe. We believe the tortilla market is highly fragmented, regional in nature and extremely competitive. Mission Foods' main competitors are hundreds of tortilla producers who manufacture locally or regionally and tend to be sole proprietorships. However, a few competitors have a presence in several U.S. regions such as Olé Mexican Foods, El Milagro and Reser's Fine Foods, among others. In addition, a few large companies have tortilla manufacturing divisions that compete with Mission Foods, for example, Tyson, Bimbo, Hormel Foods, and General Mills.

Competitors within the corn flour milling industry include Minsa, Hari Masa, Silos de Oro, and the corn flour milling divisions of Cargill. Azteca Milling competes with these corn flour manufacturers in the United States primarily on the basis of superior quality, technical support, customer service and brand recognition. However, we believe there is great potential for growth by converting tortilla and tortilla chip manufacturers that still use the traditional method to our corn flour method. We believe Azteca Milling is one of the leading producers of corn flour in the United States.

We strongly believe there is significant growth potential for tortillas, wraps and other flatbreads in all geographic areas of Europe and also through multiple channels, for example, in the retail and foodservice channels. Mexican-based cuisine is gaining popularity in key markets. Likewise, consumer trends indicate a growing need for versatile, healthy, nutritious and tasty food on-the-go, as well as for more interesting food accompaniments. Our products address all of these needs, and their profile allows them to be easily customized to local cultures. Mission Foods is well-placed to both drive and benefit from this situation in the coming years.

We believe Mission Foods is one of the leading tortilla producers in Europe with the main competitors being Santa Maria and General Mills. There are a number of more recent players occupying niche positions in tortilla production, operating in continental Europe and the United Kingdom.

Operations and Capital Expenditures. Annual total production capacity for Gruma Corporation is estimated at 2.5 million metric tons as of December 31, 2012, with an average utilization of 74% in 2012. The average size of our plants as of December 31, 2012 was approximately 9,642 square meters (about 103,788 square feet).

Capital expenditures for the past three years were U.S.$301 million, and were primarily used for capacity expansions and general manufacturing and technology upgrades. Capital expenditures for such period were also used for: (i) the construction of a tortilla plant in southern California, that began production during 2010; (ii) the acquisition in 2010 of Altera I and Altera II, the leading producer of corn grits in Ukraine for U.S.$9 million; (iii) the acquisition in 2011 of two tortilla plants in the United States, Albuquerque Tortilla Company and Casa de Oro Foods for U.S.$9 million and U.S.$23 million, respectively; (iv) the acquisition in 2011 of Solntse Mexico, the leading tortilla and corn chips manufacturer in Russia, for U.S.$9 million; (v) the acquisition in 2011 of Semolina, the Turkish market leading producer of corn grits, for U.S.$17 million; (vi) the acquisition in 2012 of Tortilleria Mexicana, a corn related products manufacturer, in the Netherlands for U.S.$2.3 million; and (vii) the construction of a new tortilla plant in Florida toward the end of 2012.

Gruma Corporation's projected capital expenditures for 2013 will be approximately U.S.$70 million, mainly for production capacity expansions and manufacturing and technology upgrades at existing plants.

Mission Foods produces its tortillas and other related products at 28 manufacturing facilities worldwide. Twenty three of these facilities are located in large population centers throughout the United States and five are located in Europe. During 2009, Mission Foods closed three manufacturing facilities located in Las Vegas, Fort Worth and El Paso. Mission Foods has shifted production to other plants to achieve savings in overhead costs. Mission Foods will consider reopening the Fort Worth plant should market demands require additional capacity. During 2010, Mission Foods closed an additional manufacturing facility located in Phoenix, Arizona. Outside the United States, Mission Foods has two plants in England, two plants in The Netherlands, and one plant in Russia.

Mission Foods is committed to offering the best quality products to its customers through the implementation of the American Institute of Baking ("AIB") food safety standards, and Global Food Safety Initiative ("GFSI") recognized certification schemes such as British Retail Consortium ("BRC") and Safe Quality Food ("SQF"). Additionally, our plants are regularly evaluated by other third party organizations and customers.

All of the Mission Foods manufacturing facilities worldwide have earned either a superior or excellent category rating from the AIB-GMP (Good Manufacturing Practice) audits. Most of Mission Foods' U.S. plants have earned the AIB's highest award, the combined AIB-GMP and AIB-HACCP (Hazard Analysis and Critical Control Points) certification. Our recently built Florida plant is in the process of implementing AIB-GMP audits this year and five other plants have not yet gone through the AIB-HACCP certification process.

In 2008 Mission Foods started the BRC certification process at four plants in the U.S. By 2012, 16 plants had completed the certification process. Additionally, one of our plants is SQF certified. Our plants in England and The Netherlands are also evaluated by third party organizations such as the AIB, International Food Standards and BRC. Our facility in Russia, which was acquired in July of 2011, operates in compliance with Russian food production laws and is audited by multiple clients. At the end of 2012, our Russian facility successfully completed an ISO 22000 audit for food safety. The facility is currently working towards HACCP certification.

Azteca Milling produces corn flour at six plants located in Amarillo, Edinburg and Plainview, Texas; Evansville, Indiana; Henderson, Kentucky; and Madera, California. Gruma Corporation also produces corn flour at our plants in Ceggia, Italy; Cherkassy, Ukraine; and Samsun, Turkey. The majority of our plants are located within important corn growing areas. Due to Azteca Milling's manufacturing practices and processes, all six facilities located in the U.S. have achieved ISO 9002 certification as well as the AIB certification. Our corn flour plants in Italy and Ukraine have obtained the BRC certification. Additionally, our corn flour mill in Italy obtained the OHSAS 18001 international workplace safety standards certification, and our corn flour plant in Turkey has obtained the International Featured Standards certification, among others.

Seasonality. We believe there is no significant seasonality in our products, however certain products tend to experience a slight volume increase during the summer months. Tortillas and tortilla chips sell year round, with special peaks during the summer, when we increase our promotion and advertising by taking advantage of several holidays and major sporting events. Tortilla and tortilla chip sales decrease slightly towards the end of the year when many Mexicans go back to Mexico for the holidays. Sales of corn flour fluctuate seasonally as demand is higher in the fourth quarter during the holidays because of the preparation of Mexican food recipes that are very popular during this time of the year.

Raw Materials. Corn is the principal raw material used in the production of corn flour, which is purchased from local producers. Azteca Milling buys corn only from farmers and grain elevators that agree to supply varieties of corn approved for human consumption. Azteca Milling tests and monitors its raw material purchases for corn not approved for human consumption, for certain strains of bacteria, fungi metabolites and chemicals. In addition, Azteca Milling applies certain testing protocols to incoming raw materials to identify genetically modified products not approved for human consumption.

Because corn prices tend to be somewhat volatile, Azteca Milling engages in a variety of hedging activities in connection with the purchase of its corn supplies, including the purchase of corn futures contracts. In so doing, Azteca Milling attempts to assure corn availability approximately 12 months in advance of harvest time and guard against price volatility approximately six months in advance. The Texas Panhandle currently is the single largest source of food-grade corn. Azteca Milling is also involved in short-term contracts for corn procurement with many corn suppliers. Where suppliers fail to deliver, Azteca Milling can easily access the spot markets. Azteca Milling does not anticipate any difficulties in securing adequate corn supplies in the future.

Corn flour for Mission Foods U.S. operations is supplied by Azteca Milling, and to a much lesser extent, by GIMSA. Corn flour for Mission Foods European operations is supplied by our corn mill in Italy.

Wheat flour for the production of wheat tortillas and other types of wheat flat breads is purchased from third party producers at prices prevailing in the commodities markets. Mission Foods believes the market for wheat flour is sufficiently large and competitive to ensure that wheat flour will be available at competitive prices to supply our needs. Contracts for wheat flour supply are made on a short-term basis.

Distribution. An important element of Mission Foods' sales growth has been the expansion and improvement of its tortilla distribution network, including a direct-store-delivery system to distribute most of its products, providing national coverage in the U.S. to the retail grocery channel. Distribution in the U.S. is mainly through independent distributors most of them working exclusively with Mission Foods. Depending on the size of the customer, and the category development index / brand development index metrics ("CDI/BDI Metrics") of the geography, tortillas and other products are generally delivered daily or several times a week. In parts of the country, for example the Northeast, where CDI/BDI Metrics are low, Mission Foods employs a warehouse distribution method, distributing also refrigerated tortillas. In keeping with industry practice, Mission Foods generally does not have written sales agreements with its customers. Nevertheless, from time to time, Mission Foods enters into consumer marketing agreements with retailers, in which certain terms on how to market our products are agreed. Mission Foods has also developed a North American food service distribution network that encompasses all regions in the U.S. and the majority of provinces in Canada.

The vast majority of corn flour produced by Azteca Milling in the U.S. is sold to tortilla and tortilla chip manufacturers and is delivered directly from the plants to the customer. Azteca Milling's retail customers are primarily serviced by a network of distributors, although a few large retail customers have their corn flour delivered directly to them from the plants.

Almost all of the corn flour and corn grits produced in Europe are sold to beer, snacks, tortilla chip and taco shell manufacturers, and are delivered directly from the plants to the customer. We also supply customers in several industries like breakfast cereals and polenta, among others. Retail customers are primarily serviced by a network of distributors, although a few large retail customers have their corn flour delivered directly to them from the plants.

Mexican Operations

Overview

Our largest business in Mexico is the manufacture and sale of corn flour, which we conduct through our subsidiary GIMSA. We also operate a wheat milling business in Mexico through Molinera de México. Our other subsidiaries engage in the manufacturing and distribution of tortillas and other related products in northern Mexico, conduct research and development regarding corn flour and tortilla manufacturing equipment, produce machinery for corn flour and tortilla production and construct our corn flour manufacturing facilities.

GIMSA—Corn Flour Operation

Principal Products. GIMSA produces corn flour in Mexico, which is then used in the preparation of tortillas and other related products. GIMSA also produces wheat flour and other related products to a lesser extent.

We believe GIMSA is one of the largest corn flour producers in Mexico. GIMSA estimates that its corn flour is used in one third of the corn tortillas consumed in Mexico. It sells corn flour in Mexico mainly under the brand name MASECA®. MASECA®, a standard fine-textured, white corn flour is a ready-mixed corn flour that becomes a dough when water is added. This corn dough can then be pressed to an appropriate thickness, cut to shape and cooked to produce tortillas and similar food products.

GIMSA produces over 50 varieties of corn flour for the manufacture of different food products which are developed to meet the requirements of our different types of customers according to the kind of tortillas they produce and markets they serve. It sells corn flour to tortilla and tortilla chip manufacturers as well as in the retail market.

Sales and Marketing. GIMSA sells packaged corn flour in bulk principally to thousands of small tortilla manufacturers, or *tortillerías*, which purchase in 20-kilogram sacks and produce tortillas on their premises for sale to local markets. To a lesser extent, GIMSA also sells corn flour in bulk to supermarkets' in-store *tortillerías* and snack manufacturers. Additionally, GIMSA sells corn flour in the retail market in one-kilogram packages.

The following table sets forth GIMSA's bulk and retail sales volume of corn flour, and other products for the periods indicated.

	Year Ended December 31, (tons in thousands)					
	2012		2011		2010	
	Tons	%	Tons	%	Tons	%
Corn Flour						
Bulk	1,517	77	1,528	78	1,468	78
Retail	284	14	292	15	291	15
Other	182	9	139	7	131	7
Total	1,983	100	1,959	100	1,890	100

Retail sales of corn flour are channeled to two distinct markets: urban centers and rural areas. Sales to urban consumers are made mostly through supermarket chains that use their own distribution networks to distribute MASECA® corn flour or through wholesalers who sell the product to smaller grocery stores throughout Mexico. Sales to rural consumers are made principally through the Mexican government's social welfare retail chain, a social and distribution program named *Distribuidora Conasupo, S.A.*, or DICONSA, which consists of a network of small government-owned stores and which supplies rural areas with basic food products.

Mexico's tortilla industry is highly fragmented, consisting mostly of *tortillerías*, many of which continue to utilize, what is in our opinion, the relatively inefficient wet corn dough method of tortilla production (the traditional method). We estimate that the

traditional wet corn dough method accounts for approximately half of all tortillas produced in Mexico. Tortilla producers that do not utilize corn flour buy the wet dough from dough producers or buy and mill their own corn and produce wet corn dough themselves.

We believe the preparation of tortillas using the dry corn flour method possesses several advantages over the traditional method. This traditional method is a rudimentary practice requiring more energy, time and labor because it involves cooking the corn in water with lime, milling the cooked corn, creating and shaping the dough, and then making tortillas from that dough. We pioneered the dry corn flour method in which we mill the raw corn in our facilities into corn flour. Tortilla producers and consumers, once they acquire the corn flour, may then simply add water to transform the flour into wet dough to produce tortillas. Our internal studies show that the dry corn flour method consumes less water, electricity, fuel and labor. We estimate that one kilogram of corn processed through the dry corn flour method yields more tortillas on average than a similar amount of corn processed using the traditional method. Corn flour is also transported more easily and under better sanitary conditions than wet corn dough and has a shelf life of approximately three months depending on storage conditions, compared with one or two days for wet corn dough. The market for wet corn dough is limited due to the perishable nature of the product, restricting sales of most wet corn dough producers to their immediate geographic areas. Additionally, the corn flour's longer shelf life makes it easier for consumers in rural areas, where *tortillerías* are relatively scarce, to produce their own tortillas.

We believe in the benefits of our dry corn flour method and also believe that we have substantial opportunities for growth by encouraging a transition to our method. Corn flour is primarily used to produce corn tortillas, a principal staple of the Mexican diet. The tortilla industry is one of the largest industries in Mexico as tortillas constitute the single largest component of Mexico's food industry. However, there is still reluctance to abandon the traditional practice, particularly in central and southern Mexico. Corn dough producers and/or tortilla producers using the traditional method are generally not required to comply with environmental regulations, which represents savings for them. To the extent regulations in Mexico are enforced and we and our competitors are on the same footing, we expect to benefit from these developments.

GIMSA has embarked on several programs to promote corn flour sales to tortilla producers and consumers. GIMSA offers incentives to potential customers, such as small independent *tortillerías*, to convert to the dry corn flour method from the traditional wet corn dough method. The incentives GIMSA offers include new, easy to use equipment designed specifically for small-volume users, financing, and individualized training. For example, in order to assist traditional tortilla producers in making the transition to corn flour, GIMSA also sells specially designed mixers made by Tecnomaíz, S.A. de C.V., or Tecnomaíz, one of our research and development subsidiaries. For more information about our research and development department, see "Item 4. Information on the Company—Miscellaneous—INTASA—Technology and Equipment Operations." GIMSA also helps its *tortillería* customers to improve sales by directing consumer promotions to heighten the desirability of their products and increase consumption, which, in turn, should increase corn flour sales and our brand equity. These efforts to improve sales and strengthen our brand equity by better positioning us among consumers include prime time advertising on television as well as radio, magazine and billboard advertising.

During 2012, GIMSA continued emphasizing the nutritional values of its products in advertising campaigns on radio and television nationwide. GIMSA also continued reinforcing MASECA®'s image and brand recognition, associating our brand with sports, exercise and wellness, and emphasizing the benefits of a good nutrition for general health. Following this strategy, we sponsor several professional sports teams.

GIMSA is aware of the dynamism of the Mexican market. In order to adapt quickly and to anticipate new customers' needs, GIMSA continued diversifying its sales force in specialized teams to be able to satisfy different types of customers, focusing primarily in increasing product availability and achieving higher market coverage. GIMSA also continues working on the conversion of customers from the traditional process of preparing tortillas to our corn flour method, for which we have client analysis teams whose main goal is to show tortilla manufacturers that use the traditional method, the benefits of corn flour and its use method, seeking to change its manufacturing process and the raw materials they use for producing tortillas.

The Company undertakes the following ongoing initiatives in an effort to improve operational efficiency, increase consumption of corn flour, and improve on its successful business model to attract new customers:

- initiatives designed to strengthen commercial relations with our existing customers, primarily by offering personalized customer service and sales programs to our customers, including the development of comprehensive business models;

- initiatives designed to increase coverage in regions with low corn flour consumption with special promotions tailored specifically to these markets;

- design of individualized support regarding the type of machinery required for their business, financial advisory and training;
- assistance to customers in the development of new profitable distribution methods to increase their market penetration and sales;
- development of tailored marketing promotions to increase consumption in certain customer segments; and
- assistance to customers in the development of new higher margin products such as tortilla chips, taco shells and enchilada tortillas, reflecting consumption trends.

Competition and Market Position. GIMSA faces competition on three levels—from other corn flour producers, from sellers of wet corn dough and from the many *tortillerías* that produce their own wet corn dough on their premises. Our estimates indicate that about half of tortilla producers continue to use the traditional wet corn dough method.

GIMSA's biggest challenge in increasing its market share is the prevalence of the traditional method. In the corn flour industry, GIMSA's principal competitors are Grupo Minsa and a few regional corn flour producers. OPTIMASA, a subsidiary of Cargill de México, built a corn flour plant and began to offer corn flour in the central region of Mexico, therefore becoming a new competitor for GIMSA since 2005. Hari Masa has also become a competitor for GIMSA. Hari Masa's primary area of influence is the Northeastern area. Hari Masa has also expanded its operations to the Gulf and Eastern part of Mexico since 2010, and is building a plant in Tabasco for the southeast market. We compete against other corn flour manufacturers on the basis of quality, brand recognition, technology, customer service and nationwide coverage. We believe that GIMSA has certain competitive advantages resulting from its proprietary technology, greater economies of scale and broad geographic coverage, which may provide it with opportunities to more effectively source raw materials and reduce transportation costs.

Operations and Capital Expenditures. GIMSA currently owns 19 corn flour mills, all of which are located throughout Mexico, typically within corn growing regions and those of large tortilla consumption. GIMSA also owns two more plants, one of which produces wheat flour and the other, corn grits and several types of corn based products. Three of GIMSA's plants are idle. The Chalco plant has been inactive since October 1999. GIMSA will consider reopening this plant should market demands require additional capacity. The other two plants (Monterrey y Celaya) have been idle since February 2006. These assets are currently being depreciated.

Annual total production capacity for GIMSA is estimated at 2.97 million metric tons as of December 31, 2012, with an average utilization of 66% in 2012. The average size of our plants as of December 31, 2012 was approximately 20,000 square meters (approximately 215,200 square feet).

In recent years, GIMSA's capital expenditures were primarily used to upgrade technology, corn flour production processes and capacity expansions at certain plants. GIMSA spent U.S.$67 million for these purposes from 2010 to 2012. GIMSA currently projects total capital expenditures during 2013 of approximately U.S.$ 35 million, which will be used primarily for updating technology and production capacity expansion projects at certain plants.

Pursuant to an agreement between GIMSA and *Investigación de Tecnología Avanzada*, or INTASA, our wholly-owned subsidiary, INTASA provides technical assistance to each of GIMSA's operating subsidiaries for which each pays to INTASA a fee equal to 0.5% of its consolidated net sales. Each of GIMSA's corn flour facilities uses proprietary technology developed by our technology and equipment operations. For more information about our in-house technology and design initiatives, see "Item 4. Information on the Company—Miscellaneous—INTASA—Technology and Equipment Operations."

Seasonality. The demand for corn flour varies slightly with the seasons, with some minor increases during the December holidays.

Raw Materials. Corn is the principal raw material required for the production of corn flour, and constituted 65% of GIMSA's cost of sales for 2012. We purchase corn primarily from Mexican growers and grain elevators, and from world markets usually at international prices. Most of our domestic corn purchases are made through ASERCA, a governmental program established and supported by the Mexican Ministry of Agriculture, where contracts are entered into once the corn is planted to guarantee price and delivery upon harvest. Compañía Nacional Almacenadora, S.A. de C.V., a subsidiary of GIMSA, enters into contracts for GIMSA, purchases the corn, and also monitors, selects, handles and ships the corn.

We believe that the diverse geographic locations of GIMSA's production facilities in Mexico enables GIMSA to achieve savings in raw material transportation and handling. In addition, by sourcing corn locally for its plants, GIMSA is better able to communicate with local growers concerning the size and quality of the corn crop and is better able to maintain quality control. In Mexico, GIMSA purchases corn on delivery in order to strengthen its ability to obtain the highest quality corn on the best terms.

Traditionally, domestic corn prices in Mexico typically follow trends in the international market. During most periods, the price at which GIMSA purchases corn depends on the price of corn in the international market. As a result, corn prices are sometimes unstable and volatile. Additionally, in the past, the Mexican government has supported the price of corn. For more information regarding the government's effect on corn prices, see "Item 3. Key Information—Risk Factors—Our Business Operations Could Be Affected by Government Policies in Mexico" and "Item 4. Information on the Company—Regulation."

In addition to corn, the other principal materials and resources used in the production of corn flour are packaging materials, water, lime, additives and energy. GIMSA believes that its sources of supply for these materials and resources are adequate, although energy, additives and packaging costs tend to be volatile.

Distribution. We have our own sales teams that are capable of servicing all sales channels, which allows us to know our clients' needs. GIMSA's products are distributed mainly through independent transport firms contracted by GIMSA and, to a lesser extent, using our own fleet, depending on the type of client. Most of GIMSA's sales are made free-on-board at GIMSA's plants, in particular those to tortilla manufacturers. With respect to other sales, in particular sales to the Mexican government, large supermarket chains, and snack producers, GIMSA pays the freight cost.

Molinera de México—Wheat Flour Operation

Principal Products. In 1996, through our former association with Archer-Daniels-Midland, we entered the wheat milling market in Mexico by acquiring a 60% ownership interest in Archer-Daniels-Midland's wheat flour operation, Molinera de México. However, as a result of the ADM Transaction, we now hold a 100% ownership interest in Molinera de México. See "Item 4. Information on the Company—Share Purchase Transaction with Archer-Daniels-Midland." Molinera de México's main product is wheat flour, although it also sells wheat bran and other byproducts. Our wheat flour brands are REPOSADA®, PODEROSA® and SELECTA®, among others.

Sales and Marketing. In 2012, approximately 85% of Molinera's wheat flour production was sold in bulk and 15% was sold for the retail segment. Most of the bulk sales are made to thousands of traditional bakeries and tortillerías, supermarkets' in-store bakeries and, to a lesser extent, to cookie and pasta manufacturers. Most of the retail sales are made to large supermarkets and wholesalers throughout Mexico. Through wholesalers, our products are distributed to small grocery stores.

Our marketing strategy depends on the type of customer and region. Overall, our aim is to offer products according to customers' specifications as well as technical support. We are trying to increase our market share in bakeries by offering products with consistent quality. In the retail segment we target small grocery stores through wholesalers, and supermarkets through centralized and national level negotiations. We are focusing on improving customer service, continuing to increase our distribution of products to supermarkets' in-store bakeries, and developing new types of pre-mixed flours for the supermarket in-store bakery segment. We provide direct delivery to supermarkets, supermarkets' in-store bakeries, wholesalers, industrial customers and some large bakeries. Most small bakeries and small grocery stores are served by wholesalers.

Competition and Market Position. We believe that we are one of Mexico's largest wheat flour producers based on revenues and sales volume. Molinera de México competes with many small wheat flour producers. We believe the wheat flour industry is highly fragmented and estimate that there are over 50 participants that operate 90 wheat milling plants. Our main competitors are Altex, Trimex, Tablex, La Espiga, Elizondo, and Anáhuac.

Operations and Capital Expenditures. We own and operate nine wheat flour plants, including one in which we hold only a 40% ownership interest. Annual total production capacity for Molinera de México is estimated at 860 thousand metric tons as of December 31, 2012, with an average utilization of 85% in 2012, including production volume for third parties for which Molinera de México receives a fee. On average, the size of our plants as of December 31, 2012 was approximately 12,291 square meters (approximately 132,300 square feet). Capital expenditures from 2010 to 2012 amounted to U.S.$26 million mainly for capacity expansions and general manufacturing and technology upgrades. Molinera de México's capital expenditures in 2013 are projected to be U.S.$5 million, which will be used primarily for production capacity expansion on several wheat mills and general manufacturing and technology upgrades.

Seasonality. Molinera de México's sales are subject to seasonality. Higher sales volumes are achieved in the fourth and first quarters during the winter, when we believe per capita consumption of wheat-based products, especially bread and cookies, increases due in part to cold weather and the celebration of holidays occurring during these quarters.

Raw Materials. Wheat is the principal raw material required for the production of wheat flour and constituted 74% of Molinera de México's cost of sales for 2012. Molinera de México purchases approximately 30% of its wheat from Mexican growers, and 70% from international markets. Molinera de México purchases domestic wheat from local farmers and farmers' associations through ASERCA, a governmental program established and supported by the Mexican Ministry of Agriculture, where contracts are entered into once the wheat is planted to guarantee price and delivery upon harvest. Wheat is also sourced from foreign producers in the United States and Canada through different trading companies. Purchases are made based on short-term requirements with the aim of maintaining adequate levels of inventories.

In recent years the price of wheat domestically and abroad has been volatile. Volatility is due to the supply of wheat, which depends on various factors including the size of the harvest (which depends in large part on the weather).

Central American Operations

Overview

In 1972, we entered the Costa Rican market. Our operations since then have expanded into Guatemala, Honduras, El Salvador and Nicaragua, as well as Ecuador, which we include as part of our Central American operations.

Gruma Centroamérica

Principal Products. Gruma Centroamérica produces corn flour, and to a lesser extent tortillas and snacks. We also cultivate and sell hearts of palm and process and sell rice. We believe we are one of the largest corn flour producers in the region. We sell corn flour under the MASECA®, TORTIMASA®, MASARICA®, MINSA® and JUANA® brands. In Costa Rica, we sell tortillas under the TORTI RICA® and MISSION® brands. We operate a Costa Rican snack operation which manufactures tortilla chips, potato chips and similar products under the TOSTY®, RUMBA®, and KRASH® brands. Hearts of palm are exported to numerous European countries as well as the United States, Canada, Chile and Mexico.

Sales and Marketing. 76% of Gruma Centroamérica's sales volume in 2012 derived from the sale of corn flour.

Gruma Centroamérica corn flour bulk sales are oriented predominantly to small tortilla manufacturers through direct delivery and wholesalers. Supermarkets make up the customer base for retail corn flour. Bulk sales volume represented approximately 53% and retail sales represented approximately 47% of Gruma Centroamérica's corn flour sales volume during 2012.

Competition and Market Position. We believe that we are one the largest corn flour producers in Central America based on revenues and sales volume. We believe that there is significant potential for growth in Central America as corn flour is used in only approximately 16% of all tortilla production; the majority of tortilla manufacturers use the wet corn dough method. Additionally, we believe we are one of the largest producers of tortillas and snacks in Costa Rica.

Within the corn flour industry, the brands of our main competitors are: Del Comal, Doña Blanca, Selecta, Bachoza, Instamasa and Doñarepa. However, one of our main growth potentials is to convert tortilla manufacturers that still use the traditional method to our corn flour method.

Operations and Capital Expenditures. We had an annual installed production capacity of 323 thousand tons for corn flour and other products as of December 31, 2012, with an average utilization of approximately 69% during 2012. We operate one corn flour plant in each of Costa Rica, Honduras, El Salvador, and Guatemala, for a total of four plants throughout the region. In Costa Rica, we also have one plant producing tortillas, one plant producing snacks, one plant processing hearts of palm and one plant processing rice. In Nicaragua and Honduras we have small tortilla plants, while in Guatemala we have a small plant that produces snacks and in Ecuador we have a small facility which processes hearts of palm. On average, the size of our plants as of December 31, 2012 was approximately 7,042 square meters (approximately 75,798 square feet).

During 2010, 2011 and 2012, most of our capital expenditures were oriented towards general manufacturing upgrades and production capacity expansions at existing tortilla plants. Total capital expenditures for the past three years were approximately U.S.$16 million. Capital expenditures for 2013 are projected to be U.S.$5 million, which will be used primarily for general manufacturing and technology upgrades.

Seasonality. Typically, corn flour sales volume is lower during the first and fourth quarters of the year due to higher corn availability and lower corn prices.

Raw Materials. Corn is the most important raw material needed in our operations, representing 38% of the cost of sales during 2012, and is obtained primarily from imports from the United States and from local growers. Price fluctuation and volatility are subject to domestic conditions, such as annual crop results and international conditions.

Gruma Venezuela

Overview

In 1993, we entered the Venezuelan corn flour industry through a participation in DEMASECA, a corn flour company in Venezuela. In August 1999, we acquired 95% of DAMCA International Corporation, a Delaware, U.S.A. corporation which owned 100% of MONACA, Venezuela's second largest corn and wheat flour producer at that time, for approximately U.S.$94 million. Additionally, Archer-Daniels-Midland acquired the remaining 5% interest in MONACA.

In April of 2006, we entered into a series of transactions to: (i) purchase an additional 10% ownership interest in DEMASECA at a price of U.S.$2.6 million; (ii) purchase a 2% stake in MONACA from Archer-Daniels-Midland at a price of U.S.$3.3 million; and (iii) sell a 3% interest in DEMASECA to Archer-Daniels-Midland at a price of U.S.$780,000.

Additionally, in April of 2006, we entered into a contract for the sale of a stake in MONACA to Rotch Energy Holdings, N.V. ("Rotch"), a controlled entity of our former indirect partner in DEMASECA, Ricardo Fernández Barrueco. As a result Rotch acquired a 24.14% interest in MONACA, and subsequently pledged its equity interests for the benefit of a Mexican financial institution (the "Rotch Lender") as security for a loan to a controlled entity of Rotch. In June of 2010, Rotch defaulted under the loan and the stake in MONACA was sold and assigned to a third investor, whose interest is held by a Mexican company, RFB Holdings de Mexico, S.A. de C.V. RFB Holdings de Mexico, S.A. de C.V. is not affiliated with our former indirect partner in DEMASECA, Ricardo Fernández Barrueco.

As a result of the aforementioned transactions and the ADM Transaction, we currently own 75.86% of Valores Mundiales and RFB Holdings de Mexico, S.A. de C.V. owns the remaining 24.14%. As of December 31, 2012, Valores Mundiales was the sole registered shareholder of MONACA. In addition, we own 60% of Consorcio Andino and RFB Holdings de Mexico, S.A. de C.V. owns the remaining 40%. As of December 31, 2012, Consorcio Andino was the sole registered shareholder of DEMASECA. MONACA and DEMASECA are collectively referred to as "Gruma Venezuela."

On May 12, 2010, the Bolivarian Republic of Venezuela published the Expropriation Decree, which announced the forced acquisition of all goods, movables and real estate of our subsidiary company in Venezuela, MONACA. The Republic has expressed to GRUMA's representatives that the Expropriation Decree extends to our subsidiary DEMASECA. On January 22, 2013, the Ministry of Popular Power for Internal Relations published a Providence designating Special Managers with the power to run MONACA and DEMASECA. As a consequence, we have concluded that we lost control of Gruma Venezuela as of that date. We will deconsolidate Gruma Venezuela as of January 22, 2013 and account for it as a discontinued operation. See "Item 8. Legal Proceedings—Venezuela—Expropriation Proceedings by the Venezuelan Government."

DEMASECA and MONACA

Principal Products. Gruma Venezuela produces and distributes corn flour as well as wheat flour, rice, oats and other products. We sell corn flour under the brand names JUANA® and DEMASA®. We sell wheat flour under the ROBIN HOOD®, FLOR DE TRIGO® and POLAR® brands, rice under the MONICA® brand and oats under the LASSIE® brand.

Sales and Marketing. Venezuelans use corn flour to produce and consume *arepas*, which are made at home or in restaurants for household consumption rather than manufactured by specialty shops or other large manufacturers. We have sold corn flour in the retail market in one kilogram bags to independent distributors, supermarkets, wholesalers, and governmental social welfare and distribution programs. We also have sold wheat flour, distributing it in 45 kilogram bags and in one kilogram bags. Bulk sales to customers made up approximately 43% of our total sales volume in 2012. The remaining 57% of sales in 2012 were in the retail market, which includes independent distributors, supermarkets and wholesalers.

Competition and Market Position. In corn flour, our main competitor is Alimentos Polar, and, to a lesser extent, Asoportuguesa and La Lucha. In wheat flour, our principal competitor is Cargill.

Operation and Capital Expenditures. We have operated five corn flour plants, five wheat flour plants, two rice plants, one pasta plant, and two plants that produce oats and spices in Venezuela with a total annual production capacity of 823 thousand tons as of December 31, 2012 and an average utilization of approximately 61% during 2012. Two rice plants, representing 71 thousand tons, were temporarily idle on that date. On average, the size of our plants measured in square meters is approximately 8,961 (approximately 96,454 square feet) as of December 31, 2012.

Capital expenditures for the past three years were U.S.$25 million. Most of this was applied to general upgrades.

Seasonality. Sales have fluctuated seasonally as demand for flour-based products is lower during those months when most schools are closed for vacation. In addition, sales have been higher in November as customers build inventory to satisfy increased demand during the holiday season in December.

Raw Materials. Corn and wheat are our most important raw materials. Corn has been purchased in Venezuela and is subject to the corn market's volatility and governmental regulations related to prices, quantities and storage facilities. Corn prices are fixed by a government agency. 100% of our wheat has been purchased from the U.S. and Canada, with its availability and price volatility dependent upon those markets. We have not engaged in any type of hedging activity for our supplies since exchange rate policies and country risk for Venezuela have constrained our capacity to transfer funds abroad in order to fund any hedging strategy.

Miscellaneous—INTASA—Technology and Equipment Operations

We have developed our own technology operations since our founding. Since 1975 our technology and equipment operations have been conducted principally through INTASA, which has two subsidiaries: Tecnomaíz, S.A. de C.V., or Tecnomaíz, and Constructora Industrial Agropecuaria, S.A. de C.V., or CIASA. The principal activity of these subsidiaries is to provide research and development, equipment, and construction services to us and small equipment to third parties. Through Tecnomaíz, we also engage in the design, manufacture and sale of machines for the production of tortillas and tortilla chips. The machinery for the tortilla industry includes a range of capacities, from machines that make 15 to 300 corn tortillas per minute to dough mixers. The equipment is sold under the TORTEC® and BATITEC® trademarks in Mexico. Tecnomaíz also manufactures high volume energy efficient corn tortilla, wheat tortilla and tortilla chip systems that can produce up to 1,200 corn tortillas per minute, 600 wheat tortillas per minute and 3,000 pounds of chips per hour.

We carry out proprietary technological research and development for corn milling and tortilla production as well as all engineering, plant design and construction through INTASA and CIASA. These companies administer and supervise the design and construction of our new plants and also provide advisory services and training to employees of our corn flour and tortilla manufacturing facilities. We manufacture corn tortilla-making machines for sale to tortilla manufacturers and for use in "in-store *tortillerías*," as well as high-capacity corn and flour tortilla-makers that are supplied only to us.

GFNorte Investment

As of December 31, 2010, we held approximately 8.8% of the outstanding shares of GFNorte, a Mexican financial services holding company and parent of Banco Mercantil del Norte, S.A., or Banorte, a Mexican bank. As of the same date, our investment in GFNorte represented Ps.4,296 million. GFNorte's results of operations were accounted for in our consolidated results of operations using the equity method of accounting. For the period ended December 31, 2010, we received Ps.91 million in dividends in respect of our investment in GFNorte.

On February 15, 2011, we concluded the sale of 177,546,496 shares of the capital stock of GFNorte at a price of Ps.52 per common share (the "GFNorte Sale"), resulting in cash proceeds of Ps.9,232 million before fees and expenses. As a result of the sale of the GFNorte's shares, we no longer hold shares of GFNorte's capital stock.

REGULATION

Mexican Regulation

Corn Commercialization Program

To support the commercialization of corn for Mexican corn growers, Mexico's Secretary of Agriculture, Livestock, Rural Development, Fisheries and Food Ministry (*Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación*, or SAGARPA), through the Agricultural Incentives and Services Agency (*Apoyos y Servicios a la Comercialización Agropecuaria*, or

ASERCA), a government agency founded in 1991, implemented a program designed to promote corn sales in Mexico. The program includes the following objectives:

- Ensure that the corn harvest is brought to market, providing certainty to farmers concerning the sale of their crops and supply security for the buyer.
- Establish a minimum price for the farmer, and a maximum price for the buyer, which are determined based on international market prices, plus a basic formula specific for each region.
- Implement a corn hedging program to allow both farmers and buyers to minimize their exposure to price fluctuations in the international markets.

To the extent that this or other similar programs are canceled by the Mexican government, we may be required to incur additional costs in purchasing corn for our operations, and therefore we may need to increase the prices of our products to reflect such additional costs.

Environmental Regulations

Our Mexican operations are subject to Mexican federal, state and municipal laws and regulations relating to the protection of the environment. The principal federal environmental laws are the *Ley General de Equilibrio Ecológico y Protección al Ambiente*, or General Law of Ecological Equilibrium and Protection of the Environment or Mexican Environmental Law, which is enforced by the Secretaría de Medio Ambiente y Recursos Naturales, or Ministry of the Environment and Natural Resources or SEMARNAT, the *Ley General de Cambio Climático* or Mexican Climate Change Law and the *Ley Federal de Derechos* or the Mexican Federal Law of Governmental Fees. Under the Mexican Environmental Law, each of our facilities engaged in the production of corn flour, wheat flour, and tortillas is required to obtain an operating license from state environmental regulations upon initiating operations, and then periodically submit a certificate of operation to maintain the operating license. Furthermore, the Mexican Federal Law of Governmental Fees requires that Mexican manufacturing plants pay a fee for water consumption and the discharge of residual waste water to drainage, whenever the quality of such water exceeds mandated thresholds. Also, regulations have been issued concerning hazardous substances and water, air and noise pollution. In particular, Mexican environmental laws and regulations, including the Mexican Climate Change Law, require that Mexican companies file periodic reports with respect to air and water emissions and hazardous wastes. Additionally, they also establish standards for waste water discharge. We must also comply with zoning regulations as well and rules regarding health, working conditions and commercial matters. SEMARNAT and the Federal Bureau of Environmental Protection can bring administrative and criminal proceedings against companies that violate environmental laws, as well as close non-complying facilities.

We believe we are currently in compliance in all material respects with all applicable Mexican environmental regulations. The level of environmental regulation and enforcement in Mexico has increased in recent years. We expect this trend to continue and to be accelerated by international agreements between Mexico and the United States. To the extent that new environmental regulations are issued in Mexico, we may be required to incur additional remedial capital expenditures to comply. Management is not aware of any pending regulatory changes that would require additional remedial capital expenditures in a significant amount.

Competition Regulations

The *Ley Federal de Competencia Económica* or Mexican Competition Law, and the *Reglamento de la Ley Federal de Competencia Económica* or Regulations of the Mexican Competition Law, regulate monopolies and monopolistic practices, and require Mexican government approval for certain mergers and acquisitions. The Mexican Competition Law grants the government the authority to establish price controls for products and services of national interest through Presidential decree, and established the *Comisión Federal de Competencia*, or Federal Competition Commission, to enforce the law. Mergers and acquisitions and other transactions that may restrain trade or that may result in monopolistic or anti-competitive practices or combinations must be approved by the Federal Competition Commission. The Mexican Competition Law may potentially limit our business combinations, mergers and acquisitions and may subject us to greater scrutiny in the future in light of our market presence, nevertheless we do not believe that this legislation will have a material adverse effect on our business operations.

U.S. Federal and State Regulations

Gruma Corporation is subject to regulation by various federal, state and local agencies, including the Food and Drug Administration, Department of Labor, the Occupational Safety and Health Administration, the Federal Trade Commission, the Department of Transportation, the Environmental Protection Agency and the Department of Agriculture. We believe that we are in

compliance in all material respects with all environmental and other legal requirements. Our food manufacturing and distribution facilities are subject to periodic inspection by various federal, state and local agencies, and the equipment utilized in these facilities must generally be governmentally approved prior to operation.

European Regulation

We are subject to regulation in each country in which we operate in Europe. We believe that we are currently in compliance with all applicable legal requirements in all material respects.

Central American and Venezuelan Regulation

Gruma Centroamérica and Gruma Venezuela are subject to regulation in each country in which they operate. We believe that Gruma Centroamérica and Gruma Venezuela are currently in compliance with all applicable legal requirements in all material respects. See "Item 3. Key Information—Risk Factors—Risks Related to Venezuela."

Asia and Oceania Regulation

We are subject to regulation in each country in which we operate in Asia and Oceania. We believe that we are currently in compliance with all applicable legal requirements in all material respects.

ITEM 4A. Unresolved Staff Comments.

Not applicable.

ITEM 5 Operating and Financial Review and Prospects.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion in conjunction with our audited consolidated financial statements and the notes thereto contained elsewhere herein. Our audited consolidated financial statements have been prepared in accordance with IFRS as issued by IASB.

For more information about our financial statements in general, see "Presentation of Financial Information" and "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Indebtedness."

Overview of Accounting Presentation

Our audited financial statements have been prepared in accordance with IFRS as issued by the IASB. We began reporting under IFRS for the year ending December 31, 2011, with an IFRS adoption date of January 1, 2011 and a transition date to IFRS of January 1, 2010.

Note 29 to our audited consolidated financial statements discusses new accounting pronouncements under IFRS that will become effective in 2013 or thereafter. We do not currently expect that any of these will have a significant impact on the presentation of our financial statements.

Effects of Inflation

To determine the existence of hyperinflation, we evaluate the qualitative characteristics of the economic environment of each country, as well as the quantitative characteristics established by IFRS, including an accumulated inflation rate equal or higher than 100% in the past three years. Pursuant to this analysis, Mexico is not considered to be hyperinflationary, with annual inflation rates of 4.4% in 2010, 3.82% in 2011 and 3.57% in 2012. Meanwhile, Venezuela is considered a hyperinflationary economy, with annual inflation rates of 27.2% in 2010, 27.6% in 2011 and 20% in 2012.

Effects of Devaluation

Because a significant portion of our net sales are generated in U.S. dollars, changes in the peso/dollar exchange rate can have a significant effect upon our results of operations as reported in pesos. When the peso depreciates against the U.S. dollar, Gruma

Corporation's net sales in U.S. dollars represent a larger portion of our net sales in peso terms than when the peso appreciates against the U.S. dollar. When the peso appreciates against the dollar, Gruma Corporation's net sales in U.S. dollars represent a smaller portion of our net sales in peso terms than when the peso depreciates against the dollar. For a description of the peso/dollar exchange rate see "Item 3. Key Information—Exchange Rate Information."

On January 8, 2010, the Venezuelan government announced the devaluation of its currency and established a two tier exchange structure. Pursuant to Exchange Agreement No.14, the official exchange rate of the Venezuelan bolivar ("Bs.") was devalued from Bs.2.15 to each U.S. dollar to Bs.4.30 for non-essential goods and services and to Bs.2.60 for essential goods. On December 30, 2010, the Venezuelan government modified Exchange Agreement No. 14 and established a single exchange rate of 4.30 bolivars per U.S. dollar effective January 1, 2011. The financial statements of our subsidiaries in Venezuela are prepared using an exchange rate of Bs. 4.30 per U.S. dollar. Future devaluations of the Venezuelan, currency will have a limited impact on our future financial statements as Gruma Venezuela will be deconsolidated from our operations as of January 22, 2013.

In addition to the above, our net income may be affected by changes in our foreign exchange gain or loss, which may be impacted by significant variations in the peso/dollar exchange rate. During 2010, 2011 and 2012, we recorded a net foreign exchange gain (loss) of Ps.144 million, Ps.41 million and Ps.(89) million, respectively.

Gruma Venezuela Deconsolidation

In accordance with IFRS, we concluded that we lost control of our Venezuelan subsidiaries, MONACA and DEMASECA on January 22, 2013. As a result of such loss of control, we will cease the consolidation of the financial information of MONACA and DEMASECA starting January 22, 2013.

As disclosed in Note 7 to our audited consolidated financial statements, at December 31, 2012, the total assets and liabilities of these subsidiaries in Venezuela were Ps.7,087,569 and Ps.2,948,192, respectively. For the year ended December 31, 2012, these subsidiaries represented net sales of Ps.9,907,182 and operating income of Ps.444,525.

Our interest in the total net assets of Venezuelan subsidiaries was Ps.3,090,289 at December 31, 2012. In January 2013 and as a result of the loss of control in these subsidiaries, the foreign currency translation loss of Ps.432,458, recorded in other comprehensive income at December 31, 2012, will be transferred to our income statement and will be presented as a discontinued operation.

Currency Issues in Venezuela

Historically, we have been able to convert bolivars into U.S. dollars at the Official Rate in order to settle certain U.S. dollar-denominated debt incurred pursuant to imports and royalty agreements and to pay dividends from our business in Venezuela. Accordingly, as of December 31, 2012, the Company's Venezuelan subsidiaries accounted for U.S. dollar-denominated transactions, monetary assets and liabilities into bolivars using the Official Rate, which may not reflect economic reality. See "Item 3. Key Information—Risk Factors—Risks Related to Venezuela." In addition, the Company's Venezuelan subsidiaries' bolivar-denominated financial statements were translated into Mexican pesos using the buying rate published by *Banco de México* on the applicable balance sheet dates.

Critical Accounting Policies

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our audited consolidated financial statements, which have been prepared in accordance with IFRS as issued by the IASB. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period.

Below, we have identified the most critical accounting principles that involve a higher degree of judgment and complexity and that management believes are important to a more complete understanding of our financial position and results of operations. These policies are outlined below.

Additional accounting policies that are also used in the preparation of our financial statements are outlined in the notes to our audited consolidated financial statements included in this Annual Report.

Property, Plant and Equipment

We depreciate our property, plant and equipment over their respective estimated useful lives. Useful lives are based on management's estimates of the period that the assets will remain in service and generate revenues. Estimates are based on independent appraisals and the experience of our technical personnel. We review the assets' residual values and useful lives each year to determine whether they should be changed, and adjusted if appropriate. To the extent that our estimates are incorrect, our periodic depreciation expense or carrying value of our assets may be impacted.

Under IFRS, we are required to test long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable for property, plant and equipment. When the carrying amount exceeds the recoverable amount, the difference is accounted for as an impairment loss. The recoverable amount is the higher of (1) the long-lived asset's (asset group) fair value less costs to sell, representing the amount obtainable from the sale of the long-lived asset (asset group) in an arm's length transaction between knowledgeable, willing parties less the costs of disposal and (2) the long-lived asset's (asset group's) value in use, representing its future cash flows discounted to present value by using a rate that reflects the current assessment of the time value of money and the risks specific to the long-lived asset (asset group) for which the cash flow estimates have not been adjusted.

The estimates of cash flows take into consideration expectations of future macroeconomic conditions as well as our internal strategic plans. Therefore, inherent to the estimated future cash flows is a certain level of uncertainty which we have considered in our valuation; nevertheless, actual future results may differ.

Primarily as a result of plant rationalization, certain facilities and equipment are not currently in use in operations. We have recorded impairment losses related to certain of those assets and additional losses may potentially occur in the future if our estimates are not accurate and/or future macroeconomic conditions differ significantly from those considered in our analysis.

Goodwill and Other Intangible Assets

Intangible assets with definite lives are amortized on a straight-line basis over estimated useful lives. Management exercises judgment in assessing the useful lives of other intangible assets including patents and trademarks, customers lists and software for internal use. Under IFRS, goodwill and indefinite-lived intangible assets are not amortized, but are subject to impairment tests either annually or earlier in the case of a triggering event.

A key component of the impairment test is the identification of cash-generating units and the allocation of goodwill to such cash-generating units. Estimates of fair value are primarily determined using discounted cash flows. Cash flows are discounted at present value and an impairment loss is recognized if such discounted cash flows are lower than the net book value of the cash-generating units.

These estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and also the magnitude of any such charge. We perform internal valuation analyses and consider relevant internal data as well as other market information that is publicly available.

This approach uses significant estimates and assumptions including projected future cash flows (including timing), a discount rate reflecting the risk inherent in future cash flows and a perpetual growth rate. Inherent in these estimates and assumptions is a certain level of risk which we believe we have considered in our valuation. Nevertheless, if future actual results differ from estimates, a possible impairment charge may be recognized in future periods related to the write-down of the carrying value of goodwill and other intangible assets.

Deferred Income Tax

We record deferred income tax assets and liabilities using enacted tax rates for the effect of temporary differences between the book and tax basis of assets and liabilities. If enacted tax rates change, we adjust the deferred tax assets and liabilities through the provision for income tax in the period of change, to reflect the enacted tax rate expected to be in effect when the deferred tax items reverse. Under IFRS, a deferred tax asset must be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies, in the event we were to determine that we would be able to realize our deferred tax assets in the future in excess of the net recorded amount, an adjustment to the deferred tax asset would increase income in the period such determination was made. Should we determine that we would not be able to realize all or part of our net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

Derivative Financial Instruments

We use derivative financial instruments in the normal course of business, primarily to hedge certain operational and financial risks to which we are exposed, including without limitation: (i) future and options contracts for certain key production requirements like natural gas, heating oil and some raw materials such as corn and wheat, in order to minimize the cash flow variability due to price fluctuations; (ii) interest rate swaps, with the purpose of managing the interest rate risk related to our debt; and (iii) exchange rate contracts (mainly Mexican peso — U.S. dollar and in other currencies).

We account for derivative financial instruments used for hedging purposes either as cash-flow hedges or fair value hedges with changes in fair value reported in other comprehensive income and earnings, respectively. Derivative financial instruments not designated as an accounting hedge are recognized at fair value, with changes in fair value recognized currently in income.

When available, we measure the fair value of the derivative financial instruments based on quoted market prices. If quoted market prices are not available, we estimate the fair value of derivative financial instruments using industry standard valuation models. When applicable, these models project future cash flows and discount the future amounts to a present value using market observable inputs, including interest rates and currency rates, among others. Also included in the determination of the fair value of the Company's liability positions is the Company's own credit risk, which has been classified as an unobservable input.

Many of the factors used in measuring fair value are outside the control of management, and these assumptions and estimates may change in future periods. Changes in assumptions or estimates may materially affect the fair value measurement of derivative financial instruments.

Employee Benefits

We recognize liabilities in our balance sheet and expenses in our income statement to reflect our obligations related to our post-employment benefits (retirement plan and seniority premium). The amounts we recognize are determined on an actuarial basis that involve many estimates and accounts for these benefits in accordance with IFRS.

We use estimates in four specific areas that have a significant effect on these amounts: (a) the rate of return we assume our plans will achieve on its investments, (b) the rate of increase in salaries that we assume we will observe in future years, (c) the discount rate that we use to calculate the present value of our future obligations and (d) the expected rate of inflation. The assumptions we have applied are identified in Note 19 to our audited consolidated financial statements. These estimates are determined based on actuarial studies performed by independent experts using the projected unit credit method. The latest actuarial computation was prepared as of December 31, 2012. We review the estimates each year, and if we change them, our reported expense for post-employment benefits may increase or decrease according to market conditions.

Factors Affecting Financial Condition and Results of Operations

In recent years, our financial condition and results of operations have been significantly influenced by some or all of the following factors:

- the level of demand for tortillas, corn flour and wheat flour;
- the effects of government policies on imported and domestic corn prices in Mexico;
- the cost and availability of corn and wheat;
- the cost of energy and other related products;
- our acquisitions, plant expansions and divestitures;
- the effect of government initiatives and policies, in particular on price controls and cost of grains in Venezuela; and
- the effect from variations on interest rates and exchange rates.

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RESULTS OF OPERATIONS

The following table sets forth our consolidated income statement data on an IFRS basis for the years ended December 31, 2012, 2011, and 2010, expressed as a percentage of net sales. All financial information has been prepared in accordance with IFRS. For a description of the method, see "Presentation of Financial Information" and "Item 5. Operating and Financial Review and Prospects—Overview of Accounting Presentation."

	Year Ended December 31,		
	2012	2011	2010
Income Statement Data			
Net sales	100%	100%	100%
Cost of sales	70.5	69.6	68.3
Gross profit	29.5	30.4	31.7
Selling and administrative expenses	23.9	24.3	26.2
Other expenses, net	(0.2)	(0.4)	(1.1)
Operating income	5.5	5.8	4.4
Net comprehensive financing cost	(1.1)	(0.7)	(2.5)
Current and deferred income taxes	1.7	3.1	1.8
Other items	0.0	8.2	1.3
Non-controlling interest	0.9	0.9	0.4
Net income attributable to shareholders	1.7	9.1	0.9

The following table sets forth our net sales and operating income as represented by our principal subsidiaries for 2012, 2011 and 2010. Net sales and operating income of our subsidiary PRODISA are part of "others and eliminations." Financial information with respect to GIMSA includes sales of Ps.419 million, Ps.587 million and Ps.764 in 2010, 2011 and 2012, respectively, in corn flour to Gruma Corporation, Molinera de México, PRODISA and Gruma Centroamérica. Financial information with respect to Molinera de México includes sales of Ps.231 million, Ps.277 and Ps.207 million in 2010, 2011 and 2012, respectively, to GIMSA, Gruma Corporation and PRODISA; financial information with respect to PRODISA includes sales of Ps.97 million, Ps.114 million and Ps.129 in 2010, 2011 and 2012, respectively, in tortilla related products to Gruma Corporation.

Financial information with respect to INTASA includes sales of Ps.609 million, Ps.727 million and Ps.961 million, in 2010, 2011 and 2012, respectively, in technological support to certain subsidiaries of Gruma, S.A.B. de C.V. In the process of consolidation, all the aforementioned intercompany transactions are eliminated from the financial statements.

	Year Ended December 31,					
	2012		2011		2010	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
	(in millions of pesos)					
Gruma Corporation	Ps. 26,932	Ps. 1,335	Ps. 23,923	Ps. 947	Ps. 21,451	Ps. 1,303
GIMSA	17,573	1,749	15,386	1,771	11,853	1,147
Gruma Venezuela	9,907	445	9,157	674	5,382	(26)
Molinera de México	5,046	87	4,633	104	3,757	72
Gruma Centroamérica	3,369	(40)	3,180	(46)	2,765	(73)
Others and eliminations	1,490	(63)	1,366	(112)	1,024	(373)
Total	Ps. 64,317	Ps. 3,513	Ps. 57,645	Ps. 3,338	Ps. 46,232	Ps. 2,050

Net Sales by Subsidiary: By major subsidiary, the percentages of consolidated net sales in 2012, 2011 and 2010 were as follows:

	Percentage of Consolidated Net Sales		
Subsidiary	2012	2011	2010
Gruma Corporation	42%	42%	46%
GIMSA	27	27	26
Gruma Venezuela (1)	15	16	12
Molinera de México	8	8	8
Gruma Centroamérica	6	6	6
Others and eliminations	2	1	2

(1) We will deconsolidate Gruma Venezuela as of January 22, 2013 and account for it as a discontinued operation.

Year Ended December 31, 2012 Compared with Year Ended December 31, 2011

Consolidated Results

GRUMA's sales volume increased by 2% to 4,826 thousand metric tons in 2012 compared with 4,740 thousand metric tons in 2011. This increase was driven mainly by Gruma Corporation.

Net sales increased by 12% to Ps.64,317 million in 2012 compared with Ps.57,645 million in 2011. The increase was driven by Gruma Corporation and GIMSA. Net sales grew mostly in connection with price increases implemented to offset higher raw material costs, sales volume growth, and the average peso depreciation effect on Gruma Corporation during 2012. Sales from non-Mexican operations constituted 65% of consolidated net sales in 2012 and 66% in 2011.

Cost of sales increased by 13% to Ps.45,350 million in 2012 compared with Ps.40,118 million in 2011, due primarily to Gruma Corporation and GIMSA. The increase was associated with higher raw material costs, sales volume growth, and the average peso depreciation effect on Gruma Corporation. Cost of sales as a percentage of net sales increased to 70.5% in 2012 from 69.6% in 2011 due primarily to GIMSA, Gruma Corporation, and Gruma Venezuela, as raw material cost increases were not fully reflected in our product prices, as well as production downtimes at Gruma Venezuela due to labor conflicts.

Selling, general, and administrative expenses (SG&A) increased by 10% to Ps.15,352 million in 2012 compared with Ps.13,984 million in 2011, due primarily to Gruma Corporation and, to a lesser extent, GIMSA and Gruma Venezuela. Part of the consolidated increase in SG&A resulted from the average peso depreciation effect on Gruma Corporation and the inflation effect at Gruma Venezuela. SG&A as a percentage of net sales decreased to 23.9% in 2012 from 24.3% in 2011, driven mainly by better expense absorption at Gruma Corporation and GIMSA.

Other expenses, net, were Ps.102 million in 2012 compared with Ps.204 million in 2011. The decrease was primarily due to lower impairment of long-lived assets and lower losses from the sale of fixed assets during 2012.

GRUMA's operating income increased by 5% to Ps.3,513 million in 2012 compared with Ps.3,338 in 2011 driven by Gruma Corporation. Operating margin declined to 5.5% from 5.8% in 2011, due primarily to Gruma Venezuela and GIMSA.

Net comprehensive financing cost was Ps.729 million in 2012 compared with Ps.427 million in 2011. The increase was because in 2011 the company had gains on foreign exchange rate hedging related to corn procurement as well as gains on raw material hedging; also, the company registered foreign exchange losses of Ps.89 million in 2012 resulting mostly from the average peso depreciation as opposed to a Ps.41 million gain in 2011. See "Item 5. Operating and Financial Review and Prospects —Liquidity and Capital Resources—Indebtedness," and "Item 5. Operating and Financial Review and Prospects —Liquidity and Capital Resources—Market Risk."

GRUMA's equity in earnings of associated companies, net, represented income of Ps.3 million in 2012 compared with income of Ps.4,711 million in 2011 primarily derived from the gain on the sale of GRUMA's stake in GFNorte during February 2011.

Taxes decreased 40% to Ps.1,083 million in 2012 compared with Ps.1,807 million in 2011 primarily as a result of taxes related to the gain on the sale of GRUMA's stake in GFNorte during 2011. The effective tax rate was 38.9%.

GRUMA's net income was Ps.1,704 million in 2012 compared with Ps.5,816 million in 2011. Net income attributable to shareholders was Ps.1,115 million compared with Ps.5,271 million in 2011. Both declines were caused by the gain on the sale of GRUMA's stake in GFNorte during 2011.

Subsidiary Results

Gruma Corporation

Sales volume increased 8% to 1,596 thousand metric tons in 2012 compared with 1,478 thousand metric tons in 2011. This increase was due mainly to several acquisitions made throughout 2011, in particular the acquisition of the leading corn grits company in Turkey, and organic growth at the European operations especially in connection with new and increased customer accounts.

Net sales increased by 13% to Ps.26,932 million in 2012, compared with Ps.23,923 million in 2011. The increase was driven mostly by the aforementioned sales volume growth and the average peso depreciation effect. Measured in dollar terms, net sales increased 7% in connection with sales volume growth. The effect of price increases implemented toward the end of 2011 (in connection with higher raw material costs) and also towards the end of 2012, and allowance reductions in the U.S. tortilla business, were offset mainly by the change in the sales mix towards corn grits in Europe.

Cost of sales increased by 14% to Ps.17,655 million in 2012 compared with Ps.15,452 million in 2011 due to sales volume growth, higher raw material cost and overhead and health insurance costs, as well as the average peso depreciation effect. Measured in dollar terms, cost of sales increased 11%. As a percentage of net sales, cost of sales increased to 65.6% in 2012 from 64.6% because higher raw material costs were not fully reflected in our product prices and also due to a change in the sales mix towards foodservice products in the U.S. tortilla business and towards corn grits in Europe.

SG&A increased by 8% to Ps.7,996 million in 2012 compared with Ps.7,435 million in 2011 due mainly to the average peso depreciation effect, sales volume growth and higher sales commissions related to price increases. Measured in dollar terms, SG&A increased 2%. SG&A as a percentage of net sales improved to 29.7% in 2012 from 31.1% in 2011 in connection with better expense absorption.

Operating income increased by 41% to Ps.1,335 million in 2012 from Ps.947 million in 2011, and operating margin improved to 5% from 4% due to a favorable comparison of Ps.143 million in other expenses because in 2011 the company generated losses from asset disposals. Measured in dollar terms, operating income grew 34%. Operating margin also improved in connection with better expense absorption.

GIMSA

Sales volume increased by 1% to 1,983 thousand metric tons in 2012 compared with 1,959 thousand metric tons in 2011. The increase was a result of higher sales of non-corn flour products as higher grain prices motivated consumption of byproducts for animal feed.

Net sales increased by 14% to Ps.17,573 million in 2012 compared with Ps.15,386 million in 2011 due mainly to price increases related to higher corn costs.

Cost of sales increased by 17% to Ps.13,171 million in 2012 compared with Ps.11,284 million in 2011 due mainly to higher corn costs. As a percentage of net sales, cost of sales increased to 75% in 2012 from 73.3% in 2011 due to the aforementioned rise in corn costs, which were not fully absorbed through price increases, and the mathematical effect of having a larger base of sales with similar amounts of gross profit per ton. For a discussion of the discontinuation of Mexican government price supports, please see “Item 4. Information on the Company—Regulation—Corn Flour Consumer Aid Program.”

SG&A increased by 13% to Ps.2,574 million in 2012 compared with Ps.2,286 million in 2011. The increase resulted mainly from higher promotion and advertising expenses related mostly to sponsorship of the Mexican Football Federation, the continued strengthening of several programs aimed at attracting traditional tortilla makers, higher sales commissions due to price increases and higher freight expenses coming from higher tariffs and intercompany shipments due to capacity constraints at some plants. SG&A as a percentage of net sales decreased to 14.6% in 2012 from 14.9% in 2011 due to better expense absorption.

Operating income decreased by 1% to Ps.1,749 million in 2012 from Ps.1,771 million in 2011, and operating margin decreased to 10% from 11.5%. The reduction in absolute terms resulted from the higher SG&A and higher other expenses in connection with losses on natural gas hedging. Profit sharing also increased during 2012. Operating margin declined mostly from the aforementioned mathematical effect of having a larger base of sales with a similar level of gross profit per ton.

Gruma Venezuela

We will deconsolidate Gruma Venezuela as of January 22, 2013 and account for it as a discontinued operation.

Sales volume decreased 9% to 478 thousand metric tons in 2012 compared with 528 thousand metric tons in 2011 due mainly to production downtimes at certain plants related to labor conflicts (in connection with the negotiation of collective bargaining agreements) and, to a lesser extent, electrical power outages.

Net sales increased by 8% to Ps.9,907 million in 2012 compared with Ps.9,157 million in 2011 due mainly to the inflation effect as figures for 2011 are expressed in constant terms as of December 2011 and are not restated to December 2012. Additionally, there were price increases implemented to offset higher raw material costs.

Cost of sales increased by 11% to Ps.7,500 million in 2012 from Ps.6,747 million in 2011. This increase was primarily due to the aforementioned inflation effect as well as higher cost of raw materials, salary increases and more benefits for manufacturing employees arising from new labor regulations. As a percentage of net sales, cost of sales increased to 75.7% in 2012 from 73.7% in 2011 due mainly to the sales volume reduction resulting from the aforementioned production downtimes and to the higher raw material costs, which were not fully absorbed through price increases.

SG&A increased by 13% to Ps.1,962 million in 2012 compared with Ps.1,736 million in 2011. The increase was due primarily to the aforementioned inflation effect as well as salary increases and higher freight expenses. SG&A as a percentage of net sales increased to 19.8% in 2012 from 19% in 2011 due to a lower expense absorption.

Operating income decreased 34% to Ps.445 million in 2012 compared with an operating income of Ps.674 million in 2011, and operating margin declined to 4.5% in 2012 from 7.4% in 2011 resulting from the aforementioned sales volume reduction, the fact that price increases did not fully absorb the higher raw material costs, and the increases in SG&A, which grew at a faster pace than net sales.

Molinera de México

Sales volume increased by 3% to 583 thousand metric tons in 2012 compared with 564 thousand metric tons in 2011. This increase was driven by greater consumption of premixed flours at supermarket in-store bakeries, supermarket expansion through more stores, and customers' recovery.

Net sales increased by 9% to Ps.5,046 million in 2012 compared with Ps.4,633 million in 2011. The rise resulted from price increases implemented to reflect the higher cost of wheat, a change in the sales mix towards pre-mixed flours, higher byproduct prices in connection with low supply in the market, and sales volume growth.

Cost of sales increased by 9% to Ps.4,254 million in 2012 compared with Ps.3,894 million in 2011 mainly in connection with the higher wheat costs and sales volume growth. As a percentage of net sales, cost of sales increased to 84.3% in 2012 from 84% in 2011due to higher wheat costs, which were not fully reflected in our product prices.

SG&A increased by 7% to Ps.674 million in 2012 compared with Ps.631 million in 2011. The increase was due mainly to higher freight expenses in connection with higher tariffs and intercompany shipments related to capacity constraints at some plants and, to a lesser extent, to sales volume growth. SG&A as a percentage of net sales decreased to 13.4% in 2012 from 13.6% in 2011 due to better expense absorption.

Operating income decreased by 16% to Ps.87 million in 2012 from Ps.104 million in 2011 due to the aforementioned rise in SG&A and increases in other expenses related to higher profit sharing. Operating margin decreased to 1.7% in 2012 from 2.2% in 2011 due to the aforementioned rise in profit sharing.

Gruma Centroamérica

Sales volume decreased by 9% to 207 thousand metric tons in 2012 compared with 229 thousand metric tons in 2011. The decrease was due mainly to the availability of cheap domestic corn, which motivated some customers to shift to the traditional method of tortilla production. This availability rose significantly during 2012 in connection with the increasing popularity of genetically modified corn. Additionally, during 2011 sales volume benefitted from a shortage of corn within the region due to bad weather conditions that affected corn crops, which at that time encouraged the conversion from the traditional method of making tortillas to the corn flour method.

Net sales increased by 6% to Ps.3,369 million in 2012 from Ps.3,180 million in 2011 due mainly to price increases and the effect of the average peso depreciation during 2012.

Cost of sales increased by 2% to Ps.2,415 million in 2012 compared with Ps.2,368 million in 2011, due mainly to the aforementioned average peso depreciation. Cost of sales as a percentage of net sales decreased to 71.7% in 2012 from 74.5% in 2011 due mainly to the aforementioned price increases.

SG&A rose by 16% to Ps.994 million in 2012 compared with Ps.858 million in 2011, due to higher sales commissions, and salaries, as well as the strengthening of the sales department and the effect of the average peso depreciation. As a percentage of net sales, SG&A increased to 29.5% in 2012 from 27% in 2011 due to the aforementioned increase in expenses.

Operating loss was Ps.40 million in 2012 compared with a loss of Ps.46 million in 2011, and operating margin improved to a negative 1.2% in 2012 from a negative 1.5% in 2011 principally in connection with the price increases.

Year Ended December 31, 2011 Compared with Year Ended December 31, 2010

Consolidated Results

GRUMA's sales volume increased by 5% to 4,740 thousand metric tons in 2011 compared with 4,526 thousand metric tons in 2010. This increase was driven mainly by Gruma Corporation and GIMSA. Net sales increased by 25% to Ps.57,645 million in 2011 compared with Ps.46,232 million in 2010. The increase was due primarily to higher net sales at Gruma Venezuela, GIMSA, and Gruma Corporation, associated with price increases, sales volume growth, and the inflation effect in Venezuela. Sales from non-Mexican operations constituted 66% of consolidated net sales in 2011 and 2010.

Net Sales by Subsidiary: By major subsidiary, the percentages of consolidated net sales in 2011 and 2010 were as follows:

	Percentage of Consolidated Net Sales	
Subsidiary	**2011**	**2010**
Gruma Corporation	42%	46%
GIMSA	27	26
Gruma Venezuela(1)	16	12
Molinera de México	8	8
Gruma Centroamérica	6	6
Others and eliminations	1	2

(1) We will deconsolidate Gruma Venezuela as of January 22, 2013 and account for it as a discontinued operation.

Cost of sales increased by 27% to Ps.40,118 million in 2011 compared with Ps.31,563 million in 2010, due primarily to higher cost of sales at Gruma Venezuela, GIMSA, and Gruma Corporation associated with higher raw-material costs, sales volume growth, and the inflation effect in Gruma Venezuela. Cost of sales as a percentage of net sales increased to 69.6% in 2011 from 68.3% in 2010 due primarily to Gruma Corporation, as raw-material cost increases were not fully reflected in our prices.

Selling, general, and administrative expenses (SG&A) increased by 16% to Ps.13,984 million in 2011 compared with Ps.12,100 million in 2010, due primarily to higher SG&A at Other and Eliminations and Gruma Corporation and, to a lesser extent, Gruma Venezuela and GIMSA. SG&A as a percentage of net sales decreased to 24.3% in 2011 from 26.2% in 2010, driven mainly by better expense absorption at Gruma Venezuela and, to a lesser extent, GIMSA and Gruma Corporation.

Other expenses, net, were Ps.204 million in 2011 compared with Ps.519 million in 2010. The decrease is a result of a one-time charge during 2010 related to the expropriation procedure of our operations in Venezuela, which the company did not have during 2011.

GRUMA's operating income increased by 63% to Ps.3,338 million in 2011 compared with Ps.2,050 in 2010, and operating margin improved to 5.8% in 2011 from 4.4% in 2010, due primarily to Gruma Venezuela, Other and Eliminations and, to a lesser extent, GIMSA.

Net comprehensive financing cost was Ps.427 million in 2011 compared with Ps.1,163 million in 2010. The decrease resulted mainly from lower financial expenses in connection with GRUMA's debt reduction and better interest rates achieved during 2011, and gains on foreign-exchange-rate hedging related to corn procurement. See "Item 5. Operating and Financial Review and Prospects —Liquidity and Capital Resources—Indebtedness," and "Item 5. Operating and Financial Review and Prospects — Liquidity and Capital Resources—Market Risk."

GRUMA's equity in earnings of associated companies, net, primarily from GFNorte, represented income of Ps.4,711 million in 2011 compared with income of Ps.592 million in 2010 primarily derived from the gain on the sale of GRUMA's stake in GFNorte during February 2011.

Taxes increased 115% to Ps.1,807 million in 2011 compared with Ps.840 million in 2010 primarily as a result of higher pre-tax income.

GRUMA's net income was Ps.5,816 million in 2011 compared with Ps.639 million in 2010. Net income attributable to shareholders was Ps.5,271 million compared with Ps.432 million in 2010. Both improvements were caused mainly by the gain on the sale of GRUMA's stake in GFNorte.

Subsidiary Results

Gruma Corporation

Sales volume increased 6% to 1,478 thousand metric tons in 2011 compared with 1,395 thousand metric tons in 2010. This increase was due mainly to several acquisitions made throughout the year, the one-time effect of one more week of operations during 2011, which occurs every five-to-six years according to Gruma Corporation's fiscal year-end accounting closings; and organic growth at the European operations.

Net sales increased by 12% to Ps.23,923 million in 2011 compared with Ps.21,451 million in 2010. The increase was driven mostly by the aforementioned sales volume growth coupled with price increases implemented during 2011 in connection with higher raw-material costs.

Cost of sales increased by 16% to Ps.15,452 million in 2011 compared with Ps.13,302 million in 2010 due to higher raw-material cost (corn, wheat, and oil) and sales volume growth. As a percentage of net sales, cost of sales increased to 64.6% in 2011 from 62.0% in 2010 because the aforementioned higher raw-material costs were not fully reflected in our prices.

SG&A increased by 9% to Ps.7,435 million in 2011 compared with Ps.6,829 million in 2010 due to sales volume growth, higher sales commissions related to price increases, and higher promotion and advertising expenses. SG&A as a percentage of net sales improved to 31.1% in 2011 from 31.8% in 2010 in connection with better expense absorption.

Operating income decreased by 27% to Ps.947 million in 2011 from Ps.1,303 million in 2010, and operating margin declined to 4% from 6.1%.

GIMSA

Sales volume increased by 4% to 1,959 thousand metric tons in 2011 compared with 1,890 thousand metric tons in 2010. The increase was a result of the growth in the supermarket segment associated with their organic growth, market-share gains in the snack producers segment, and customers' build-up of corn flour inventories at the end of 2011 in anticipation of price increases.

Net sales increased by 30% to Ps.15,386 million in 2011 compared with Ps.11,853 million in 2010. The increase was due mainly to price increases and, to a lesser extent, the aforementioned sales volume growth and a non-recurring sale of corn for Ps.574 million.

Cost of sales increased by 30% to Ps.11,284 million in 2011 compared with Ps.8,648 million in 2010 due to higher corn costs and, to a lesser extent, the cost of the aforementioned non-recurring sale of corn during 2011 and the sales volume growth. As a percentage of net sales, cost of sales increased slightly to 73.3% in 2011 from 73.0% in 2010 due to the non- recurring sale of corn which had no margin contribution For a discussion of the discontinuation of Mexican government price supports, please see "Item 4. Information on the Company—Regulation—Corn Flour Consumer Aid Program."

SG&A increased by 15% to Ps.2,286 million in 2011 compared with Ps.1,981 million in 2010. The increase resulted mainly from the continued strengthening of several programs aimed at attracting traditional tortilla makers, higher promotion and advertising expenses and, to a lesser extent, higher freight expenses coming from capacity constraints at some plants and from increased sales to supermarkets and snack producers (as for transactions with these customers we usually pay freight expenses). SG&A as a percentage of net sales decreased to 14.9% in 2011 from 16.7% in 2010 due to better expense absorption.

Operating income increased by 54% to Ps.1,771 million in 2011 from Ps.1,147 million in 2010, and operating margin increased to 11.5% from 9.7%.

Gruma Venezuela

Sales volume increased 1% to 528 thousand metric tons in 2011 compared with 523 thousand metric tons in 2010 due to production efficiencies at some plants, which allowed us to expand distribution in certain channels.

Net sales increased by 70% to Ps.9,157 million in 2011 compared with Ps.5,382 million in 2010. The increase was due mainly to the inflation effect and price increases and, to a lesser extent, the depreciation of the Mexican Peso and the aforementioned sales volume growth.

Cost of sales increased by 67% to Ps.6,747 million in 2011 from Ps.4,047 million in 2010. This increase was primarily due to the inflation effect and higher cost of raw materials (corn and wheat), salary increases and larger benefits for manufacturing employees and, to a lesser extent, the depreciation of the Mexican Peso and the aforementioned sales volume growth. As a percentage of net sales, cost of sales decreased to 73.7% in 2011 from 75.2% in 2010 due mainly to a better cost absorption as a result of the aforementioned.

SG&A increased by 30% to Ps.1,736 million in 2011 compared with Ps.1,335 million in 2010. The increase was due primarily to the inflation effect and, to a lesser extent, the depreciation of the Mexican Peso. SG&A as a percentage of net sales decreased to 19% in 2011 from 24.8% in 2010 due to a better expenses absorption.

Operating income increased to Ps.674 million in 2011 compared with an operating loss of Ps.26 million in 2010, and operating margin improved to 7.4% in 2011 from negative 0.5% in 2010.

Molinera de México

Sales volume increased by 7% to 564 thousand metric tons in 2011 compared with 530 thousand metric tons in 2010. This increase was driven by regional pricing strategies, increased market coverage and strengthening of commercial programs, higher demand for pre-mixed flours by the supermarkets, and introduction of new products to the foodservice segment.

Net sales increased by 23% to Ps.4,633 million in 2011 compared with Ps.3,757 million in 2010. The increase resulted from higher prices to reflect higher cost of wheat and, to a lesser extent, from the sales volume growth.

Cost of sales increased by 26% to Ps.3,894 million in 2011 compared with Ps.3,095 million in 2010 in connection with these higher wheat costs and volume growth. As a percentage of net sales, cost of sales increased to 84% in 2011 from 82.4% in 2010 due to higher wheat costs, which were not fully reflected in our prices.

SG&A increased by 9% to Ps.631 million in 2011 compared with Ps.578 million in 2010. The increase was due to the ongoing programs oriented towards the aforementioned market coverage expansion and better customer service, higher freight expenses in connection with sales volume growth, and higher intercompany shipments due to capacity constraints at some plants. SG&A as a percentage of net sales decreased to 13.6% in 2011 from 15.4% in 2010 due to a better expense absorption.

Operating income increased by 45% to Ps.104 million in 2011 from Ps.72 million in 2010, and operating margin increased to 2.2% in 2011 from 1.9% in 2010.

Gruma Centroamérica

Sales volume increased by 14% to 229 thousand metric tons in 2011 compared with 201 thousand metric tons in 2010. The increase was due mainly to shortage of corn within the region due to bad weather conditions, which affected corn crops, the elimination of the subsidy for natural gas in El Salvador by mid-2011, which encouraged the conversion from the traditional method of making tortillas to the corn flour method, and aggressive promotions and advertising campaigns.

Net sales increased by 15% to Ps.3,180 million in 2011 from Ps.2,765 million in 2010. The increase was due mainly to the aforementioned sales volume growth.

Cost of sales increased by 17% to Ps.2,368 million in 2011 compared with Ps.2,022 million in 2010, due mainly to the sales volume growth, as well as higher corn and energy costs. Cost of sales as a percentage of net sales increased to 74.5% in 2011 from 73.1% in 2010 due to these cost increases, which was not fully reflected in our prices.

SG&A increased by 5% to Ps.858 million in 2011 compared with Ps.816 million in 2010, due to sales volume growth, higher promotion and advertising, salary increases, and higher freight tariffs in connection with higher fuel costs. As a percentage of net sales, SG&A declined to 27% in 2011 from 29.5% in 2010 due to a better expense absorption.

Operating loss was Ps.46 million in 2011 compared with a loss of Ps.73 million in 2010, and operating margin improved to negative 1.5% in 2011 from negative 2.6% in 2010.

LIQUIDITY AND CAPITAL RESOURCES

We fund our liquidity and capital resource requirements, in the ordinary course of business, through a variety of sources, including:

- cash generated from operations;
- committed and uncommitted short-term and long-term lines of credit;
- occasional offerings of medium- and long-term debt; and
- sales of our equity securities and those of our subsidiaries and affiliates from time to time.

The following is a summary of the principal sources and uses of cash for the three years ended December 31, 2012, 2011 and 2010.

	2012	2011	2010
		(thousands of Mexican pesos)	
Resources provided by (used in):			
Operating activities	Ps. 1,806,136	Ps. 1,751,314	Ps. 3,291,138
Financing activities	1,817,675	(7,429,059)	(4,234,431)
Investing activities	(3,455,629)	6,779,129	(802,208)

During 2012, net cash generated from operations was Ps.1,806 million after changes in working capital of Ps.3,836 million, of which Ps.398 million was due to an increase in accounts receivable, Ps.2,154 million reflected an increase in inventory, Ps.971 million reflected an increase in accounts payable and Ps.2,152 million reflected an increase in income tax paid. Net cash from financing activities during 2012 was Ps.1,818 million, including Ps.5,854 million in borrowings related to the ADM transaction, Ps.810 million in cash interest payments, Ps.96 million of dividends paid to minority shareholders of GIMSA and Ps.4,011 million in the acquisition of our own shares related to ADM Transaction and Ps.997 million in the acquisition of the non-controlling interest of ADM in certain of our subsidiaries. Cash used for investment activities during 2012 reflected cash expenditures of Ps.3,456 million of which Ps.2,785 were applied to general manufacturing upgrades and efficiency improvements in our subsidiaries in the U.S. and, to a lesser extent, in our subsidiaries in Mexico and Europe and Ps.896 for the acquisition of the outstanding shares of Valores Azteca. See Note 3 of our audited consolidated financial statements. As of December 31, 2012, 2011, and 2010, there were no significant restricted net assets of the consolidated subsidiaries of the Company, as defined by Rule 4-08(e)(3) of Regulation S-X.

Factors that could decrease our sources of liquidity include a significant decrease in the demand for, or price of, our products, each of which could limit the amount of cash generated from operations, and a lowering of our corporate credit rating or any other credit downgrade, which could impair our liquidity and increase our costs with respect to new debt and cause our stock price to suffer. Our liquidity is also affected by factors such as the depreciation or appreciation of the peso and changes in interest rates. See “Item 5.Operating and Financial Review and Prospects —Indebtedness.”

As further described below, Gruma, S.A.B. de C.V. is subject to financial covenants contained in its debt agreements which require it to maintain certain financial ratios and balances on a consolidated basis, among other limitations. Gruma Corporation is also subject to financial covenants contained in one of its debt agreements which require it to maintain certain financial ratios and balances on a consolidated basis. A default under any of our existing debt obligations for borrowed money could result in acceleration of the due dates for payment of the amounts owing thereunder and, in certain cases, in a cross-default under some of our existing credit agreements and the indenture governing our perpetual bonds. See “Item 10. Additional Information—Material Contracts.”

Gruma, S.A.B. de C.V. and its consolidated subsidiaries are required to maintain a leverage ratio no greater than 4.75:1, and an interest coverage ratio no lower than 2.5:1. As of December 31, 2012, Gruma, S.A.B. de C.V.’s leverage ratio was 3.75:1, and the

interest coverage ratio was 5.59:1. The amount of interest that Gruma Corporation pays on its debt may increase if its overall leverage ratio increases above 1.0:1. See "Item 5. Operating and Financial Review and Prospects —Indebtedness." As of December 31, 2012, Gruma Corporation's leverage ratio was 0.9:1, therefore the applicable interest rate range under the Gruma Corporation Loan Facility is LIBOR + 137 bp.

The Control Group may pledge part of its shares in us to secure any future borrowings. If such were the case, and the Control Group were to default on its payment obligations, the lenders could enforce their rights with respect to such shares, and the Control Group could lose its controlling interest in us, resulting in a change of control. A change of control could trigger a default in some of our credit agreements and the indenture governing our perpetual bonds, which have an aggregate principal amount outstanding as of December 31, 2012 of U.S.$ 1,063 million, and could have a material adverse effect upon our business, financial condition, results of operations and prospects. For more information about this pledge, see "Item 7. Major Shareholders and Related Party Transactions."

Our long-term corporate credit rating and our senior unsecured perpetual bond are rated BB by Standard & Poor's. Our Foreign Currency Long-Term Issuer Default Rating and our Local Currency Long-Term Issuer Default Rating are rated BB by Fitch. Our U.S.$300 million perpetual bond is rated BB by Fitch. These ratings reflect the debt repayment made on February 18, 2011, after applying the net proceeds from the sale of GRUMA's 8.8% stake in GFNorte. The ratings in effect during 2009 and 2010, prior to the debt repayment on February 18, 2011, reflected additional leverage on GRUMA's capital structure from the termination of GRUMA's foreign exchange derivative positions and the subsequent conversion of the realized losses into debt. On December 14 2012, after the announcement of the ADM Transaction and Gruma's increase in its leverage, Standard & Poor's confirmed its BB credit rating and the outlook remains stable. On December 17, 2012, Fitch also confirmed its BB rating.

If our financial condition deteriorates, we may experience future declines in our credit ratings, with attendant consequences. Our access to external sources of financing, as well as the cost of that financing, has been and may continue to be adversely affected by a deterioration of our long-term debt ratings. A downgrade in our credit ratings may continue to increase the cost of and/or limit the availability of unsecured financing, which may make it more difficult for us to raise capital when necessary. If we cannot obtain adequate capital on favorable terms, or at all, our business, operating results and financial condition would be adversely affected. However, management believes that its working capital and available external sources of financing are sufficient for our present requirements.

Indebtedness

Our indebtedness bears interest at fixed and floating rates. As of December 31, 2012, approximately 20% of our outstanding indebtedness bore interest at fixed rates and approximately 80% bore interest at floating rates, with almost all U.S. dollar and Mexican peso floating-rate indebtedness bearing interest based on LIBOR and TIIE, respectively. From time to time, we partially hedge both our interest rate exposure and our foreign exchange rate exposure as discussed below. For more information about our interest rate and foreign exchange rate exposures, see "Item 11. Quantitative and Qualitative Disclosures About Market Risk."

As of December 31, 2012, we had total outstanding long-term debt aggregating approximately Ps.12,102 million (approximately U.S.$ 930 million). Approximately 85% of our long-term debt at such date was dollar-denominated, and 15% denominated in Mexican Pesos.

Extreme exchange rate volatility in the financial markets during the last two quarters of 2008 and the first quarter of 2009 resulted in significant fluctuations in the mark-to-market value of GRUMA's foreign exchange derivative instruments, which in turn resulted in downgrades in our debt ratings. As of October 28, 2008, GRUMA's foreign exchange derivative instruments represented an aggregate negative mark-to-market non-cash unrealized loss of U.S.$788 million. On November 12, 2008 we entered into a loan agreement with Bancomext in the amount of Ps.3,367 million and applied the proceeds to terminate our commitments arising under all the currency derivative instruments that we had entered into with one of our derivative counterparties and to pay other commitments arising under the currency derivative instruments maturing from the date of such loan agreement with Bancomext (the "2008 Bancomext Peso Facility").

In addition, we entered into agreements on October 16, 2009 with our remaining derivative counterparties to convert a total of U.S.$738.3 million dollars owing under our terminated foreign exchange derivative instruments into medium- and long-term loans. On February 18, 2011, GRUMA made an early payment of outstanding balances of such bank facilities. The total amounts of the payments made were U.S.$752.6 million and Ps.773.3 million, payments for which GRUMA used the entirety of the net proceeds from the GFNorte Sale, which totaled Ps.9,005.5 million after fees and expenses, as well as its own resources and others obtained through short-term facilities. As a result of these early payments the aforementioned agreements with our derivative counterparties were terminated.

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On June 16, 2011, we concluded a series of transactions to refinance and terminate our obligations under the 2008 Bancomext Peso Facility. As a result, we entered into the Syndicated Loan Facility, the Peso Syndicated Loan Facility, the Rabobank Loan Facility and the 2011 Bancomext Peso Facility (as defined below). The proceeds of these transactions as well as proceeds from uncommitted short term lines of credit were applied to make an early payment on the outstanding balance of the 2008 Bancomext Peso Facility in the amount of Ps.3,367 million. Additionally, on June 20, 2011 we refinanced and extended the Gruma Corporation Loan Facility. See "Item 5. Operating and Financial Review and Prospects —Indebtedness" below for a description of our current principal debt instruments.

During the fourth quarter of 2012 we entered into the 2012 Bridge Loan Facility (as defined below) in an amount of US $300 million and Gruma Corporation increased the aggregate commitment under its Revolving Loan Agreement (as defined below) for an additional amount of US $50 million in order to partially fund the ADM Transaction. The additional U.S. $100 million required to fund the ADM Transaction was obtained through a short term-unsecured loan with Banco Inbursa .

Perpetual Bonds

On December 3, 2004, Gruma, S.A.B. de C.V. issued U.S.$300 million 7.75% senior unsecured perpetual bonds, which at the time were rated BBB- by Standard & Poor's and by Fitch. The bonds which have no fixed final maturity date, have a call option exercisable by GRUMA at any time beginning five years after the issue date. As of December 31, 2012 we have not hedged any interest payments on our U.S.$300 million 7.75% senior unsecured perpetual bonds.

2012 Bridge Loan Facility

On December 13, 2012, we entered into an unsecured U.S. $200 million 1-year term bridge loan with Goldman Sachs Bank, USA, and certain other financial institutions which may, from time to time become party to such Loan Agreement (the "2012 Bridge Loan Facility"). On December 14, 2012 Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander México became a Lender under the 2012 Bridge Loan Facility, lending an additional amount of U.S. $100 million. The funds obtained from the 2012 Bridge Loan Facility were used in their entirety to partially fund the ADM Transaction.

In order to accommodate the increase in our leverage resulting from the 2012 Bridge Loan Facility, the permitted leverage ratios established under the Syndicated Loan Facility, the Peso Syndicated Loan Facility, the Rabobank Loan Facility and the 2011 Bancomext Peso facility (the "2011 Facilities") have been increased.

The 2012 Bridge Loan Facility has an interest rate based on LIBOR plus 3.00% plus a quarterly step-up margin ranging from 0% to 1.50% throughout the term of the facility. Moreover, this facility contains covenants that require the Company to maintain a ratio of consolidated EBITDA to interest charges of not less than 2.5:1, and a Maximum Leverage Ratio of not more than 4.75:1 until September 30, 2013 and 4.50:1 from October 1, 2013 until maturity on December 13, 2013. In addition, the 2012 Bridge Loan Facility limits our ability, and our subsidiaries' ability in certain cases, among other things, to: create liens; make certain investments; make certain restricted payments; merge or consolidate with other companies or sell substantially all of our assets; enter into any agreements prohibiting the payment of dividends; engage in certain transactions with affiliates; and enter into certain hedging transactions. Furthermore, this facility limits our subsidiaries' ability to guarantee additional indebtedness issued by the Company and to incur additional indebtedness under certain circumstances

Finally, the 2012 Bridge Loan Facility includes a Take-Out Financing provision under which: (i) the Company is required to use commercially reasonable efforts to ensure that an investment bank reasonably satisfactory to Goldman Sachs Bank, USA and the Company (the "Investment Bank") publicly sells or privately places in one or more offerings or placements of debt securities of the Company in the international market as soon as practicable within a 6-month period from December 13, 2012, in order to refinance the 2012 Bridge Loan Facility; (ii) upon notice by the Investment Bank, the Company shall cause the issuance and sale of the Take-Out Financing following certain rules set forth in the loan agreement, but only if the Take-Out Financing is not made within the aforementioned 6-month period, provided that all amounts outstanding under the short-term facility shall not have been repaid in full and the Company is not in the process of otherwise effectuating the Take-Out Financing; and (iii) until payment in full of the 2012 Bridge Loan Facility, the Company will not take any actions towards syndicating or issuing any debt facility or any debt security of the Company (other than the Take-Out Financing and working capital debt facilities issued, refinanced or renewed in the bank debt market in the Company's ordinary course of business), including any refinancing of any 2011 Facilities, without the prior written consent of the Investment Bank.

Inbursa Loan

In December 2012, the Company obtained an amount of U.S. $100 million through a short term-unsecured financing with Banco Inbursa by means of a promissory note, with an initial interest rate of Libor + 3.00%, which was initially scheduled to mature

on March 13, 2013 and is renewable until December 10, 2013. On April 22, 2013 the financing was renewed until May 22, 2013 at an interest rate of Libor + 3.50%. Funds obtained from such financing were used in their entirety to partially fund the ADM Transaction.

Gruma Corporation Loan Facility

In October 2006, Gruma Corporation entered into a U.S.$100 million 5-year revolving credit facility with a syndicate of financial institutions, which was refinanced and extended to U.S.$200 million for an additional 5-year term on June 20, 2011, (the "Gruma Corporation Loan Facility"). The facility, as refinanced in 2011, has an interest rate based on LIBOR plus a spread of 1.375% to 2% that fluctuates in relation to Gruma Corporations' leverage and contains less restrictive provisions than those in the facility replaced. In October, 2012 we increased the aggregate commitment under this facility up to the maximum permitted amount of US $250,000,000. The additional US $50,000,000 were used by Gruma Corporation to cover part of the purchase price under the ADM Transaction, specifically the purchase of ADM's stake in Azteca Milling. This facility contains covenants that limit Gruma Corporation's ability to merge or consolidate, and require it to maintain a ratio of total funded debt to consolidated EBITDA of not more than 3.0:1. In addition, this facility limits Gruma Corporation's, and certain of its subsidiaries' ability, among other things, to create liens; make certain investments; make certain restricted payments; enter into any agreements that prohibit the payment of dividends; and engage in transactions with affiliates. This facility also limits Gruma Corporation's subsidiaries' ability to incur additional debt.

Gruma Corporation is also subject to covenants which limit the amounts that may be advanced to, loaned to, or invested in us under certain circumstances. Upon the occurrence of any default or event of default under its credit agreements, Gruma Corporation generally would be prohibited from making any cash dividend payments to us. The covenants described above and other covenants could limit our and Gruma Corporation's ability to help support our liquidity and capital resource requirements

Syndicated Loan Facility

On March 22, 2011 we obtained a U.S.$225 million, five-year senior credit facility through a syndicate of banks (the "Syndicated Loan Facility"). The Syndicated Loan Facility consists of a term loan ("Term Loan Facility") and a revolving loan facility (the "Revolving Loan Facility"). Prior to the execution of the 2012 Bridge Loan Facility mentioned above, the permitted leverage ratio established under the Syndicated Loan Facility was increased, and the interest rate grid was also modified, among other revisions made through the execution of an amendment dated December 3, 2012. After such amendment, the interest rate for the Term Loan Facility and for the Revolving Loan Facility is either (i) LIBOR or (ii) an interest rate determined by the administrative agent based on its "prime rate" or the federal funds rate, respectively, plus, in either case, (a) 3.00% if the Company's ratio of total funded debt to EBITDA (the "Maximum Leverage Ratio") is greater than or equal to 4.5x, (b) 2.75% if the Company's Maximum Leverage Ratio is greater than or equal to 4.0x and less than 4.5x, (c) 2.50% if the Company's Maximum Leverage Ratio is greater than or equal to 3.5x and less than 4.0x; (d) 2.25% if the Company's Maximum Leverage Ratio is greater than or equal to 3.0x and less than 3.5x; (e) 2.00% if the Company's Maximum Leverage Ratio is greater than or equal to 2.5x and less than 3.0x; (f) 1.75% if the Company's Maximum Leverage Ratio is greater than or equal to 2.0x and less than 2.5x; and (g) 1.50% if the Company's Maximum Leverage Ratio is less than 2.0x. The Syndicated Loan Facility (as amended) contains covenants that require the Company to maintain a ratio of consolidated EBITDA to interest charges of not less than 2.5:1, and a Maximum Leverage Ratio of not more than 4.75:1 from December 4, 2012 until September 30, 2013; 4.50:1 from October 1, 2013 until September 30, 2014; 4.0:1 from October 1, 2014 until September 30, 2015; and 3.5:1 from October 1, 2015 and thereafter. The Syndicated Loan Facility (as amended) also limits our ability, and our subsidiaries' ability in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell substantially all of our assets; and enter into certain hedging transactions. Additionally, the Syndicated Loan Facility (as amended) limits our subsidiaries' ability to guarantee additional indebtedness issued by the Company and to incur additional indebtedness under certain circumstances.

Peso Syndicated Loan Facility

On June 15, 2011 we obtained a Ps.1,200 million, seven-year senior credit facility through a syndicate of banks (the "Peso Syndicated Loan Facility"). The Peso Syndicated Loan Facility consists of a term loan maturing in June 2018 with yearly principal amortizations beginning in December 2015. Prior to the execution of the 2012 Bridge Loan Facility mentioned above, the permitted leverage ratio established under the Peso Syndicated Loan Facility was increased, and the interest rate grid was also modified, among other revisions made through the execution of an amendment dated December 3, 2012. After such amendment, the interest rate payable under the Peso Syndicated Loan Facility is the 91-day TIIE plus a spread between 137.5 and 262.5 basis points based on the Company's ratio of total funded debt to EBITDA. The Peso Syndicated Loan Facility (as amended) contains covenants that require the Company to maintain a ratio of consolidated EBITDA to interest charges of not less than 2.5:1, and to maintain a Maximum ratio of total funded debt to EBITDA of not more than 4.75:1 from December 4, 2012 until September 30, 2013; 4.50:1 from October 1, 2013 until September 30, 2014; 4.0:1 from October 1, 2014 until September 30, 2015; and 3.5:1 from October 1, 2015 and thereafter. The Peso Syndicated Loan Facility (as amended) also limits our ability, and our subsidiaries' ability in certain cases, among other

things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell substantially all of our assets; and enter into certain hedging transactions. Additionally, the Peso Syndicated Loan Facility (as amended) limits our subsidiaries' ability to guarantee additional indebtedness issued by the Company and to incur additional indebtedness under certain circumstances.

Rabobank Loan Facility

On June 15, 2011 we obtained a U.S.$50 million, five-year senior credit facility from Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (the "Rabobank Loan Facility"). On June 28, 2012, this facility was increased by U.S.$50 million to a total principal amount of U.S. $100 million. Also, prior to the execution of the 2012 Bridge Loan Facility, the permitted leverage ratio established under the Rabobank Loan Facility was increased, and the interest rate grid was modified, among other revisions made through the execution of an amendment dated November 29, 2012. After such amendments, the Rabobank Loan Facility consists of a revolving loan facility, at an interest rate of LIBOR plus (a) 3.00% if the Company's ratio of total funded debt to EBITDA is greater than or equal to 4.5x, (b) 2.75% if the Company's Maximum Leverage Ratio is greater than or equal to 4.0x and less than 4.5x, (c) 2.50% if the Company's Maximum Leverage Ratio is greater than or equal to 3.5x and less than 4.0x; (d) 2.25% if the Company's Maximum Leverage Ratio is greater than or equal to 3.0x and less than 3.5x; (e) 2.00% if the Company's Maximum Leverage Ratio is greater than or equal to 2.5x and less than 3.0x; (f) 1.75% if the Company's Maximum Leverage Ratio is greater than or equal to 2.0x and less than 2.5x; and (g) 1.50% if the Company's Maximum Leverage Ratio is less than 2.0x. The Rabobank Loan Facility (as amended) contains covenants that require the Company to maintain a ratio of consolidated EBITDA to interest charges of not less than 2.5:1, and a Maximum Leverage Ratio of not more than 4.75:1 from December 4, 2012 until September 30, 2013; 4.50:1 from October 1, 2013 until September 30, 2014; 4.0:1 from October 1, 2014 until September 30, 2015; and 3.5:1 from October 1, 2015 and thereafter. The Rabobank Loan Facility (as amended) also limits our ability, and our subsidiaries' ability in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell substantially all of our assets; and enter into certain hedging transactions. Additionally, the Rabobank Loan Facility (as amended) limits our subsidiaries' ability to guarantee additional indebtedness issued by the Company and to incur additional indebtedness under certain circumstances.

2011 Bancomext Peso Facility

On June 16, 2011 we obtained a Ps.600 million, seven-year senior credit facility from Bancomext (*Banco Nacional de Comercio Exterior*) (the "2011 Bancomext Peso Facility"). Prior to the execution of the 2012 Bridge Loan Facility mentioned above, the permitted leverage ratio established under the 2011 Bancomext Peso Facility was increased, and the interest rate grid was modified, among other revisions made through the execution of an amendment dated December 7, 2012. After such amendment, the 2011 Bancomext Peso Facility consists of a term loan maturing in June 2018 at an interest rate of 91-day TIIE plus a spread between 137.5 and 262.5 basis points based on the Company's ratio of total funded debt to EBITDA. The 2011Bancomext Peso Facility contains a covenant that requires us to maintain a ratio of consolidated EBITDA to interest charges of not less than 2.5:1 as well as a covenant that requires us to maintain a maximum ratio of total funded debt to EBITDA of not more than 4.75:1 from December 8, 2012 until September 30, 2013; 4.50:1 from October 1, 2013 until September 30, 2014; 4.0:1 from October 1, 2014 until September 30, 2015; and 3.5:1 from October 1, 2015 and thereafter. The 2011Bancomext Peso Facility also limits our ability, and our subsidiaries' ability in certain cases to create liens.

On December 8, 2012 we entered into an amendment to this Facility in order to increase the existing permitted Leverage Ratio from December 8, 2012 until September 30, 2013, to equal or less than 4.75x; from October 1, 2013 until September 30, 2014, to equal or less than 4.5x; from October 1, 2014 until September 30, 2015, to equal or less than 4.0x and from October 1, 2015 and thereafter, to equal or less than 3.5x.

Other Information

Our credit agreements currently in force and mentioned above contain event of default provisions, which include: (i) non-payment default regarding principal or interests; (ii) cross default and cross acceleration in connection with any other indebtedness of the Company; (iii) affirmative and negative covenants default; (iv) declaration or request of bankruptcy, liquidation or proceedings seeking concurso mercantil; (v) delivery of false or incorrect material information; and (vi) changes of control in the Company. The aforementioned events of default are applicable pursuant to the terms and conditions set forth in such credit agreements, including without limitation certain exceptions and baskets. For further details please review the text of our credit agreements attached hereto. Please See "Item 19 — Exhibits".

As of December 31, 2012 we were in compliance with all of the covenants and obligations under our existing debt agreements.

As of December 31, 2012, the Company had committed lines of credit for the amount of U.S.$425 million from banks in Mexico and the United States of which we have drawn U.S.$ 339 million dollars.

As of December 31, 2012, we had total cash and cash equivalents of Ps.1,287 million.

The following table presents our amortization requirements with respect to our total indebtedness as of December 31, 2012.

Year	In Millions of U.S. Dollars
2013	619.8
2014	27
2015	32.5
2016	452.8
2017 and thereafter	417.8
Total	1,549.9

The following table sets forth our ratios of consolidated debt to total capitalization (i.e., consolidated debt plus total stockholders' equity) and consolidated liabilities to total stockholders' equity as of the dates indicated. For purposes of these ratios, consolidated debt includes short-term debt.

Date	Ratio of Consolidated Debt to Total Capitalization	Ratio of Consolidated Liabilities to Total Stockholders' Equity
December 31, 2010	0.63	2.63
December 31, 2011	0.43	1.51
December 31, 2012	0.58	2.45

Capital Expenditures

Our capital expenditure program continues to be primarily focused on our core businesses and markets. Capital expenditures for 2010, 2011, and 2012 were U.S.$89 million, U.S.$191 million and U.S.$ 212 million, respectively. During 2010, capital expenditures were mostly applied to general manufacturing and technology upgrades in Gruma Corporation and GIMSA, and the acquisition of the leading producer of corn grits in Ukraine. During 2011, capital expenditures were primarily applied to production capacity expansions, manufacturing and technology upgrades, particularly in the U.S., Mexico and Europe. We also made certain acquisitions throughout 2011, including the purchase of the leading producer of corn grits in Turkey, two tortilla plants in the U.S. and the leading tortilla manufacturer in Russia. During 2012, capital expenditures were applied primarily to production capacity expansions, general manufacturing and technology upgrades in Gruma Corporation and GIMSA.

We have budgeted approximately U.S.$ 130 million for capital expenditures in 2013, which we intend to use mainly for production capacity expansions, general manufacturing and technology upgrades, especially in Gruma Corporation and GIMSA. We anticipate financing these expenditures throughout the year through internally generated funds and debt.

Concentration of Credit Risk

Our regular operations expose us to potential defaults when our suppliers and counterparties are unable to comply with their financial or other commitments. We seek to mitigate this risk by entering into transactions with a diverse pool of counterparties. However, we continue to remain subject to unexpected third party financial failures that could disrupt our operations.

We are also exposed to risk in connection with our cash management activities and temporary investments, and any disruption that affects our financial intermediaries could also adversely affect our operations.

Our exposure to risk due to trade receivables is limited given the large number of our customers located in different parts of Mexico, the United States, Central America, Venezuela, Europe, Asia and Oceania. However, we still maintain reserves for potential credit losses. Our operations in Venezuela represented 15% of our sales and 14% of total assets as of December 31, 2012. The severe political and economic situation in Venezuela presents a risk to our business that we cannot control and that cannot be accurately measured or estimated. For example, the Venezuelan government devalued its currency and established a two tier exchange structure

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on January 11, 2010. Pursuant to Exchange Agreement No.14, the official exchange rate of the Venezuelan bolivar ("Bs.") was devalued from Bs.2.15 to each U.S. dollar to Bs.4.30 for non-essential goods and services and to Bs.2.60 for essential goods. However, effective January 4, 2011, the fixed exchange rate became 4.30 bolivars for all goods and services. On February 8, 2013, the National Executive, through the Central Bank of Venezuela and the Ministry of Popular Power for Planning and Finance, amended the Exchange Agreement to the effect that an exchange rate of 6.30 bolivars per U.S. dollar is applicable to all operations conducted in foreign currency effective as of February 9, 2013.

On May 12, 2010, the Republic published in the Expropriation Decree, which announced the forced acquisition of all goods, movables and real estate of MONACA. The Republic has expressed to GRUMA's representatives that the Expropriation Decree extends to DEMASECA. On January 22, 2013, the Ministry of Popular Power for Internal Relations published a Providence designating Special Managers with the power to run MONACA and DEMASECA. As a consequence, we have determined that we lost control of Gruma Venezuela as of that date. We will deconsolidate Gruma Venezuela as of January 22, 2013 and account for it as a discontinued operation.

From time to time, we enter into currency and other derivative transactions that cover varying periods of time and have varying pricing provisions. Our credit exposure on derivatives contracts is primarily to professional counterparties in the financial sector, arising from transactions with banks, investment banks and other financial institutions. As of December 31, 2012, the Company had no open positions of foreign exchange derivative transactions. As of March 31, 2013, the Company had foreign exchange derivatives transactions in effect for a nominal amount of U.S.$ 274 million. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Foreign Exchange."

Market Risk

Market risk is the risk of loss generated by fluctuations in market prices such as commodities, interest rates and foreign exchange rates. These are the main market risks to which we are exposed.

During 2012, we entered into short-term hedge transactions through commodity futures and options to hedge a portion of our requirements and as of December 31, 2012 these financial instruments that qualify as hedge accounting represented a favorable effect of Ps.119.3 million. Also, we have outstanding contracts of natural gas that did not qualify as hedge accounting and represented a favorable effect as of December 31, 2012, of Ps.17.1 million.

During 2012, GIMSA entered into forward transactions in order to hedge the Mexican peso to U.S. dollar foreign exchange rate risk related to the price of the corn purchases for the summer and winter corn harvests in Mexico. These foreign exchange derivative instruments did not qualify for hedging accounting. At December 31, 2012 we did not have open positions of these instruments.

The purpose of these contracts was to hedge the risks related to exchange rate fluctuations on the price of corn and wheat, which is denominated in U.S. dollars. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Interest Rate Risk."

RESEARCH AND DEVELOPMENT

We continuously engage in research and development activities that focus on, among other things: increasing the efficiency of our proprietary corn flour and corn/wheat tortilla production technology; maintaining high product quality; developing new and improved products and manufacturing equipment; improving the shelf life of certain corn and wheat products; improving and expanding our information technology system; engineering, plant design and construction; and compliance with environmental regulations. We have obtained 58 patents in the United States since 1968. Twenty one of these patents are in force and effect in the United States as of the date hereof and the remaining 37 have expired. We currently have five new patents in process, one in the United States and four in other countries. Additionally, three of our registered patents are currently in the process of being published in other countries.

Our research and development is conducted through our subsidiaries INTASA, Tecnomaíz and CIASA. Through Tecnomaíz, we engage in the design, manufacture and sale of machines for the production of corn/wheat tortillas and tortilla chips. We carry out proprietary technological research and development for corn milling and tortilla production as well as all engineering, plant design and construction through INTASA and CIASA. These companies administer and supervise the design and construction of our new plants and also provide advisory services and training to employees of our corn flour and tortilla manufacturing facilities. We spent Ps.137 million, Ps.91 million and Ps.77 million on research and development in 2012, 2011 and 2010, respectively.

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TREND INFORMATION

Our financial results will likely continue to be influenced by factors such as changes in the level of consumer demand for tortillas and corn flour, government policies regarding the Mexican tortilla and corn flour industry, and the cost of corn, wheat and wheat flour. In addition, we expect our financial results in 2013 to be influenced by:

- volatility in corn and wheat prices;
- increased competition from tortilla manufacturers, especially in the U.S.;
- increase or decrease in the Hispanic population in the United States;
- increases in Mexican food consumption by the non-Hispanic population in the United States; as well as projected increases in Mexican food consumption and use of tortillas in non-Mexican cuisine as tortillas continue to be assimilated into mainstream cuisine in the U.S., Europe, Asia and Oceania, each of which could increase sales;
- volatility in energy costs;
- increased competition in the corn flour business;
- exchange rate fluctuations;
- civil and political unrest, currency devaluation and other governmental economic policies in Venezuela which may negatively affect the profitability of Gruma Venezuela; and
- unfavorable general economic conditions in the United States and globally, such as the recession or economic slowdown, which could negatively affect the affordability of and consumer demand for some of our products.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2012 we do not have any outstanding off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

We have commitments under certain firm contractual arrangements to make future payments for goods and services. These firm commitments secure the future rights to various assets to be used in the normal course of operations. For example, we are contractually committed to making certain minimum lease payments for the use of property under operating lease agreements. The following table summarizes separately our material firm commitments at December 31, 2012 and the timing and effect that such obligations are expected to have on our liquidity and cash flow in future periods. In addition, the table reflects the timing of principal and interest payments on outstanding debt, which is discussed in "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Indebtedness." We expect to fund the firm commitments with operating cash flow generated in the normal course of business.

Contractual Obligations and Commercial Commitments	Total	Less than 1 Year	From 1 to 3 Years	From 3 to 5 Years	Over 5 Years
	(in millions of U.S. dollars)				
Long-term debt obligations	928.7	—	58.1	515.3	355.3
Operating lease obligations(1)	179.6	47.1	60.7	32.6	39.2
Finance lease obligations	2.9	1.5	0.9	0.5	—
Purchase obligations(2)	262.3	262.3	—	—	—
Interest payments on our indebtedness (3)	254.6	57.4	83.4	65.5	48.3
Other liabilities(4)	618.2	618.2	—	—	—
Total	2,246.3	986.5	203.1	613.9	442.8
Total in millions of peso equivalent amounts	29,226.0	12,834.5	2,642.4	7,988.2	5,760.9

(1) Operating lease obligations primarily relate to minimum lease rental obligations for our real estate and operating equipment in various locations.

(2) Purchase obligations relate to our minimum commitments to purchase commodities, raw materials, machinery and equipment.

(3) In the determination of our future estimated interest payments on our floating rate denominated debt, we used the interest rates in effect as of December 31, 2012.

(4) Other relates to liabilities for short-term bank loans and the current portion of long-term debt.

ITEM 6 Directors, Senior Management and Employees.

MANAGEMENT STRUCTURE

Our management is vested in our board of directors. Our day to day operations are handled by our executive officers.

Our bylaws require that our board of directors be composed of a minimum of five and a maximum of twenty-one directors, as decided at our Ordinary General Shareholders' Meeting. Pursuant to the Mexican Securities Law, at least 25% of the members of the board of directors must be independent. In addition, under Mexican law, any holder or group of holders representing 10% or more of our capital stock may elect one director and its corresponding alternate.

The board of directors, which was elected at the Ordinary General Shareholders' Meeting held on April 26, 2013, currently consists of 12 directors, with each director having a corresponding alternate director. The following table sets forth the current members of our board of directors, their ages, years of service, principal occupations, outside directorships, other business activities and experience, their directorship classifications as defined in the Code of Best Corporate Practices issued by a committee formed by the *Consejo Coordinador Empresarial*, or Mexican Entrepreneur Coordinating Board, and their alternates. The terms of their directorships are for one year, or for up to thirty additional days if no designation of their substitute has been made or if the substitute has not taken office.

Juan A. González Moreno	Age:	55
	Years as Director:	19
	Principal Occupation:	Chairman of the Board of GRUMA and GIMSA and Chief Executive Officer of GRUMA.
	Outside Directorships:	Alternate Director of Grupo Financiero Banorte and Chairman of the Board of Car Amigo USA.
	Business Experience:	Several positions in GRUMA, including Chief Executive Officer of Special Projects of Gruma Corporation, President of Azteca Milling, Vice President of Central and Eastern Regions of Mission Foods, President and Vice President of Sales of Azteca Milling, Chief Executive Officer of GIMSA and Gruma Asia & Oceania.
	Directorship Type:	Related
	Alternate:	Roberto González Valdés
Carlos Hank González	Age:	41
	Years as Director:	Since December 2012
	Principal Occupation:	Chief Executive Officer of Grupo Financiero Interacciones and Grupo Hermes.
	Outside Directorships:	Director of Grupo Hermes, Casa de Bolsa Interacciones, Banco Interacciones and Bolsa Mexicana de Valores.
	Business Experience:	Chief Executive Officer of Casa de Bolsa Interacciones, Banco Interacciones and Automotriz Hermer.
	Directorship Type:	Shareholder, Related
	Alternate:	Graciela González Moreno
Gabriel A. Carrillo Medina	Age:	56
	Years as Director:	Since April 2013
	Principal Occupation:	President and shareholder of Mail Rey and Detecno
	Outside Directorships:	Director of GIMSA.
	Business Experience:	President of Asociación de Casas de Bolsa de Nuevo León and Club Deportivo San Agustín, several positions within Interacciones Casa de Bolsa, including Chief Financial Officer.
	Directorship Type:	Independent
	Alternate:	Gabriel Carrillo Cattori
Mayra González Moreno	Age:	63
	Years as Director:	Since December 2012
	Principal Occupation:	Chairman of the Board of Saturitas
	Outside Directorships:	None

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	Business Experience:	Proprietary Advisory Member of the Board of Trustees of Instituto Nacional de Enfermedades Respiratorias, Executive Chairman of the Steering Committee of Fundación Domus Alipio and Secretary of the Steering Committee of Fundación Eudes.
	Directorship Type:	Related
	Alternate:	Edgar Valverde Rubizewski
Thomas S. Heather Rodríguez	Age:	58
	Years as Director:	Since April 2013
	Principal Occupation:	Partner of Heather & Heather.
	Outside Directorships:	Director of GIMSA and Grupo Bimbo.
	Business Experience:	Director and Administrator of Satélites Mexicanos, Director of JP Morgan, Bank of America México, Hoteles Nikko and Grupo Modelo.
	Directorship Type:	Independent
	Alternate:	Eugenio Sepúlveda Cosío
Homero Huerta Moreno	Age:	50
	Years as Director:	Since April 2013
	Principal Occupation:	Chief Administrative Officer of GRUMA.
	Outside Directorships:	None
	Business Experience:	Several positions within GRUMA including Finance and Administrative Vice President of Gruma Venezuela.
	Directorship Type:	Related
	Alternate:	Rogelio Sánchez Martínez
Mario Martín Laborín Gómez	Age:	61
	Years as Director:	4
	Principal Occupation:	Chairman of the Board of ABC Holding and Chief Executive Officer of ABC Holding and ABC Capital.
	Outside Directorships:	Director of GIMSA, CYDSA, XIGNUX, Megacable, VITRO, Astrum and Goldman Sachs.
	Business Experience:	Chief Executive Officer of Bancomext, Nacional Financiera, Bancomer and Grupo Vector, Chairman of Casa de Bolsa Bancomer.
	Directorship Type:	Independent
	Alternate:	Alan Castellanos Carmona
Juan Manuel Ley López	Age:	80
	Years as Director:	19
	Principal Occupation:	Chairman of the Board of Casa Ley and Chief Executive Officer of Grupo Ley.
	Outside Directorships:	Director of Grupo Financiero Banamex-Accival and Telmex.
	Business Experience:	Chief Executive Officer of Casa Ley, Chairman of the Board of the Latin American Association of Supermarkets, Sinaloa-Baja California Consultant Council of Grupo Financiero Banamex-Accival and National Association of Supermarket and Retail Stores.
	Directorship Type:	Independent
	Alternate:	Juan Manuel Ley Bastidas
Eduardo Livas Cantú	Age:	70
	Years as Director:	20
	Principal Occupation:	Member of GRUMA's Executive Committee.
	Outside Directorships:	Director of GIMSA, Grupo Financiero Banorte and Industrias Alen.
	Business Experience:	Business consultant in different companies, several positions in GRUMA, including Chief Executive Officer and Chief

		Financial Officer and Chief Executive Officer of Gruma Corporation.
	Directorship Type:	Shareholder, Related
	Alternate:	Alfredo Livas Cantú
Adrián Sada González	Age:	68
	Years as Director:	19
	Principal Occupation:	Chairman of the Board of VITRO.
	Outside Directorships:	Director of ALFA, CYDSA, Consejo Mexicano de Hombres de Negocios, and Grupo de Industriales de Nuevo León.
	Business Experience:	Chairman of the Board of Grupo Financiero Serfin and Chief Executive Officer of Banpais.
	Directorship Type:	Independent
	Alternate:	Manuel Güemez de la Vega
Alberto Santos Boesch	Age:	41
	Years as Director:	Since April 2013
	Principal Occupation:	President of Empresas Santos, President and Chief Executive Officer of Ingenios Santos and Vice President of Grupo Tres Vidas Acapulco.
	Outside Directorships:	Director of Axtel, Interpuerto Monterrey, Fundación Santos y De la Garza Evia, Instituto Nuevo Amanecer and En Nuestras Manos.
	Business Experience:	President of Aeropuerto del Norte and Director of Arena Monterrey.
	Directorship Type:	Independent
	Alternate:	Carlos González Bolio
Javier Vélez Bautista	Age:	56
	Years as Director:	10
	Principal Occupation:	Member of GRUMA's Executive Committee.
	Outside Directorships:	Director of GIMSA and Financiamiento Progresemos.
	Business Experience:	Chief Executive Officer of Value Link and Nacional Monte de Piedad, Executive Vice President and Chief Financial Officer of GRUMA, project director at Booz Allen Hamilton.
	Directorship Type:	Related
	Alternate:	Jorge Vélez Bautista

Juan Antonio González Moreno, Mayra González Moreno and Graciela González Moreno (jointly referred to as "Messrs. González Moreno"), members of our board of directors, are siblings. Homero Huerta Moreno, member of our board of directors, is the cousin of Messrs. González Moreno. Carlos Hank González, member of our board of directors, is the son of Graciela González Moreno and the nephew of Juan Antonio González Moreno and Mayra González Moreno. Roberto González Valdés, alternate member of our board of directors, is the nephew of Messrs. González Moreno. Edgar Valverde Rubizewski, alternate member of our board of directors is the spouse of Mayra González Moreno.

Jorge Vélez Bautista, alternate member of our board of directors, is the brother of Javier Vélez Bautista. Alfredo Livas Cantú, alternate member of our board of directors, is the brother of Eduardo Livas Cantú. Juan Manuel Ley Bastidas, alternate member of our board of directors, is the son of Juan Manuel Ley López. Gabriel Carrillo Cattori, alternate member of our board of directors, is the son of Gabriel A. Carrillo Medina.

Secretary

The secretary of the board of directors is Mr. Salvador Vargas Guajardo, and his alternate is Mr. Guillermo Elizondo Ríos. Mr. Vargas Guajardo is not a member of the board of directors.

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Senior Management

The following table sets forth our executive officers, their ages, years of service, current positions, and prior business experience:

Juan A. González Moreno	Age:	55
	Years as Executive Officer:	9
	Years at GRUMA:	33
	Current Position:	Chief Executive Officer.
	Business Experience:	Several positions in GRUMA, including Chief Executive Officer of Special Projects of Gruma Corporation, President of Azteca Milling, Vice President of Central and Eastern Regions of Mission Foods, President and Vice President of Sales of Azteca Milling, Chief Executive Officer of GIMSA and Gruma Asia & Oceania.
Raúl Cavazos Morales	Age:	53
	Years as Executive Officer:	2
	Years at GRUMA:	25
	Current Position:	Chief Financial Officer.
	Other Positions:	Chief Financial Officer of GIMSA.
	Business Experience:	Several finance positions within GRUMA, including Chief Treasury Officer and Vice President of Corporate Treasury.
Leonel Garza Ramírez	Age:	63
	Years as Executive Officer:	14
	Years at GRUMA:	27
	Current Position:	Chief Procurement Officer.
	Business Experience:	Manager of Quality and Corn Procurement and Vice President of Corn Procurement at GRUMA, Chief Procurement Officer at GAMESA, Quality Control and Research and Development Manager at Kellogg de México.
Homero Huerta Moreno	Age:	50
	Years as Executive Officer:	11
	Years at GRUMA:	28
	Current Position:	Chief Administrative Officer.
	Business Experience:	Several positions within GRUMA including Finance and Administrative Vice President of Gruma Venezuela.
Juan Antonio Quiroga García	Age:	63
	Years as Executive Officer:	15
	Years at GRUMA:	40
	Current Position:	Chief Corporate Officer.
	Other Positions:	Senior Corporate Controller of GIMSA.
	Business Experience:	Vice President of Administration of Gruma Corporation, Chief Administrative and Internal Auditing Officer of GRUMA, Vice President of Operations Control of Gruma Corporation.
Felipe Antonio Rubio Lamas	Age:	55
	Years as Executive Officer:	11
	Years at GRUMA:	30
	Current Position:	Chief Technology Officer.
	Business Experience:	Several managerial and Senior Vice President positions within Gruma Corporation related to manufacturing processes, engineering, design, and construction of production facilities.

Salvador Vargas Guajardo	Age:	60
	Years as Executive Officer:	16
	Years at GRUMA:	16
	Current Position:	General Counsel.
	Other Positions:	General Counsel of GIMSA.
	Business Experience:	Positions at Grupo Alfa, Protexa and Proeza, Senior Partner of two law firms, including Margáin-Rojas-González-Vargas-De la Garza y Asociados.

Homero Huerta Moreno, our Chief Administrative Officer, is the cousin of Messrs. González Moreno.

Audit and Corporate Governance Committees

As required by the Mexican Securities Law, the Sarbanes-Oxley Act of 2002 and our bylaws, an audit committee and a corporate governance committee were appointed by the meeting of the board of directors held on April 24, 2013. Members of the audit and corporate governance committees were selected from members of the board of directors. Consequently, as required by the Mexican Securities Law and our bylaws, a chairman for each committee was elected by the General Ordinary Shareholders' Meeting held on April 26, 2013, from among the members appointed by the board.

The current audit and corporate governance committees are comprised of three members, all of whom are independent directors. Set forth below are the names of our audit and corporate governance committees members, their positions within the committees, and their directorship type:

Mario M. Laborín Gómez	Position:	Chairman and Financial Expert of the audit and corporate governance committees.
	Directorship Type:	Independent
Gabriel A. Carrillo Medina	Position:	Member of the audit and corporate governance committees.
	Directorship Type:	Independent
Thomas S. Heather	Position:	Member of the audit and corporate governance committees.
	Directorship Type:	Independent

Executive Committee

An executive committee was created by the meeting of the board of directors held on February 27, 2013 to strengthen the link between the Board of Directors and the company's management for the decision making process. Members of the executive committee were selected from members of the board of directors.

Set forth below are the names of our executive committee members, their positions, and their directorship type:

Juan Antonio González Moreno	Position:	Chairman of the Board of Directors and Chief Executive Officer
	Directorship Type:	Related
Carlos Hank González	Position:	Vice Chairman of the Board of Directors
	Directorship Type:	Related
Eduardo Livas Cantú	Position:	Member of the Board of Directors
	Directorship Type:	Related
Javier Vélez Bautista	Position:	Member of the Board of Directors
	Directorship Type:	Related

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COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Members of the board of directors are paid a fee of Ps.80,000 for each board meeting they attend. Additionally, members of the audit and corporate governance committees are paid a fee of Ps.40,000 for each committee meeting they attend.

For 2012, the aggregate amount of compensation paid to all directors, alternate directors, executive officers and audit and corporate governance committees members was approximately Ps.213 million. The contingent or deferred compensation reserved as of December 31, 2012 was Ps.62.3 million.

We offer an Executive Bonus Plan that applies to managers, vice presidents, and executive officers. The variable compensation under this plan can range from 21% to 100% of annual base compensation, depending upon the employee's level, his individual performance and the results of our operations.

EMPLOYEES

As of December 31, 2012, we had a total of 21,974 employees, including 13,483 unionized and 8,491 non-unionized full- and part-time employees. Of this total, we employed 8,109 persons in Mexico, 7,050 in the United States, 2,160 in Central America, 2,515 in Venezuela, 787 in Asia & Oceania, and 1,353 in Europe. Total employees for 2010 and 2011 were 19,825 and 21,318, respectively. Of our total employees as of December 31, 2012, approximately 39% were white-collar and 61% were blue collar.

In Mexico, workers at each of our plants are covered by a separate contract, under which salary revisions take place once each year, usually in January or February. Non-salary provisions of these contracts are revised bi-annually. We renewed agreements with the three unions that represent our workers in 2012.

In the United States, Gruma Corporation has five collective bargaining agreements that represent a total of 623 workers at five separate facilities (Pueblo, Tempe, Henderson, Omaha and Madera). We renewed such agreements on April 25, 2010, March 27, 2011 and January 22, 2011, respectively, and have entered into new agreements in Omaha on April 10, and in Madera on July 1, 2012.

In England, we have one collective bargaining agreement covering 25 employees at a facility, which is renewed every 12 months.

In the Netherlands, we are covered by a national labor agreement for bakery workers. This agreement is reviewed every six to twenty four months, depending on the term of the agreement.

In Australia, we have a collective bargaining agreement covering 271 employees at our facility, which is renewed every three years.

In Italy, we are covered by a national labor agreement for industrial feed staff. This agreement is reviewed every 12 to18 months nationally.

Wages are reviewed during the negotiations and wage increases processed according to the terms of each agreement as well as non-monetary provisions of the agreement. Wage reviews for non-union employees are conducted once each year, typically in March for Mission Foods and depending on the non-union plant, wage reviews are conducted from June through October for Azteca Milling. We believe our current labor relations are good.

SHARE OWNERSHIP

As of April 26, 2013, the following Directors and Senior Managers have GRUMA shares which in each case represent less than 1% of our outstanding shares: Eduardo Livas Cantú, Leonel Garza Ramírez and Juan A. Quiroga García. Carlos Hank González is the only director that beneficially owns more than 1% of GRUMA's outstanding shares. In addition, based on publicly available information, the estate of the late Mr. Roberto González Barrera and his family owns directly and indirectly 279,301,152 shares representing approximately 61.07% of our outstanding shares.

ITEM 7 Major Shareholders And Related Party Transactions.

MAJOR SHAREHOLDERS

The following table sets forth certain information regarding the beneficial ownership of our capital stock as of April 26, 2013 (which consists entirely of Series B Shares), according to information on record obtained from our annual shareholders meeting held on such date. The estate of the late Roberto González Barrera and his family (the "Control Group") is

the only shareholder we know to own beneficially more than 5% of our capital stock. We repurchased ADM's stake in us in December 2012. See "Item 4. Information on the Company—Share Purchase Transaction with Archer-Daniels-Midland". See "Item 9. The Offer and Listing" for a further discussion of our capital stock. The major shareholder does not have different or preferential voting rights with respect to those shares they own. As of April 26, 2013, our Series B shares were held by more than 680 record holders in Mexico.

Name	Number of Series B Shares	Percentage of Outstanding Shares
Control Group (1)	279,301,152	61.07%
Directors and Officers as a Group (2)	114,434	0.03%
Other shareholders	177,900,054	38.90%
Total	457,315,640(3)	100%

(1) The shares beneficially owned by the Control Group include: 249,275,356 shares held indirectly by the Control Group through a trust, and 30,025,796 shares held indirectly by the aforementioned trust through a Mexican corporation jointly owned with GRUMA, S.A.B. de C.V. and controlled by the Control Group.

(2) This includes the shares held by our directors and officers which represent less than 1% of our capital stock.

(3) As of April 26, 2013, our capital stock was represented by 565,174,609 issued Series B, class I, no par value shares ("Series B shares"), of which 457,315,640 shares were outstanding, fully subscribed and paid, and 107,858,969 shares were held in our treasury.

The Control Group controls approximately 66.45% of our outstanding shares and therefore has the power to elect a majority of our 12 directors. In addition, under Mexican law, any holder or group of holders representing 10% or more of our capital stock may elect one director.

We cannot assure you that the Control Group will continue to act together for purposes of control. Additionally, the Control Group may pledge part of its shares in us to secure any future borrowings. If such were the case and the Control Group were to default on its payment obligations, the lenders could enforce their rights with respect to such shares, and the Control Group could lose its controlling interest in us resulting in a change of control. A change of control could trigger a default in some of our credit agreements and the indenture governing our perpetual bonds and have a material adverse effect upon our business, financial condition, results of operations and prospects.

Other than changes resulting from the ADM Transaction, we are not aware of any significant changes in the percentage of ownership of any shareholders which held 5% or more of our outstanding shares during the past three years.

RELATED PARTY TRANSACTIONS

The transactions set forth below were made in the ordinary course of business, on substantially the same terms as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features.

Transactions with Subsidiaries

We periodically enter into short-term credit arrangements with our subsidiaries, where we provide them with funds for working capital at market interest rates.

At their peak on March 24, 2011, the outstanding balance of loans from GIMSA to GRUMA were Ps.2,835 million and U.S.$20 million. The average interest rate for these loans from 2010 to March 31, 2013 was 6.75% for the loans in pesos and 4.76% for the loans in U.S. dollars. As of March 31, 2013, the outstanding balance of loans from GIMSA to Gruma was Ps.1,875 million, with an interest rate of CETES plus 1.25%.

In September of 2001, Gruma Corporation started to make loans to us. Since 2010 these operations, at their peak on December 2012, reached the amount of U.S.$50 million. We borrowed money from Gruma Corporation at an average rate of 1.0% from 2010 to March 31, 2013. As of March 31, 2013 we have no outstanding balance owing to Gruma Corporation or vice versa. During 2012 we made loans to Gruma Corporation at an average interest rate of 2.0%. Since 2010 the intercompany loans between these two companies have significantly reduced due to the growth of both companies' financing platforms.

Transactions with Archer-Daniels-Midland

We entered into an association with Archer-Daniels-Midland in September 1996. As a result of this association, (i) we received U.S.$258.0 million in cash, (ii) GRUMA and Archer-Daniels-Midland combined their U.S. corn flour operations under Azteca Milling, our wholly-owned U.S. corn flour operations, and, as a result, Archer-Daniels-Midland received a 20% partnership interest in Azteca Milling, and (iii) we received 60% of the capital stock of Molinera de México, Archer-Daniels-Midland's wholly-owned Mexican wheat milling operations. We also gained exclusivity rights from Archer-Daniels-Midland in specified corn flour and wheat flour markets.

In return, Archer-Daniels-Midland received 74,696,314 of our then newly issued shares, which represented approximately 22% of our total outstanding shares at that time, and 20% partnership interest in Azteca Milling, and retained 40% of the capital stock of Molinera de México. Archer-Daniels-Midland also obtained the right to designate two of our directors and their corresponding alternates. Thereafter, Archer-Daniels-Midland acquired a 3% indirect stake in MONACA and DEMASECA.

On December 14, 2012, we acquired through the exercise of a purchase option pursuant to certain rights of first refusal (the "ADM Transaction") the stake that Archer-Daniels-Midland owned directly and indirectly in the Company and certain of our subsidiaries (the "Equity Interests"), consisting of:

- 18.81% of the issued shares of Gruma S.A.B. de C.V. and, indirectly, an additional 4.35% of the issued shares of Gruma, S.A.B. de C.V. via the acquisition of 45% of the shares of Valores Azteca, S.A. de C.V. ("Valores Azteca"), a company that owns 9.66% of the issued shares of Gruma, S.A.B. de C.V.;

- 3% of the partnership interest of Valores Mundiales and Consorcio Andino, holding companies of our subsidiaries in Venezuela, MONACA and DEMASECA, respectively;

- 40% of the shares of Molinera de Mexico, our wheat flour business in Mexico; and

- 100% of the shares of Valley Holding Inc., a company that owns 20% of Azteca Milling, our corn flour business in the United States.

The Equity Interests were acquired from Archer-Daniels-Midland for US$450 million plus a contingent payment of up to US$60 million, which contingent payment is payable only if during the 42 months following the closing of the ADM Transaction certain conditions are met. See "Item 10. Additional Information—Material Contracts." The economic terms of the ADM Transaction were based on the terms contained in the offer made by a third party to Archer-Daniels-Midland for the purchase of the Equity Interests. As a result of the ADM Transaction, Archer-Daniels-Midland no longer holds an ownership interest in the Company.

Prior to the closing of the ADM Transaction and obtaining the Short-Term Facilities, the Board of Directors of GRUMA, with the previous favorable opinion of the Audit Committee and the Corporate Governance Committee based on a fairness opinion issued by an independent expert, approved the exercise by the Company of the option pursuant to a right of first refusal to acquire the Equity Interests and obtain the required financing. See "Item 5—Operating and Financial Review and Prospects—Indebtedness."

During 2010, 2011, and 2012 we purchased U.S.$97 million, U.S.$147 million and U.S.$179 million, respectively, of inventory, including primarily wheat and corn, from Archer-Daniels-Midland Corporation, a shareholder during those years, at market rates and terms. For more information regarding these transactions, please see "Item 4. Information on the Company—Business Overview—Gruma Venezuela."

Other Transactions

Until February 15, 2011, we held approximately 8.8% of the outstanding shares of GFNorte, a Mexican financial institution. On February 15, 2011, we concluded the sale of all of our shares of GFNorte's capital stock. As a result of the sale, GRUMA no longer holds any stake in GFNorte.

In the past, we obtained financing from GFNorte's subsidiaries at market rates and terms. For the past eight years, the highest outstanding loan amount has been Ps.600 million (in nominal terms) with an interest rate of 7.3% in June 2011. In addition, we have insurance contracts in place with Seguros Banorte Generali, S.A. de C.V., a subsidiary of GFNorte, to manage certain risks associated with some of our subsidiaries. In 2011 and 2012, we paid insurance premiums of approximately Ps.110,239 and Ps.114,422, respectively.

For more information, please see Note 28 to our audited consolidated financial statements.

ITEM 8 Financial Information.

See "Item 18. Financial Statements." For information on our dividend policy, see "Item 3. Key Information—Selected Financial Data—Dividends." For information on legal proceedings related to us, see "—Legal Proceedings."

LEGAL PROCEEDINGS

In the ordinary course of business, we are party to various legal proceedings, none of which has had or we reasonably expect will have a material adverse effect on us.

United States

Cox v. Gruma Corporation.

On or about December 21, 2012, a consumer filed a putative class action against Gruma Corporation, claiming that Mission tortilla chips should not be labeled "All Natural" if they contain certain non-natural ingredients. The plaintiff seeks restitution or other actual damages including attorneys' fees. Gruma Corporation believes that the claims have no merit and filed a motion to dismiss. In response to the motion to dismiss, plaintiff filed a First Amended Complaint. Gruma filed a motion to dismiss the First Amended Complaint on April 10, 2013. We intend to vigorously defend against this action. It is the opinion of the Company that the outcome of this proceeding will not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

Mexico

Asset Tax Claim.

The *Secretaría de Hacienda y Crédito Público*, or Ministry of Finance and Public Credit, lodged certain tax assessments against the Company for an amount of Ps.34.3 million plus penalties, updates and charges, in connection with our asset tax return for the year 1997. The Company filed a motion to reduce or annul these assessments and received a favorable judgment reducing the claimed amount to Ps.19.7 million, including updates. Thereafter, on September 3, 2012 the Company requested the Ministry of Finance and Public Credit a partial condonation of such assessment, by which the Company paid Ps.14.5 million on September 28, 2012 to finalize the dispute.

Income Tax Claims.

The Ministry of Finance and Public Credit has lodged certain tax assessments against the Company for an amount of Ps.29.9 million in connection with withholding on interest payments to our foreign creditors during the years 2001 and 2002. Mexican authorities claim that the Company should have withheld at a higher rate than the 4.9% actually withheld by the Company. The Company has filed several motions to annul these assessments which are pending resolution. We intend to defend against these claims vigorously, and we believe that the outcome of these claims will not have a material effect on our financial position, results of operation or cash flows.

The Ministry of Finance and Public Credit also lodged certain tax assessments against our Company for an amount of Ps.63.6 million in connection with withholding on interest payments to our foreign creditors during the year 2000. Notwithstanding, the Company initiated several proceedings to annul such assessments, which resulted in a judgment favorable to the Company in May 2012, finalizing the dispute.

CNBV Investigation.

On December 8, 2009, the Surveillance Office of the *Comisión Nacional Bancaria y de Valores* (the Mexican National Banking and Securities Commission, or CNBV) began an investigation into the Company in respect of the timely disclosure of material events reported through the Mexican Stock Exchange during the end of 2008 and throughout 2009 in connection with the Company's foreign exchange derivative losses and the subsequent conversion of the realized losses into debt. In 2011, the CNBV commenced an administrative proceeding against the Company for alleged infringements to applicable legislation. The Company has participated in this proceeding in order to demonstrate its compliance with current legislation and to adopt applicable defenses as deemed appropriate in order to protect Gruma's interests. As of this date, the aforementioned proceeding is ongoing, and the CNBV has not issued a final resolution in connection therewith.

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We intend to vigorously defend against these actions and proceedings. It is the opinion of the Company that the outcome of this proceeding will not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

Venezuela

Expropriation Proceedings by the Venezuelan Government.

On May 12, 2010, the Republic published the Expropriation Decree, which announced the forced acquisition of all goods, movables and real estate of MONACA. The Republic has expressed to GRUMA's representatives that the Expropriation Decree extends to DEMASECA.

GRUMA's interests in MONACA and DEMASECA are held through two Spanish companies: Valores Mundiales and Consorcio Andino, respectively. In 2010, Valores Mundiales and Consorcio Andino commenced negotiations with the Republic with the intention of reaching an amicable settlement. Through Valores Mundiales and Consorcio Andino, GRUMA participated in these negotiations with a view to (i) continuing its presence in Venezuela by potentially entering into a joint venture with the Venezuelan government; and/or (ii) seeking adequate compensation for the assets subject to expropriation.

The Republic and the Kingdom of Spain are parties to the Investment Treaty, under which the Investors may settle investment disputes by means of arbitration before ICSID. On November 9, 2011, the Investors, MONACA and DEMASECA validly provided formal notice to the Republic that an investment dispute had arisen as a consequence of the Expropriation Decree and related measures adopted by the Republic. In that notification, the Investors, MONACA, and DEMASECA also gave their consent to submission of the dispute to ICSID arbitration if the parties were unable to reach an amicable agreement.

On January 22, 2013, the Venezuelan Government issued a resolution providing the right to take control over the operations of MONACA and DEMASECA.

While negotiations with the government have taken place and may take place from time to time, the Company cannot assure that such negotiations will be successful or will result in the Investors receiving adequate compensation, if any, for their investments subject to the Expropriation Decree. Additionally, the Company cannot predict the results of any arbitral proceeding, or the ramifications that costly and prolonged legal disputes could have on its results of operations or financial position, or the likelihood of collecting a favorable arbitration award. The Company and its subsidiaries reserve and intend to continue to reserve the right to seek full compensation for any and all expropriated assets and investments under applicable law, including investment treaties and customary international law. For more information, please see Note 27 to our audited consolidated financial statements.

Intervention Proceedings by the Venezuelan Government.

On December 4, 2009, the Eleventh Investigations Court for Criminal Affairs of Caracas issued an order authorizing the precautionary seizure of assets in which Ricardo Fernández Barrueco had any interest. As a result of Ricardo Fernández Barrueco's former indirect minority ownership of MONACA and DEMASECA, these subsidiaries were subject to the precautionary measure. Between 2009 and 2012, the Ministry of Finance of Venezuela, pursuant to the precautionary measure ordered by the court, designated several special managers of the indirect minority shareholding that Ricardo Fernández Barrueco had previously owned in MONACA and DEMASECA. On January 22, 2013, the Ministry of Justice and Internal Relations revoked the prior designations made by the Ministry of Finance of Venezuela and made a new designation of individuals as special managers and representatives of the Republic of Venezuela in MONACA and DEMASECA, conferring on them the power to take control of the operations of these companies.

MONACA and DEMASECA, as well as Consorcio Andino and Valores Mundiales, as holders of the Venezuelan subsidiaries, filed a petition as aggrieved third-parties in the proceedings against Ricardo Fernández Barrueco challenging the precautionary measures and all related actions. On November 19, 2010, the Eleventh Investigations Court for Criminal Affairs of Caracas ruled that MONACA and DEMASECA are companies wholly owned by Valores Mundiales and Consorcio Andino, respectively. In spite of this ruling, the court kept the precautionary measures issued on December 4, 2009 in effect. An appeal has been filed, which is pending resolution as of this date.

The People's Defense Institute for the Access of Goods and Services of Venezuela ("INDEPABIS") issued an order, on a precautionary basis, authorizing the temporary occupation and operation of MONACA for a period of 90 calendar days from December 16, 2009, which was renewed for the same period on March 16, 2010. The order expired on June 16, 2010 and as of the date hereof MONACA has not been notified of any extension or similar measure. INDEPABIS has also initiated a regulatory proceeding against MONACA in connection with alleged failure to comply with regulations governing precooked corn flour and for

allegedly refusing to sell this product as a result of the December 4, 2009 precautionary asset seizure described above. MONACA filed an appeal against these proceedings which has not been resolved as of the date hereof.

Additionally, INDEPABIS initiated an investigation of DEMASECA and issued an order, on a precautionary basis, authorizing the temporary occupation and operation of DEMASECA for a period of 90 calendar days from May 25, 2010, which was extended until November 21, 2010. INDEPABIS issued a new precautionary measure of occupation and temporary operation of DEMASECA, valid for the duration of this investigation. DEMASECA has challenged these measures but as of the date hereof, no resolution has been issued. The proceedings are still pending.

The Company intends to exhaust all legal remedies available in order to safeguard and protect the Company's legitimate interests.

Other Claims.

MONACA was named in several labor lawsuits related to occupational diseases and workplace accidents, issues related to social security and by representatives of freighters. MONACA, based on the opinion of its legal counsel, has recorded a provision to cover potential liabilities that may arise for these items by Ps.9,270 (Ps.17,438 at December 31, 2011), which is presented as Provisions. See Note 17 to our audited consolidated financial statements.

In the normal course of operations of MONACA, there are judgments and claims, whose final outcome cannot be quantified. Management, based on the opinion of its legal counsel, believes that such lawsuits and claims are without legal merit and that the legal remedies will be favorably received.

There are also other lawsuits, labor and tax claims against MONACA, which have been assumed by the previous shareholder International Multifoods Corporation, in accordance with the share purchase agreement of 1999.

ITEM 9 The Offer And Listing.

TRADING HISTORY

Our Series B Shares have been traded on the *Bolsa Mexicana de Valores, S.A.B. de C.V.*, or Mexican Stock Exchange, since 1994. The ADSs, each representing four Series B Shares, commenced trading on the New York Stock Exchange in November 1998. As of December 31, 2012, our capital stock was represented by 565,174,609 issued Series B shares, of which 457,315,640 shares were outstanding, fully subscribed and paid, and 107,858,969 shares were held in our treasury. As of December 31, 2012, 69,326,292 Series B shares of our common stock were represented by 17,331,573 ADSs held by 6 record holders in the United States.

PRICE HISTORY

The following table sets forth, for the periods indicated, the annual high and low closing sale prices for the Series B Shares and the ADSs as reported by the Mexican Stock Exchange and the New York Stock Exchange, respectively.

	Mexican Stock Exchange Common Stock		NYSE ADS(2)	
	High	Low	High	Low
	(Ps. Per share(1))		(U.S.$ per ADS)	
Annual Price History				
2008	35.01	5.85	13.03	1.76
2009	25.67	3.67	7.89	.9214
2010	28.70	16.97	8.99	5.20
2011	28.66	19.61	8.96	6.33
2012	41.54	26.45	12.76	7.79
Quarterly Price History				
2010				
1st Quarter	28.70	23.80	8.98	7.33
2nd Quarter	27.77	19.20	8.99	5.81
3rd Quarter	21.28	16.97	6.63	5.20
4th Quarter	24.94	17.96	8.05	5.67
2011				
1st Quarter	27.24	22.17	8.96	7.19
2nd Quarter	24.71	19.61	8.36	6.63
3rd Quarter	25.39	20.00	8.60	6.33
4th Quarter	28.66	23.10	8.54	6.90
2012				
1st Quarter	34.39	26.45	10.77	7.79
2nd Quarter	38.94	30.09	11.81	8.58
3rd Quarter	36.88	33.26	11.26	9.83
4th Quarter	41.54	35.87	12.76	10.66
2013				
1st Quarter	57.48	39.50	18.65	12.32
Monthly Price History				
October 2012	41.54	35.87	12.76	11.15
November 2012	38.20	36.30	11.67	10.60
December 2012	39.39	36.82	12.32	11.39
January 2013	44.06	39.50	13.85	12.32
February 2013	45.42	40.43	14.03	12.68
March 2013	57.48	44.84	18.65	14.06
April 2013 (3)	54.96	52.59	18.05	17.02

(1) Pesos per share reflect nominal price at trade date.

(2) Price per ADS in U.S.$; one ADS represents four Series B Shares.

(3) As of April 19, 2013.

On April 19, 2013, the last reported sale price of the B Shares on the Mexican Stock Exchange was Ps. 53.71 per B Share. On April 19, 2013, the last reported sale price of the ADSs on the New York Stock Exchange was U.S.$ 17.54 per ADS.

MEXICAN STOCK EXCHANGE

The Mexican Stock Exchange, located in Mexico City, is the only stock exchange in Mexico. Founded in 1907, it is organized as a corporation whose shares were originally held by brokerage firms, which are exclusively authorized to trade on the exchange. As of June 13, 2008 the Mexican Stock Exchange became a publicly traded company. Trading on the Mexican Stock Exchange takes place principally through automated systems and is open between the hours of 8:30 a.m. and 3:00 p.m. Mexico City time, each business day. Trades in securities listed on the Mexican Stock Exchange can also be performed off the exchange. The

Mexican Stock Exchange operates a system of automatic suspension of trading in shares of a particular issuer as a means of controlling excessive price volatility.

Settlement is effected three business days after a share transaction on the Mexican Stock Exchange. Deferred settlement, even by mutual agreement, is not permitted without the approval of the *Comisión Nacional Bancaria y de Valores* (the Mexican National Banking and Securities Commission, or CNBV). Most securities traded on the Mexican Stock Exchange, including ours, are on deposit with *S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.*, or Indeval, a privately owned securities depositary that acts as a clearinghouse for Mexican Stock Exchange transactions.

As of June 2, 2001, the Mexican Securities Law requires issuers to increase the protections offered to minority shareholders and to impose corporate governance controls on Mexican listed companies in line with international standards. The Mexican Securities Law expressly permits Mexican listed companies, with prior authorization from the CNBV, to include in their bylaws antitakeover defenses such as shareholder rights plans, or poison pills. Our bylaws include certain of these protections. See "Additional Information—Bylaws—Antitakeover Protections."

MARKET MAKER

On September 30, 2009, we entered into an agreement with UBS Casa de Bolsa ("UBS") pursuant to which UBS acts as a market maker for our common shares listed on the Mexican Stock Exchange. The purpose of the agreement is to provide liquidity for the Company's shares. This agreement has been extended in several occasions throughout 2010, 2011 and 2012. On March 15, 2013 the agreement was extended until December 15, 2013.

ITEM 10 Additional Information.

BYLAWS

Set forth below is a brief summary of certain significant provisions of our bylaws, according to their last comprehensive amendment. This description does not purport to be complete and is qualified by reference to our bylaws, which are incorporated as an exhibit to this Annual Report.

The new Mexican Securities Law of 2006 included provisions seeking to improve the applicable regulations on disclosure of information, minority shareholder rights and corporate governance of the issuers, among other matters. It also imposes additional duties and liabilities on the members of the board of directors as well as senior officers. Thus, we were required to carry out a comprehensive amendment of our bylaws through an extraordinary general shareholders' meeting held on November 30, 2006.

Incorporation and Register

We were incorporated in Monterrey, Mexico on December 24, 1971 as a corporation (*Sociedad Anónima de Capital Variable*) under the Mexican Corporations Law, for a term of 99 years. On November 30, 2006 we became a publicly held corporation (*Sociedad Anónima Bursátil de Capital Variable*), a special corporate form for all Mexican publicly traded companies pursuant to the regulations of the new Mexican Securities Law.

Corporate Purpose

Our main corporate purpose, as fully described in Article Second of our bylaws, is to serve as a holding company and to engage in various activities such as: (i) purchasing, selling, importing, exporting, and manufacturing all types of goods and products, (ii) issuing any kind of securities and taking all actions in connection therewith (iii) creating, organizing and managing all types of companies, (iv) acting as an agent or representative, (v) purchasing, selling and holding real property, (vi) performing or receiving professional, technical or consulting services, (vii) establishing branches, agencies or representative offices, (viii) acquiring, licensing, or using intellectual or industrial property, (ix) granting and receiving loans, (x) subscribing, issuing and negotiating all types of credit instruments, and (xi) performing any acts necessary to accomplish the foregoing.

Directors

Our bylaws provide that our management shall be vested in the board of directors and our Chief Executive Officer. Each director is elected by a simple majority of the shares. Under Mexican law and our bylaws, any holder or group of holders owning 10% or more of our capital stock may elect one director and its corresponding alternate. The board of directors must be comprised of a minimum of five and a maximum of twenty-one directors, as determined by the shareholders at the annual ordinary general

shareholders' meeting. Additionally, under the Mexican Securities Law, at least 25% of the members of the board of directors must be independent. Currently, our board of directors consists of 12 members.

The board of directors shall meet at least four times a year. These meetings can be called by the Chairman of the board of directors, the Chairman of the Audit and Corporate Governance Committees, or by 25% of the members of the board of directors. The directors serve for a one year term, or for up to 30 (thirty) additional days, if no designation of their substitute has been made or if the substitute has not taken office. Directors receive compensation as determined by the shareholders at the annual ordinary general shareholders' meeting. The majority of directors are needed to constitute a quorum, and board resolutions must be passed by a majority of the votes present at any validly constituted meeting or by unanimous consent if no meeting is convened.

Our bylaws provide that the board of directors has the authority and responsibility to: (i) set the general strategies for the business of the Company; (ii) oversee the performance and conduct of business of the Company; (iii) oversee the main risks encountered by the Company, identified by the information submitted by the committees, the Chief Executive Officer and the firm providing the external auditing services; (iv) approve the information and communication policies with shareholders and the market; and (v) instruct the Chief Executive Officer to disclose to the investor public any material information when known.

Additionally, the board of directors has the authority and responsibility to approve, with the previous opinion of the corresponding Committee: (i) the policies for the use of the Company's assets by any related party; (ii) related party transactions other than those occurring in the ordinary course of business, those of insignificant amount, and those deemed as done within market prices; (iii) the purchase or sale of 5% or more of our corporate assets; (iv) granting of warranties or the assumption of liabilities for more than 5% of our corporate assets; (v) the appointment, and in its case, removal of the Chief Executive Officer, as the designation of integral compensation policies for all other senior officers; (vi) internal control and internal audit guidelines; (vii) the Company's accounting guidelines; (viii) the Company's financial statements; and (ix) the hiring of the firm providing external audit services and, in its case, any services additional or supplemental to the external audit. The approval of the board in all of these matters is non-delegable.

See "Item 6. Directors, Senior Management and Employees" for further information about the board of directors.

Audit and Corporate Governance Committees

Under our bylaws and in accordance with the Mexican Securities Law, the board of directors, through the Audit and Corporate Governance Committees as well as through the firm performing the external audit, shall be in charge of the surveillance of the Company. Such Committees should be exclusively comprised by independent directors and by a minimum of three members, elected by the board of directors at the proposal of the Chairman of the Board. The Chairman of such Committees shall be exclusively designated and/or removed from office by the annual ordinary general shareholders' meeting.

For the performance of its duties, the Corporate Governance Committee shall: (i) render its opinion to the board of directors, pursuant to the Mexican Securities Law; (ii) request the opinion of independent experts, when deemed convenient; (iii) convene shareholders meetings and include issues in the agenda they deem appropriate; (iv) assist the board of directors when making the annual reports; and (v) be responsible for other activity provided by law or our bylaws.

Likewise, for the performance of its duties, the Audit Committee shall: (i) render its opinion to the board of directors, pursuant to the Mexican Securities Law; (ii) request the opinion of independent experts when deemed convenient; (iii) convene shareholders meetings and include issues in the agenda they deem appropriate; (iv) assess the performance of the external auditing firm, as well as analyze the opinions and reports rendered by the external auditor; (v) discuss the financial statements of the Company and, if appropriate, recommend its approval to the board of directors; (vi) inform the board of directors of the condition of the internal controls and internal auditing systems, including any irregularities detected therein; (vii) prepare the opinion of the report rendered by the Chief Executive Officer; (viii) assist the board of directors when making the annual reports; (ix) request from the senior officers and from other employees, reports relevant to the preparation of the financial information and of any other kind deemed necessary for the performance of their duties; (x) investigate possible irregularities within the Company, as well as carry out the actions deemed appropriate; (xi) request meetings with senior officers in connection with the internal control and internal audit; (xii) inform the board of directors about the material irregularities detected while exerting their duties, and in case of any irregularities, notify the board of directors of any corrective measures taken; (xiii) ensure that the Chief Executive Officer complies with the resolutions taken by the Shareholders' Meetings and by the board of directors; (xiv) oversee the establishment of internal controls in order to verify that the transactions of the Company conform to the applicable legal regulations; and (xv) be responsible of any other activity provided by law or our bylaws.

Fiduciary Duties - Duty of Diligence

Our bylaws and the Mexican Securities Law provide that the directors shall act in good faith and in our best interest. In order to fulfill this duty, our directors may: (i) request information about us that is reasonably necessary to take actions; (ii) require the presence of any officers or other key employees, including the external auditors, that may contribute elements for taking actions at board meetings; (iii) postpone board meetings when a director has not been given sufficient notice of the meeting or in the event that a director has not been provided with the information provided to the other directors; and (iv) discuss and vote on any item requesting, if deemed convenient, the exclusive presence of the members and the secretary of the board of directors.

Our directors may be liable for damages caused when breaching their duty of diligence if such failure causes economic damage to the Company or our subsidiaries, as well as if the director: (i) fails to attend board or committee meetings and, as a result of such absence, the board was unable to take action, unless such absence is approved by the shareholders meeting; (ii) fails to disclose to the board of directors or the committees material information necessary to reach a decision; and/or (iii) fails to comply with its duties imposed by the Mexican Securities Law or our bylaws. Members of the board of directors may not represent shareholders at any shareholders' meeting.

Fiduciary Duties - Duty of Loyalty

Our bylaws and the Mexican Securities Law provide that the directors and secretary of the board shall keep confidential any non-public information and matters about which they have knowledge as a result of their position. Also, directors must abstain from participating, attending or voting at meetings related to matters where they have or may have a conflict of interest.

The directors and secretary of the board of directors will be deemed to have violated their duty of loyalty and will be liable for any damages when they, directly or through third parties, obtain an economic benefit by virtue of their position without legitimate cause. Furthermore, the directors will fail to comply with their duty of loyalty if they: (i) vote at a board meeting or take any action where there is a conflict of interest; (ii) fail to disclose a conflict of interest they may have during a board meeting; (iii) knowingly favor a particular shareholder of the Company against the interests of other shareholders; (iv) approve related party transactions without complying with the requirements of the Mexican Securities Law; (v) use Company assets in a manner which infringes upon the policies approved by the board of directors; (vi) unlawfully use material non-public information of the Company; and/or (vii) usurp a corporate business opportunity for their own benefit, or the benefit of a third party, without the prior approval of the board of directors. Our directors may be liable for damages when breaching their duty of loyalty if such failure causes economic damage to the Company or our subsidiaries.

Civil Actions Against Directors

Under Mexican law, shareholders can initiate actions for civil liabilities against directors through resolutions passed by a majority of the shareholders at a general ordinary shareholders' meeting. In the event the majority of the shareholders decide to bring such action, the director against whom such action is brought will immediately cease to be a member of the board of directors. Additionally, shareholders representing not less than 5% of our outstanding shares may directly bring such action against directors. Any recovery of damages with respect to such action will be for our benefit and not for the benefit of the shareholders bringing the action.

Chief Executive Officer

According to our bylaws and the Mexican Securities Law, the Chief Executive Officer shall be in charge of running, conducting and executing the Company's business, complying with the strategies, policies and guidelines approved by the board of directors.

For the performance of its duties the Chief Executive Officer shall: (i) submit, for the approval of the board of directors, the business strategies of the Company; (ii) execute the resolutions of the Shareholders' Meetings and of the board of directors; (iii) propose to the Audit Committee, the internal control system and internal audit guidelines of the Company, as well as execute the guidelines approved thereof by the board of directors; (iv) disclose any material information and events that should be disclosed to the investor public; (v) comply with the provisions relevant to the repurchase and placement transactions of the Company's own stock; (vi) exert any corresponding corrective measures and liability suits; (vii) assure that adequate accounting, registry and information systems are maintained by the Company; (viii) prepare and submit to the board of directors his annual report; (ix) establish mechanisms and internal controls permitting certification that the actions and transactions of the Company conform to the applicable regulations; and (x) exercise his right to file the liability suits referred to in the Mexican Securities Law against related parties or third parties that allegedly cause damage to the Company.

Voting Rights and Shareholders' Meetings

Each share entitles the holder thereof to one vote at any general meeting of our shareholders. Shareholders may vote by proxy. At the ordinary general shareholders' meeting, any shareholder or group of shareholders representing 10% or more of the outstanding capital stock has the right to appoint one director and his corresponding alternate, with the remaining directors being elected by majority vote.

General shareholders' meetings may be ordinary or extraordinary. Extraordinary general shareholders' meetings are called to consider matters specified in Article 182 of the Mexican Corporations Law, including, principally, changes in the authorized fixed share capital and other amendments to the bylaws, the issuance of preferred stock, the liquidation, merger and spin-off of the Company, changes in the rights of security holders, and transformation from one corporate form to another. All other matters may be approved by an ordinary general shareholders' meetings. Ordinary general shareholders' meetings must be called to consider and approve matters specified in Article 181 of the Mexican Corporations Law, including, principally, the appointment of the members of the board of directors and the Chairman of the Audit and Corporate Governance Committees, the compensation paid to the directors, the distribution of our profits for the previous year, and the annual reports presented by the board of directors and the Chief Executive Officer. Our shareholders establish the number of members that will serve on our board of directors at the ordinary general shareholders' meeting.

A general ordinary shareholders' meeting must be held during the first four months after the end of each fiscal year. In order to attend a general shareholders' meeting, the day before the meeting shareholders must deposit the certificates representing their capital stock or other appropriate evidence of ownership either with the secretary of our board of directors, with a credit institution, or with Indeval. The secretary, credit institution or Indeval will hold the certificates until after the general shareholders' meeting has taken place.

Under our bylaws, the quorum for an ordinary general shareholders' meeting is at least 50% of the outstanding capital stock, and action may be taken by the affirmative vote of holders representing a majority of the shares present. If a quorum is not present, a subsequent meeting may be called at which the shareholders present, whatever their number, will constitute a quorum and action may be taken by a majority of the shares present. A quorum for extraordinary general shareholders' meetings is at least 75% of the outstanding capital stock, but if a quorum is not present, a subsequent meeting may be called. A quorum for the subsequent meeting is at least 50% of the outstanding shares. Action at an extraordinary general shareholders' meeting may only be taken by a vote of holders representing at least 50% of the outstanding shares.

Shareholders' meetings may be called by the board of directors, the Chairman of the Audit and/or Corporate Governance Committees, or a court. The Chairman of the board of directors or the Chairman of the Audit or Corporate Governance Committees may be required to call a shareholders' meeting if holders of at least 10% of our outstanding share capital request a meeting in writing, or at the written request of any shareholder if no shareholders' meeting has been held for two consecutive years, or, if during a period of two consecutive years, the board of directors' annual report for the previous year and the Company's financial statements were not presented to the shareholders, or if the shareholders did not elect directors.

Notice of shareholders' meetings must be published in the Federal Official Gazette or in a newspaper of general circulation in Monterrey, Nuevo León at least 15 days prior to the meeting. Shareholders' meetings may be held without such publication provided that 100% of the outstanding shares are represented. Shareholders' meetings must be held within the corporate domicile in Monterrey, Nuevo León.

Under Mexican law, holders of 20% of our outstanding capital stock may have any shareholder action set aside by filing a complaint with a Mexican court of competent jurisdiction within 15 days after the close of the meeting at which such action was taken, by showing that the challenged action violates Mexican law or our bylaws. Relief under these provisions is only available to holders who were entitled to vote on the challenged shareholder action and whose shares were not represented when the action was taken or, if represented, voted against it.

Dividend Rights and Distribution

Within the first four months of each year, the board of directors must submit our company's financial statements for the preceding fiscal year to the shareholders for their approval at the ordinary general shareholders' meeting. They are required by law to allocate 5% of any new profits to a legal reserve which is not thereafter available for distribution until the amount of the legal reserve equals 20% of our capital stock (before adjusting for inflation). Amounts in excess of those allocated to the legal reserve fund may be allocated to other reserve funds as the shareholders determine, including a reserve for the repurchase of our shares. The remaining balance of new profits, if any, is available for distribution as dividends prior to their approval at the shareholders' meeting. Cash dividends on the shares held through Indeval will be distributed by us through Indeval. Cash dividends on the shares evidenced by

physical certificates will be paid when the relevant dividend coupon registered in the name of its holder is delivered to us. No dividends may be paid, however, unless losses for prior fiscal years have been paid up or absorbed. See "Item 3. Key Information—Selected Financial Data—Dividends."

Liquidation

Upon our dissolution, one or more liquidators must be appointed by an extraordinary shareholders' general meeting to wind up its affairs. If the extraordinary general shareholders' meeting does not make said appointment, a Civil or District Judge can do so at the request of any shareholder. All fully paid and outstanding common stock will be entitled to participate equally in any distribution upon liquidation after the payment of the Company's debts, taxes and the expenses of the liquidation. Common stock that has not been paid in full will be entitled to these proceeds in proportion to the paid-in amount.

If the extraordinary general shareholders' meeting does not give express instructions on liquidation, the bylaws stipulate that the liquidators will (i) conclude all pending matters they deem most convenient, (ii) prepare a general balance and inventory, (iii) collect all credits and pay all debts by selling assets necessary to accomplish this task, (iv) sell assets and distribute income, and (v) distribute the amount remaining, if any, pro rata among the shareholders.

Changes in Capital stock

Our outstanding capital stock consists of Class I and Class II series B shares. Class I shares are the fixed portion of our capital stock and have no par value. Class II shares are the variable portion of our capital stock and have no par value. The fixed portion of our capital stock cannot be withdrawn. The issuance of variable capital shares, unlike the issuance of fixed capital shares, does not require an amendment of the bylaws, although it does require approval at an ordinary general shareholders' meeting. The fixed portion of our capital stock may only be increased or decreased by resolution of an extraordinary general shareholders' meeting and an amendment to our bylaws, whereas the variable portion of our capital stock may be increased or decreased by resolution of an ordinary general shareholders' meetings. Currently, our outstanding capital stock consists only of fixed capital.

An increase of capital stock may generally be made through the issuance of new shares for payment in cash or in kind, by capitalization of indebtedness or by capitalization of certain items of shareholders' equity. An increase of capital stock generally may not be made until all previously issued and subscribed shares of capital stock have been fully paid. A reduction of capital stock may be effected to absorb losses, to redeem shares, to repurchase shares in the market or to release shareholders from payments not made.

As of April 26, 2013, our capital stock was represented by 565,174,609 issued Series B shares, of which 457,315,640 shares were outstanding, fully subscribed and paid, and 107,858,969 shares were held in our treasury.

Preemptive Rights

In the event of a capital increase through the issuance of shares, other than in connection with a public offering of newly issued shares or treasury stock, a holder of existing shares of a given series at the time of the capital increase has a preferential right to subscribe for a sufficient number of new shares of the same series to maintain the holder's existing proportionate holdings of shares of that series. Preemptive rights must be exercised within the period and under the conditions established for such purpose by the shareholders at the corresponding shareholders' meeting. Under Mexican law and our bylaws, the exercise period may not be less than 15 days following the publication of notice of the capital increase in the Federal Official Gazette or following the date of the shareholders' meeting at which the capital increase was approved if all shareholders were represented; otherwise such rights will lapse.

Furthermore, shareholders will not have preemptive rights to subscribe for common stock issued in connection with mergers, upon the conversion of convertible debentures, or in the resale of treasury stock as a result of repurchases on the Mexican Stock Exchange.

Under Mexican law, preemptive rights may not be waived in advance by a shareholder, except under limited circumstances, and cannot be represented by an instrument that is negotiable separately from the corresponding share. Holders of ADRs may be restricted in their ability to participate in the exercise of preemptive rights. See "Item 3. Key Information—Risk Factors—Risks Related to Our Controlling Shareholders and Capital Structure—Holders of ADSs May Not Be Able to Participate in Any Future Preemptive Rights Offering and as a Result May Be Subject to a Dilution of Equity Interest."

Restrictions Affecting Non-Mexican Shareholders

Foreign investment in capital stock of Mexican corporations is regulated by the 1993 Foreign Investment Law and by the 1998 Foreign Investment Regulations to the extent they are not inconsistent with the Foreign Investment Law. The Ministry of Economy and the National Commission on Foreign Investment are responsible for the administration of the Foreign Investment Law and the Foreign Investment Regulations.

Our bylaws do not restrict the participation of non-Mexican investors in our capital stock. However, approval of the National Foreign Investment Commission must be obtained for foreign investors to acquire a direct or indirect participation in excess of 49% of the capital stock of a Mexican company that has an aggregate asset value that exceeds, at the time of filing the corresponding notice of acquisition, an amount determined annually by the National Foreign Investment Commission.

As required by Mexican law, our bylaws provide that any non-Mexicans who acquire an interest or participation in our capital at any time will be treated as having Mexican nationality for purposes of their interest in us, and with respect to the property, rights, concessions, participations or interests that we may own or rights and obligations that are based on contracts to which we are a party with the Mexican authorities. Such shareholders cannot invoke the protection of their government under penalty of forfeiting to the Mexican State the ownership interest that they may have acquired.

Under this provision, a non-Mexican shareholder is deemed to have agreed not to invoke the protection of his own government with respect to his rights as a shareholder, but is not deemed to have waived any other rights he may have with respect to its investment in us, including any rights under U.S. securities laws. If a shareholder should invoke governmental protection in violation of this provision, his shares could be forfeited to the Mexican government. Mexican law requires that such a provision be included in the bylaws of all Mexican companies unless such bylaws prohibit ownership of shares by non-Mexicans. See "Item 3. Key Information—Risk Factors—Risks Related to Our Controlling Shareholders and Capital Structure—Mexican Law Restricts the Ability of Non-Mexican Shareholders to Invoke the Protection of Their Governments with Respect to Their Rights as Shareholders."

Registration and Transfer

Our shares are evidenced by certificates in registered form. We maintain a stock registry and, in accordance with Mexican law, only those persons whose names are recorded on the stock registry are recognized as owners of the series B shares.

Other Provisions

Appraisal Rights

Under Mexican law, whenever the shareholders approve a change of corporate purpose, change of our nationality or transformation from one type of corporate form to another, any shareholder entitled to vote on such change or transformation who has voted against it has the right to tender its shares and receive the amount attributable to its shares, provided such shareholder exercises its right to withdraw within 15 days following the adjournment of the meeting at which the change or transformation was approved. Under Mexican law, the amount which a withdrawing shareholder is entitled to receive is equal to its proportionate interest in our capital stock according to our most recent balance sheet approved by an ordinary general shareholders' meeting. The reimbursement may have certain tax consequences.

Share Repurchases

We may repurchase our common stock on the Mexican Stock Exchange at any time at the then market price. The repurchase of shares will be made by charging our equity, in which case we may keep them without reducing our capital stock, or charging our capital stock, in which case we must convert them into unsubscribed treasury stock. The ordinary general shareholders' meeting shall determine the maximum amount of funds to be allocated for the repurchase of shares, which amount shall not exceed our total net profits, including retained earnings.

Repurchased common stock will either be held by us or kept in our treasury, pending future sales thereof through the Mexican Stock Exchange. If the repurchased shares are kept in our treasury, we may not exercise their economic and voting rights, and such shares will not be deemed to be outstanding for purposes of calculating any quorum or voting at any shareholders' meeting. The repurchased shares held by us as treasury shares may not be represented at any shareholder meeting. The decrease or increase of our capital stock as a result of the repurchase does not require the approval of a shareholders' meeting or of the board of directors.

Under Mexican securities regulation, our directors, officers, external auditors, the secretary of the board of directors and holders of 10% or more of our outstanding stock may not sell stock to us, or purchase repurchased stock from us, unless the sale or purchase is made through a tender offer. The repurchase of stock representing 3% or more of our outstanding share capital in any 20 trading-day period must be conducted through a public tender offer.

Repurchase in the Event of Delisting

In the event of the cancellation of the registration of our shares at the *Registro Nacional de Valores*, or National Registry of Securities, or RNV, whether at our request or at the request of the CNBV, under our bylaws and the regulations of the CNBV, we will be obligated to make a tender offer to purchase all of our shares held by non-controlling shareholders. Such tender offer shall be made at least at the greater price of the following: (i) the closing sale price under the terms of the following paragraph, or (ii) the book value of the shares according to the most recent quarterly report submitted to the CNBV and the Mexican Stock Exchange.

The quoted share price on the Mexican Stock Exchange referred to in the preceding paragraph shall be the weighted average share price as quoted on the Mexican Stock Exchange for the last 30 days in which our shares were traded, in a period not greater than six months prior to the date of the public tender offer. If the number of days in which our shares have traded during the period referred to above is less than 30, then only the actual number of days in which our shares have traded during such period will be taken into account. If shares have not been exchanged during such period, then the tender offer shall be made at a price equal to at least the book value of the shares.

In connection with any such cancellation of the registration of our shares, we will be required to deposit sufficient funds into a trust account for at least six months following the date of cancellation to ensure adequate resources to purchase at the public tender offer price any remaining outstanding shares from non-controlling shareholders that did not participate in the offer.

If we ask the RNV to cancel the registration of our shares, we will be exempt from carrying out a public tender offer, provided that: (i) we have the consent of the holders of at least 95% of our outstanding common shares, by a resolution at a shareholders' meeting; (ii) the aggregate amount offered for the securities in the market is less than 300,000 investment units (UDIs); (iii) the trust referred to in the preceding paragraph is executed, and (iv) notice is given to the CNBV of the execution and cancellation of the trust through the established electronic means.

Within ten business days of the commencement of a public tender offer, our board of directors must prepare and disclose to public investors its opinion with respect to the reasonableness of the tender offer price as well as any conflicts of interest that its members may have in connection with the tender offer. The opinion of the board of directors may be accompanied by another opinion issued by an independent expert that we may hire.

We may request the approval from the CNBV to use different criteria to determine the price of the shares. In requesting such approval, the following must be submitted to the CNBV: (i) the resolution of the board of directors approving such request, (ii) the opinion of the Corporate Governance Committee addressing the reasons why it deems appropriate the use of a different price, and (iii) a report from an independent expert indicating that the price is consistent with the terms of the Mexican Securities Law.

Shareholder's Conflicts of Interest

Any shareholder that has a direct or indirect conflict of interest with respect to any transaction must abstain from voting thereon at the relevant shareholders' meeting. A shareholder that votes on a business transaction in which its interest conflicts with ours may be liable for damages if the transaction would not have been approved without such shareholder's vote.

Rights of Shareholders

The protections afforded to minority shareholders under Mexican law are different from those in the United States and other jurisdictions. The law concerning duties and responsibilities of directors and controlling shareholders has not been the subject of extensive judicial interpretation in Mexico, unlike the United States where judicial decisions have been issued regarding the duties of diligence and loyalty, which more effectively protect the rights of minority shareholders. Additionally, shareholder class actions are not available under Mexican law and there are different procedural requirements for bringing shareholder derivative lawsuits, which permit shareholders in U.S. courts to bring actions on behalf of other shareholders or to enforce rights of the corporation itself. Shareholders cannot challenge corporate action taken at a shareholders' meeting unless they meet certain procedural requirements.

In addition, under U.S. securities laws, as a foreign private issuer we are exempt from certain rules that apply to domestic U.S. issuers with equity securities registered under the Exchange Act, including the proxy solicitation rules, the rules requiring

disclosure of share ownership by directors, officers and certain shareholders. We are also exempt from certain of the corporate governance requirements of the New York Stock Exchange, including certain requirements concerning audit committees and independent directors. A summary of significant ways in which our corporate governance standards differ from those followed by U.S. companies pursuant to NYSE listing standards is available on our website at www.gruma.com. The information found at this website is not incorporated by reference into this document.

As a result of these factors, in practice it may be more difficult for our minority shareholders to enforce rights against us or our directors or controlling shareholders than it would be for shareholders of a U.S. company. See "Item 3. Key Information—Risk Factors—Risks Related to Our Controlling Shareholders and Capital Structure—The Protections Afforded to Minority Shareholders in Mexico Are Different From Those in the United States."

Antitakeover Protections

Our bylaws provide that, subject to certain exceptions as explained below, prior written approval from the board of directors shall be required for any person (as defined hereunder), or group of persons to acquire, directly or indirectly, any of our common shares or rights to our common shares, by any means or under any title whether in a single event or in a set of consecutive events, such that its total shares or rights to shares would represent 5% or more of our outstanding shares.

Prior approval from the board of directors must be obtained each time such ownership threshold (and multiples thereof) is intended to be exceeded, except for persons who, directly or indirectly, are competitors (as such term is defined below) of the Company or of any of its subsidiaries, who must obtain the prior approval of the board of directors for future acquisitions where a threshold of 2% (or multiples thereof) of our common shares is intended to be exceeded.

Pursuant to our bylaws, a "person" is defined as any natural person, corporate entity, trust or similar form of venture, vehicle, entity, corporation or economic or mercantile association or any subsidiaries or affiliates of any of the former or, as determined by the board of directors, any group of persons who may be acting jointly, coordinated or as a whole; and a "competitor" is defined as any person engaged, directly or indirectly, in (i) the business of production and/or marketing of corn or wheat flour, and/or (ii) any other activity carried on by the Company or by any of its subsidiaries or affiliates.

Persons that acquire our common shares in violation of these requirements will not be considered the beneficial owners of such shares under our bylaws and will not be able to vote such shares or receive any dividends, distributions or other rights in respect of these shares. In addition, pursuant to our bylaws, these holders will be obligated to pay us a penalty in an amount equal to the greater of (i) the market value of the shares such party acquired without obtaining the prior approval of the board of directors and (ii) the market value of shares representing 5% of our capital stock.

Board Notices, Meetings, Quorum Requirements and Approvals. To obtain the prior approval of our board of directors, a potential purchaser must properly deliver a written application complying with the applicable requirements set forth in our bylaws. Such application shall state, among other things: (i) the number and class of our shares the person beneficially owns or to which such person has any right, (ii) the number and class of shares the Person intends to acquire, (iii) the number and class of shares with respect to which such Person intends to acquire any right, (iv) the percentage that the shares referred to in (i) represent of our total outstanding shares and of the class or series to which such shares belong, (v) the percentage that the shares referred to in (ii) and (iii) represent of our total outstanding shares and of the class or series to which such shares belong, (vi) the person's identity and nationality, or in the case of a purchaser which is a corporation, trust or legal entity, the nationality and identity of its shareholders, partners or beneficiaries as well as the identity and nationality of each person effectively controlling such corporation, trust or legal entity, (vii) the reasons and purpose behind such acquisition, (viii) if such person is, directly or indirectly, a competitor of the Company or any of its subsidiaries or affiliates, and if such person has the authority to legally acquire the shares pursuant to our bylaws and Mexican law, (ix) its source of financing the intended acquisition, (x) if the Person is part of an economic group, formed by one or more of its related parties, which intends to acquire shares of our common stock or rights to such shares, (xi) if the person has obtained any financing from one of its related parties for the payment of the shares, (xii) the identity and nationality of the financial institution, if any, that will act as the underwriter or broker in connection with any tender offer, and (xiii) the person's address for receiving notices.

Either the Chairman, the Secretary or the Alternate Secretary of our board of directors must call a meeting of the board of directors within 10 business days following the receipt of the written application. The notices for the meeting of the board of directors shall be in writing and sent to each of the directors and their alternates at least 45 calendar days prior to the meeting. Action by unanimous written consent is not permitted.

Any acquisition of capital shares representing at least 2% or 5%, as the case may be, of our outstanding capital stock, must be approved by at least the majority of the members of our board of directors present at a meeting at which at least the majority of the members is present. Such acquisitions must be resolved by our board of directors within 60 calendar days following the receipt of the

written application described above, unless the board of directors determines that it does not have sufficient information upon which to base its decision. In such case, the board of directors shall deliver a written request to the potential purchaser for any additional information that it deems necessary to make its determination. The 60 calendar days referred to above will commence following the receipt of the additional information from the potential purchaser.

Mandatory Tender Offers in the Case of Certain Acquisitions. If our board of directors authorizes an acquisition of capital shares which increases the purchaser's ownership to 30% or more, but not more than 50%, of our capital stock, then the purchaser must effect its acquisition by way of a cash tender offer for a specified number of shares equal to the greater of (i) the percentage of common shares intended to be acquired or (ii) 10% of our outstanding capital stock, in accordance with the applicable Mexican securities regulations.

No approval of the board of directors will be required if the acquisition would increase the purchaser's ownership to more than 50% of our capital stock or result in a change of control, in which case the purchaser must effect its acquisition by way of a tender offer for 100% minus one of our total outstanding capital stock, which tender shall be made pursuant to applicable Mexican laws.

The aforementioned tender offers must be made simultaneously in the Mexican and US stock markets. Furthermore, an opinion issued by the board of directors regarding any such tender offer must be made available to the public through the authorized means of communication within 10 days after commencement of the tender offer. In the event of any tender offer, the shareholders shall have the right to hear more competitive offers.

Notices. In addition to the aforementioned approvals, if a person increases its beneficial ownership by 1% in the case of competitors, or 2% in the case of non-competitors, written notice must be submitted to the board of directors within five days of reaching or exceeding such thresholds.

Exceptions. The provisions of our bylaws summarized above will not apply to: (i) transfers of shares by operation of the laws of succession; (ii) acquisitions of shares by (a) any person who, directly or indirectly, has the authority or possibility of appointing the majority of the directors of our board of directors, (b) any company, trusts or similar form of venture, vehicle, entity, corporation or economic or mercantile association, which may be under the control of the aforementioned person, (c) the heirs of the aforementioned person, (d) the aforementioned person when such person is repurchasing the shares of any corporation, trust or similar form of venture, vehicle, entity, corporation or economic or mercantile association referred to in the item (b) above, and (e) the Company or by trusts created by the Company; (iii) any person(s) that as of December 4, 2003 hold(s), directly or indirectly, more than 20% of the shares representing the Company's capital stock; and (iv) any other exceptions provided for in the Mexican Securities Law and other applicable legal dispositions.

MATERIAL CONTRACTS

Archer-Daniels-Midland

As part of the ADM Transaction we entered into an Equity Purchase Agreement by and among Archer-Daniels-Midland, ADM Milling Co., ADM Bio Productos, S.A. de C.V. and Gruma, S.A.B. de C.V., dated December 14, 2012, in order to acquire all of the Equity Interests previously held by Archer-Daniels-Midland in our Company (the "Equity Purchase Agreement").

In addition to the US$450 million paid to Archer-Daniels-Midland in exchange of the Equity Interests, the Equity Purchase Agreement provides that we must pay a contingent payment of up to US$60 million to Archer-Daniels-Midland, which contingent payment is payable only if during the 42 months following the closing of the ADM Transaction (ending on June 14, 2016), certain conditions take place in connection with (i) the increase in the price of the Company´s stock, over the closing price of the Company´s stock determined for purposes of the ADM Transaction (the "Closing Price"), at the end of the 42 months period; (ii) the difference between the price of the Company´s stock established for public offers made by us and the Closing Price; (iii) the acquisition, by a strategic investor, of 15% or more of the Company´s capital stock; or (iv) the reduction of the percentage of the Company´s shares that are considered to be held by the public at any time, starting from 26%. See "Item 4. Major Shareholders and Related Party Transactions—Share Purchase Transaction with Archer-Daniels-Midland."

We maintain a reserve in the event that any or all of the aforementioned contingent payment is made to Archer-Daniels-Midland. See Note 3 to our audited consolidated financial statements.

Perpetual Bonds

On December 3, 2004, Gruma, S.A.B. de C.V. issued U.S.$300 million 7.75% senior unsecured perpetual bonds, which at the time were rated BBB- by Standard & Poor's and by Fitch. The bonds which have no fixed final maturity date, have a call option exercisable by GRUMA at any time beginning five years after the issue date. As of December 31, 2012 we have not hedged any interest payments on our U.S.$300 million 7.75% senior unsecured perpetual bonds.

2012 Bridge Loan Facility

On December 13, 2012, we entered into an unsecured U.S. $200 million 1-year term bridge loan with Goldman Sachs Bank, USA, and certain other financial institutions which may, from time to time become party to such Loan Agreement (the "2012 Bridge Loan Facility"). On December 14, 2012 Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander México became a Lender under the 2012 Bridge Loan Facility, lending an additional amount of U.S. $100 million. The funds obtained from the 2012 Bridge Loan Facility were used in their entirety to partially fund the ADM Transaction.

In order to accommodate the increase in our leverage resulting from the 2012 Bridge Loan Facility, the permitted leverage ratios established under the Syndicated Loan Facility, the Peso Syndicated Loan Facility, the Rabobank Loan Facility and the 2011 Bancomext Peso facility (the "2011 Facilities") have been increased.

The 2012 Bridge Loan Facility has an interest rate based on LIBOR plus 3.00% plus a quarterly step-up margin ranging from 0% to 1.50% throughout the term of the facility. Moreover, this facility contains covenants that require the Company to maintain a ratio of consolidated EBITDA to interest charges of not less than 2.5:1, and a Maximum Leverage Ratio of not more than 4.75:1 until September 30, 2013 and 4.50:1 from October 1, 2013 until maturity on December 13, 2013. In addition, the 2012 Bridge Loan Facility limits our ability, and our subsidiaries' ability in certain cases, among other things, to: create liens; make certain investments; make certain restricted payments; merge or consolidate with other companies or sell substantially all of our assets; enter into any agreements prohibiting the payment of dividends; engage in certain transactions with affiliates; and enter into certain hedging transactions. Furthermore, this facility limits our subsidiaries' ability to guarantee additional indebtedness issued by the Company and to incur additional indebtedness under certain circumstances

Finally, the 2012 Bridge Loan Facility includes a Take-Out Financing provision under which: (i) the Company is required to use commercially reasonable efforts to ensure that an investment bank reasonably satisfactory to Goldman Sachs Bank, USA and the Company (the "Investment Bank") publicly sells or privately places in one or more offerings or placements of debt securities of the Company in the international market as soon as practicable within a 6-month period from December 13, 2012, in order to refinance the 2012 Bridge Loan Facility; (ii) upon notice by the Investment Bank, the Company shall cause the issuance and sale of the Take-Out Financing following certain rules set forth in the loan agreement, but only if the Take-Out Financing is not made within the aforementioned 6-month period, provided that all amounts outstanding under the short-term facility shall not have been repaid in full and the Company is not in the process of otherwise effectuating the Take-Out Financing; and (iii) until payment in full of the 2012 Bridge Loan Facility, the Company will not take any actions towards syndicating or issuing any debt facility or any debt security of the Company (other than the Take-Out Financing and working capital debt facilities issued, refinanced or renewed in the bank debt market in the Company's ordinary course of business), including any refinancing of any 2011 Facilities, without the prior written consent of the Investment Bank.

Inbursa Loan

In December 2012, the Company obtained an amount of U.S. $100 million through a short term-unsecured financing with Banco Inbursa by means of a promissory note, with an initial interest rate of Libor + 3.00%, which was initially scheduled to mature on March 13, 2013 and is renewable until December 10, 2013. On April 22, 2013 the financing was renewed until May 22, 2013 at an interest rate of Libor + 3.50%. Funds obtained from such financing were used in their entirety to partially fund the ADM Transaction.

Gruma Corporation Loan Facility

In October 2006, Gruma Corporation entered into a U.S.$100 million 5-year revolving credit facility with a syndicate of financial institutions, which was refinanced and extended to U.S.$200 million for an additional 5-year term on June 20, 2011, (the "Gruma Corporation Loan Facility"). The facility, as refinanced in 2011, has an interest rate based on LIBOR plus a spread of 1.375% to 2% that fluctuates in relation to Gruma Corporations' leverage and contains less restrictive provisions than those in the facility replaced. In October, 2012 we increased the aggregate commitment under this facility up to the maximum permitted amount of US $250,000,000. The additional US $50,000,000 were used by Gruma Corporation to cover part of the purchase price under the ADM Transaction, specifically the purchase of ADM's stake in Azteca Milling. This facility contains covenants that limit Gruma Corporation's ability to merge or consolidate, and require it to maintain a ratio of total funded debt to consolidated EBITDA of not

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more than 3.0:1. In addition, this facility limits Gruma Corporation's, and certain of its subsidiaries' ability, among other things, to create liens; make certain investments; make certain restricted payments; enter into any agreements that prohibit the payment of dividends; and engage in transactions with affiliates. This facility also limits Gruma Corporation's subsidiaries' ability to incur additional debt.

Gruma Corporation is also subject to covenants which limit the amounts that may be advanced to, loaned to, or invested in us under certain circumstances. Upon the occurrence of any default or event of default under its credit agreements, Gruma Corporation generally would be prohibited from making any cash dividend payments to us. The covenants described above and other covenants could limit our and Gruma Corporation's ability to help support our liquidity and capital resource requirements.

Syndicated Loan Facility

On March 22, 2011 we obtained a U.S.$225 million, five-year senior credit facility through a syndicate of banks (the "Syndicated Loan Facility"). The Syndicated Loan Facility consists of a term loan ("Term Loan Facility") and a revolving loan facility (the "Revolving Loan Facility"). Prior to the execution of the 2012 Bridge Loan Facility mentioned above, the permitted leverage ratio established under the Syndicated Loan Facility was increased, and the interest rate grid was also modified, among other revisions made through the execution of an amendment dated December 3, 2012. After such amendment, the interest rate for the Term Loan Facility and for the Revolving Loan Facility is either (i) LIBOR or (ii) an interest rate determined by the administrative agent based on its "prime rate" or the federal funds rate, respectively, plus, in either case, (a) 3.00% if the Company's ratio of total funded debt to EBITDA (the "Maximum Leverage Ratio") is greater than or equal to 4.5x, (b) 2.75% if the Company's Maximum Leverage Ratio is greater than or equal to 4.0x and less than 4.5x, (c) 2.50% if the Company's Maximum Leverage Ratio is greater than or equal to 3.5x and less than 4.0x; (d) 2.25% if the Company's Maximum Leverage Ratio is greater than or equal to 3.0x and less than 3.5x; (e) 2.00% if the Company's Maximum Leverage Ratio is greater than or equal to 2.5x and less than 3.0x; (f) 1.75% if the Company's Maximum Leverage Ratio is greater than or equal to 2.0x and less than 2.5x; and (g) 1.50% if the Company's Maximum Leverage Ratio is less than 2.0x. The Syndicated Loan Facility (as amended) contains covenants that require the Company to maintain a ratio of consolidated EBITDA to interest charges of not less than 2.5:1, and a Maximum Leverage Ratio of not more than 4.75:1 from December 4, 2012 until September 30, 2013; 4.50:1 from October 1, 2013 until September 30, 2014; 4.0:1 from October 1, 2014 until September 30, 2015; and 3.5:1 from October 1, 2015 and thereafter. The Syndicated Loan Facility (as amended) also limits our ability, and our subsidiaries' ability in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell substantially all of our assets; and enter into certain hedging transactions. Additionally, the Syndicated Loan Facility (as amended) limits our subsidiaries' ability to guarantee additional indebtedness issued by the Company and to incur additional indebtedness under certain circumstances.

Peso Syndicated Loan Facility

On June 15, 2011 we obtained a Ps.1,200 million, seven-year senior credit facility through a syndicate of banks (the "Peso Syndicated Loan Facility"). The Peso Syndicated Loan Facility consists of a term loan maturing in June 2018 with yearly principal amortizations beginning in December 2015. Prior to the execution of the 2012 Bridge Loan Facility mentioned above, the permitted leverage ratio established under the Peso Syndicated Loan Facility was increased, and the interest rate grid was also modified, among other revisions made through the execution of an amendment dated December 3, 2012. After such amendment, the interest rate payable under the Peso Syndicated Loan Facility is the 91-day TIIE plus a spread between 137.5 and 262.5 basis points based on the Company's ratio of total funded debt to EBITDA. The Peso Syndicated Loan Facility (as amended) contains covenants that require the Company to maintain a ratio of consolidated EBITDA to interest charges of not less than 2.5:1, and to maintain a maximum ratio of total funded debt to EBITDA of not more than 4.75:1 from December 4, 2012 until September 30, 2013; 4.50:1 from October 1, 2013 until September 30, 2014; 4.0:1 from October 1, 2014 until September 30, 2015; and 3.5:1 from October 1, 2015 and thereafter. The Peso Syndicated Loan Facility (as amended) also limits our ability, and our subsidiaries' ability in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell substantially all of our assets; and enter into certain hedging transactions. Additionally, the Peso Syndicated Loan Facility (as amended) limits our subsidiaries' ability to guarantee additional indebtedness issued by the Company and to incur additional indebtedness under certain circumstances.

Rabobank Loan Facility

On June 15, 2011 we obtained a U.S.$50 million, five-year senior credit facility from Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (the "Rabobank Loan Facility"). On June 28, 2012, this facility was increased by U.S.$50 million to a total principal amount of U.S. $100 million. Also, prior to the execution of the 2012 Bridge Loan Facility, the permitted leverage ratio established under the Rabobank Loan Facility was increased, and the interest rate grid was modified, among other revisions made through the execution of an amendment dated November 29, 2012. After such amendments, the Rabobank Loan Facility consists of a revolving loan facility, at in interest rate of LIBOR plus (a) 3.00% if the Company's ratio of total funded debt to EBITDA is greater

than or equal to 4.5x, (b) 2.75% if the Company's Maximum Leverage Ratio is greater than or equal to 4.0x and less than 4.5x, (c) 2.50% if the Company's Maximum Leverage Ratio is greater than or equal to 3.5x and less than 4.0x; (d) 2.25% if the Company's Maximum Leverage Ratio is greater than or equal to 3.0x and less than 3.5x; (e) 2.00% if the Company's Maximum Leverage Ratio is greater than or equal to 2.5x and less than 3.0x; (f) 1.75% if the Company's Maximum Leverage Ratio is greater than or equal to 2.0x and less than 2.5x; and (g) 1.50% if the Company's Maximum Leverage Ratio is less than 2.0x. The Rabobank Loan Facility (as amended) contains covenants that require the Company to maintain a ratio of consolidated EBITDA to interest charges of not less than 2.5:1, and a Maximum Leverage Ratio of not more than 4.75:1 from December 4, 2012 until September 30, 2013; 4.50:1 from October 1, 2013 until September 30, 2014; 4.0:1 from October 1, 2014 until September 30, 2015; and 3.5:1 from October 1, 2015 and thereafter. The Rabobank Loan Facility (as amended) also limits our ability, and our subsidiaries' ability in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell substantially all of our assets; and enter into certain hedging transactions. Additionally, the Rabobank Loan Facility (as amended) limits our subsidiaries' ability to guarantee additional indebtedness issued by the Company and to incur additional indebtedness under certain circumstances.

2011 Bancomext Peso Facility

On June 16, 2011 we obtained a Ps.600 million, seven-year senior credit facility from Bancomext (*Banco Nacional de Comercio Exterior*) (the "2011 Bancomext Peso Facility"). Prior to the execution of the 2012 Bridge Loan Facility mentioned above, the permitted leverage ratio established under the 2011 Bancomext Peso Facility was increased, and the interest rate grid was modified, among other revisions made through the execution of an amendment dated December 7, 2012. After such amendment, the 2011 Bancomext Peso Facility consists of a term loan maturing in June 2018 at an interest rate of 91-day TIIE plus a spread between 137.5 and 262.5 basis points based on the Company's ratio of total funded debt to EBITDA. The 2011Bancomext Peso Facility contains a covenant that requires us to maintain a ratio of consolidated EBITDA to interest charges of not less than 2.5:1 as well as a covenant that requires us to maintain a maximum ratio of total funded debt to EBITDA of not more than 4.75:1 from December 8, 2012 until September 30, 2013; 4.50:1 from October 1, 2013 until September 30, 2014; 4.0:1 from October 1, 2014 until September 30, 2015; and 3.5:1 from October 1, 2015 and thereafter. The 2011Bancomext Peso Facility also limits our ability, and our subsidiaries' ability in certain cases to create liens.

On December 8, 2012 we entered into an amendment to this Facility in order to increase the existing permitted Leverage Ratio from December 8, 2012 until September 30, 2013, to equal or less than 4.75x; from October 1, 2013 until September 30, 2014, to equal or less than 4.5x; from October 1, 2014 until September 30, 2015, to equal or less than 4.0x and from October 1, 2015 and thereafter, to equal or less than 3.5x.

EXCHANGE CONTROLS

Mexican law does not restrict our ability to remit dividends and interest payments, if any, to Mexican or non-Mexican holders of our securities. Payments of dividends to equity-holders generally will not be subject to Mexican withholding tax. See "—Taxation—Mexican Tax Considerations—Payment of Dividends." Mexico has had a free market for foreign exchange since 1991, and the government has allowed the peso to float freely against the U.S. dollar since December 1994.

TAXATION

The following summary contains a description of certain Mexican federal and U.S. federal income tax consequences of the acquisition, ownership and disposition of Series B Shares or Series B Share ADSs (which are evidenced by ADRs), but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase or hold Series B Shares or ADSs, such as the tax treatment of holders that are dealers or that own (actually or constructively under rules prescribed in the Internal Revenue Code of 1986, as amended, or the Code), 10% or more of the voting shares of GRUMA.

The Convention for the Avoidance of Double Taxation and Protocols thereto, or the Tax Treaty, between the United States and Mexico entered into force on January 1, 1994. The United States and Mexico have also entered into an agreement concerning the exchange of information with respect to tax matters.

The summary is based upon tax laws of the United States and Mexico as in effect on the date of this document, which are subject to change, including changes that may have retroactive effect. Holders of Series B Shares or ADSs should consult their own tax advisers as to the Mexican, U.S. or other tax consequences of the purchase, ownership and disposition of shares or ADSs, including, in particular, the effect of any foreign, state or local tax laws.

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Mexican Tax Considerations

The following is a general summary of the principal consequences under the *Ley del Impuesto sobre la Renta*, or Mexican Income Tax Law, and rules and regulations thereunder, as currently in effect, of an investment in Series B Shares or ADSs by a holder that is not a resident of Mexico and that will not hold Series B Shares or ADSs or a beneficial interest therein in connection with the conduct of a trade or business through a permanent establishment in Mexico.

For purposes of Mexican taxation, a natural person is a resident of Mexico for tax purposes if he has established his home in Mexico, unless he has resided in another country for more than 183 days, whether consecutive or not, in any one calendar year and can demonstrate that he has become a resident of that country for tax purposes, and a legal entity is a resident of Mexico if it was incorporated in Mexico or maintains the principal administration of its business or the effective location of its management in Mexico. A Mexican citizen is presumed to be a resident of Mexico unless such person can demonstrate the contrary. If a non-resident of Mexico is deemed to have a permanent establishment or fixed base in Mexico for tax purposes, all income attributable to such permanent establishment or fixed base will be subject to Mexican taxes, in accordance with applicable tax laws.

Tax Treaties

Provisions of the Tax Treaty that may affect the taxation of certain U.S. holders are summarized below. The United States and Mexico have also entered into an agreement that covers the exchange of information with respect to tax matters.

Mexico has also entered into and is negotiating several other tax treaties that may reduce the amount of Mexican withholding tax to which payment of dividends on Series B Shares or ADSs may be subject. Holders of Series B Shares or ADSs should consult their own tax advisors as to the tax consequences, if any, of such treaties.

Under the Mexican Income Tax Law, in order for any benefits from the Tax Treaty or any other tax treaties to be applicable, residence for tax purposes must be demonstrated.

Payment of Dividends

Under the Mexican Income Tax Law, dividends, either in cash or in kind, paid with respect to Series B Shares represented by ADSs are not subject to Mexican withholding tax. A Mexican corporation will not be subject to any tax if the amount of declared dividends does not exceed the net tax profit account (*cuenta de utilidad fiscal neta*, or CUFIN).

If we pay a dividend in an amount greater than our CUFIN balance (which may occur in a year when net profits exceed the balance in such accounts), then we are required to pay 30% income tax in 2011 and 2012 (30% income tax in 2013 and 29% in 2014) on an amount equal to the product of the portion of the grossed-up amount which exceeds such balance multiplied by 1.4286 in 2011 and 2012 (1.4286 in 2013 and 1.4085 in 2014).

Taxation of Dispositions

The sale or other disposition of ADSs by a non-resident holder will not be subject to Mexican tax. Deposits of Series B Shares in exchange for ADSs and withdrawals of Series B Shares in exchange for ADSs will not give rise to Mexican tax or transfer duties.

The sale of Series B Shares by a non-resident holder will not be subject to any Mexican tax if the transaction is carried out through the Mexican Stock Exchange or other securities markets approved by the Mexican Ministry of Finance. Sales or other dispositions of Series B Shares made in other circumstances generally would be subject to Mexican tax, regardless of the nationality or residence of the transferor.

Under the Mexican Income Tax Law, gains realized by a nonresident holder of shares on the sale or disposition of Series B Shares not conducted through a recognized stock exchange generally are subject to a Mexican tax at a rate of 25% of the gross sale price. However, if the holder is a resident of a country which (i) is not considered to be a low tax rate country, (ii) its legislation does not contain territorial taxation, and (iii) such income is not subject to a preferential tax regime, the holder may elect to designate a resident of Mexico as its representative, in which case taxes would be payable at the applicable income tax rate on the gain on such disposition of Series B Shares.

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Pursuant to the Tax Treaty, gains realized by qualifying U.S. holders from the sale or other disposition of Series B Shares, even if the sale is not conducted through a recognized stock exchange, will not be subject to Mexican income tax except that Mexican taxes may apply if:

- 50% or more of our assets consist of fixed assets situated in Mexico;
- such U.S. holder owned 25% or more of the Series B Shares representing the capital stock of GRUMA (including ADSs), directly or indirectly, during the 12-month period preceding such disposition; or
- the gain is attributable to a permanent establishment or fixed base of the U.S. holder in Mexico.

Other Mexican Taxes

A non-resident holder will not be liable for estate, inheritance or similar taxes with respect to its holdings of Series B Shares or ADSs; provided, however, that gratuitous transfers of Series B Shares may in certain circumstances result in imposition of a Mexican tax upon the recipient. There are no Mexican stamp, issue registration or similar taxes payable by a non-resident holder with respect to Series B Shares or ADSs.

Reimbursement of capital pursuant to a redemption of Series B Shares will be tax exempt up to an amount equivalent to the adjusted contributed capital corresponding to the Series B Shares that will be redeemed. Any excess distribution pursuant to a redemption will be considered a dividend for tax purposes and we may be taxed as described above.

U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences to U.S. holders, as defined below, of the acquisition, ownership and disposition of Series B Shares or ADSs. This summary is based upon the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations, administrative pronouncements of the U.S. Internal Revenue Service (the "IRS") and judicial decisions, all as in effect on the date of this Annual Report, including the provisions of the Tax Treaty, and all of which are subject to change, possibly with retroactive effect, and to different interpretations. This summary does not describe any state, local, or non-U.S. tax law consequences, or any aspect of U.S. federal tax law other than U.S. federal income tax law (such as the estate tax and gift tax).

The summary does not purport to be a comprehensive description of all of the tax consequences of the acquisition, ownership or disposition of Series B Shares or ADSs. The summary applies only to U.S. holders that will hold their Series B Shares or ADSs as capital assets and does not apply to special classes of holders such as dealers in securities or currencies, holders with a functional currency other than the U.S. dollar, holders that own or are treated as owning 10% or more of our voting Series B Shares (whether held directly or through ADSs or both), tax-exempt entities, financial institutions, insurance companies, regulated investment companies, real estate investment trusts, certain U.S. expatriates, holders liable for the alternative minimum tax, securities traders electing to account for their investment in their Series B Shares or ADSs on a mark-to-market basis, partnerships and other pass-through entities and persons holding their Series B Shares or ADSs in a hedging transaction or as part of a straddle, conversion or other integrated transaction. The following summary assumes that we are not a passive foreign investment company (a "PFIC"), which we do not believe that we were for our 2011 taxable year and do not currently expect to become for our current taxable year or the foreseeable future.

For purposes of this discussion, a "U.S. holder" is a beneficial owner of Series B Shares or ADSs that is:

- a citizen or resident of the United States of America;
- a corporation (or an entity taxable as a corporation) organized in or under the laws of the United States of America or any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal taxation regardless of its source;
- a trust if (i) a court within the U.S. is able to exercise primary supervision over the administration and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) such trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person;

If a partnership (or any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Series B Shares or the ADSs, the U.S. federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of Series B Shares or ADSs that is a partnership, and partners in such partnership, should consult their tax advisors about the United States federal income tax consequences of acquiring, holding and disposing of the Series B Shares or the ADSs, as the case may be.

Prospective investors in the Series B Shares or ADSs should consult their own tax advisors as to the U.S. federal, Mexican or other tax consequences of the acquisition, ownership and disposition of the Series B Shares or ADSs, including, in particular, the effect of any foreign, state or local tax laws and their entitlement to the benefits, if any, afforded by the Tax Treaty.

Treatment of ADSs

The following summary assumes that the representations contained in the Deposit Agreement are true and that the obligations in the Deposit Agreement and any related agreement will be complied with in accordance with their terms. In general, a U.S. holder of ADSs will be treated as the beneficial owner of the Series B Shares represented by those ADSs for U.S. federal income tax purposes. Deposits or withdrawals of Series B Shares by U.S. holders in exchange for the ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes. U.S. holders that withdraw any Series B Shares should consult their own tax advisors regarding the treatment of any foreign currency gain or loss on any pesos received in respect of such Series B Shares.

Taxation of Distributions

In this discussion, the term “dividends” is used to mean distributions paid out of our current or accumulated earnings and profits (calculated for U.S. federal income tax purposes) with respect to Series B Shares or ADSs. In general, subject to the discussion below under “*Passive Foreign Investment Company Rules,*” the gross amount of any dividends will be includible in the gross income of a U.S. holder as ordinary income on the day on which the dividends are received by the U.S. holder in the case of Series B Shares, or by the depositary in the case of ADSs. Dividends paid by us will not be eligible for the dividends-received deduction allowed to corporations under the Code. To the extent that a distribution exceeds the amount of our earnings and profits (calculated for U.S. federal income tax purposes), it will be treated as a non-taxable return of capital to the extent of the U.S. holder’s basis in the Series B Shares or ADSs, and thereafter as capital gain. We do not intend to calculate our earnings and profits in accordance with U.S. federal income tax principles. Therefore, a U.S. holder should expect that a distribution on Series B Shares or ADSs generally will be treated as a dividend. Distributions will be paid in pesos and will be includible in the income of a U.S. holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day that they are received by the U.S. holder in the case of Series B Shares, or by the depositary in the case of ADSs. U.S. holders should consult their own tax advisors regarding the treatment of foreign currency gain or loss, if any, on any pesos received by a U.S. holder or depositary that are converted into U.S. dollars on a date subsequent to receipt.

Distributions of additional Series B Shares or ADSs to U.S. holders with respect to their Series B Shares or ADSs that are made as part of a pro rata distribution to all of our shareholders generally will not be subject to U.S. federal income tax.

Dividends paid on Series B Shares or ADSs generally will be treated for U.S. foreign tax credit purposes as foreign source passive category income. In the event Mexican withholding taxes are imposed on such dividends, any such withheld taxes would be treated as part of the gross amount of the dividend includible in income of a U.S. holder for U.S. federal income tax purposes, and such taxes may be treated as a foreign income tax eligible, subject to generally applicable limitations and conditions under U.S. federal income tax law, for credit against a U.S. holder’s U.S. federal income tax liability or, at the U.S. holder’s election, for deduction from gross income in computing the U.S. holder’s taxable income. The calculation and availability of foreign tax credits and, in the case of a U.S. holder that elects to deduct foreign taxes, the availability of deductions, involves the application of complex rules that depend on a U.S. holder’s particular circumstances. In the event Mexican withholding taxes are imposed, U.S. holders should consult their own tax advisors regarding the availability of foreign tax credits.

U.S. holders should be aware that the IRS has expressed concern that parties to whom ADSs are transferred may be taking actions that are inconsistent with the claiming of foreign tax credits by U.S. holders of ADSs. Accordingly, the discussion above regarding the creditability of Mexican withholding taxes could be affected by future actions that may be taken by the IRS.

Qualified Dividend Income

Certain dividends received by non-corporate U.S. holders that constitute “qualified dividend income” will be subject to a reduced maximum marginal U.S. federal income tax rate. Qualified dividend income generally includes, among other dividends, dividends received prior to January 1, 2013, from “qualified foreign corporations.” In general, the term “qualified foreign corporation” includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the

U.S. Treasury Department determines to be satisfactory, and which includes an exchange of information program. The Tax Treaty has been approved for this purpose by the U.S. Treasury Department. In addition, a foreign corporation is treated as a qualified foreign corporation with respect to any dividend paid by the corporation with respect to stock of the corporation that is readily tradable on an established securities market in the United States. For this purpose, a share is treated as readily tradable on an established securities market in the United States if an ADR backed by such share is so traded.

Notwithstanding the previous rule, dividends received from a foreign corporation that is a passive foreign investment company or "PFIC," as discussed below, under "*Passive Foreign Investment Company Rules,*" in the year in which the dividend was paid (or was a PFIC in the year prior to the year in which the dividend was paid) will not constitute qualified dividend income. In addition, the term "qualified dividend income" will not include, among other dividends, any (i) dividends on any share of stock or ADS which is held by a taxpayer for 60 days or less during the 120-day period beginning on the date which is 60 days before the date on which such share or the Series B Shares backing the ADS become ex-dividend with respect to such dividends (as measured under section 246(c) of the Code) or (ii) dividends to the extent that the taxpayer is under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respects to positions in substantially similar or related property. Moreover, special rules apply in determining a taxpayer's foreign tax credit limitation under section 904 of the Code in the case of qualified dividend income.

Individual U.S. holders should consult their own tax advisors to determine whether or not amounts received as dividends from us will constitute qualified dividend income subject to a reduced maximum marginal U.S. federal income tax rate and, in such case, the effect, if any, on the individual U.S. holder's foreign tax credit.

Taxation of Dispositions

Subject to the discussion below under "*Passive Foreign Investment Company Rules,*" gain or loss realized by a U.S. holder on the sale, redemption or other taxable disposition of Series B Shares or ADSs will be subject to U.S. federal income taxation as capital gain or loss in an amount equal to the difference between such U.S. holder's adjusted basis in the Series B Shares or the ADSs and the amount realized on the disposition (including any amounts withheld in respect of Mexican withholding tax). Any such gain or loss will be long-term capital gain or loss if the Series B Shares or ADSs have been held for more than one year as of the time of the sale, redemption or other taxable disposition. Under current law, certain non-corporate U.S. holders may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations under the Code.

If Mexican income tax is withheld on the sale, redemption or other taxable disposition of Series B Shares or ADSs, the amount realized by a U.S. holder will include the gross amount of the proceeds of that sale, redemption or other taxable disposition before deduction of the Mexican income tax. A U.S. holder who is eligible for the benefits of the Tax Treaty, can elect to treat capital gain or loss, if any, realized on the sale or other taxable disposition of Series B Shares or ADSs that is subject to Mexican income tax as foreign source gain or loss for U.S. foreign tax credit purposes. Consequently, in the case of gain from the disposition of Series B Shares or ADSs that is subject to Mexican income tax (see "Mexican Taxation — Taxation of Disposition"), a U.S. holder, subject to a number of complex limitations and conditions (including a minimum holding period requirement), may be able to benefit from the foreign tax credit for that Mexican income tax. Otherwise, any, capital gain or loss realized by a U.S. holder on a sale, redemption or other taxable disposition of Series B Shares or ADSs will be treated as U.S. source income or loss for U.S. foreign tax credit purposes and a U.S. holder may not be able to benefit from the foreign tax credit for that Mexican income tax (i.e., because the gain from the disposition would be U.S. source), unless the U.S. holder can apply the credit against U.S. federal income tax payable on other income from foreign sources. Alternatively, the U.S. holder may take a deduction for the Mexican income tax if it does not elect to claim a foreign tax credit with respect to any foreign income taxes paid or accrued during the taxable year.

U.S. holders should consult their own tax advisors regarding the application of the foreign tax credit rules to their investment in, and disposition of, Series B Shares or ADSs.

Passive Foreign Investment Company Rules

Certain adverse U.S. federal income tax rules generally apply to a U.S. person that owns or disposes of stock in a non-U.S. corporation that is classified as a PFIC. In general, a non-U.S. corporation will be classified as a PFIC for any taxable year during which, after applying relevant look-through rules with respect to the income and assets of subsidiaries, either (i) 75.0% or more of the non-U.S. corporation's gross income is "passive income" or (ii) 50.0% or more of the gross value (determined on a quarterly basis) of the non-U.S. corporation's assets produce passive income or are held for the production of passive income. For these purposes, passive income generally includes, among other things, dividends, interest, rents, royalties, gains from the disposition of passive assets and gains from commodities and securities transactions (other than certain active business gains from the sale of commodities). In determining whether a non-U.S. corporation is a PFIC, a pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least 25.0% interest (by value) is taken into account.

The Company does not believe that it was a PFIC, for United States federal income tax purposes, for its preceding taxable year and does not expect to be a PFIC in its current taxable year or in the foreseeable future. However, because PFIC status depends upon the composition of a company's income and assets, the market value of assets from time to time, and the application of rules that are not always clear, there can be no assurance that the Company will not be classified as a PFIC for any taxable year.

If the Company was to be classified a PFIC, a U.S. holder could be subject to material adverse tax consequences including being subject to greater amounts of tax on gains and certain distributions on the Series B Shares or ADSs as well as increased reporting obligations. U.S. holders should consult their tax advisors about the possibility that the Company might be classified as a PFIC and the consequences if the Company was classified as a PFIC.

Medicare Tax on Net Investment Income

A U.S. holder that is an individual, an estate or a trust (other than a trust that falls into a special class of trusts that is exempt from such tax) will be subject to a 3.8% tax on the lesser of (1) the U.S. holder's "net investment income" (in the case of individuals) or "undistributed net investment income" (in the case of estates and trusts) for the relevant taxable year and (2) the excess of the U.S. holder's "modified adjusted gross income" (in the case of individuals) or "adjusted gross income" (in the case of estates and trusts) for the taxable year over a certain threshold (which in the case of individuals will be between U.S.$125,000 and U.S.$250,000 depending upon the individual's circumstances). A U.S. holder's net investment income generally will include its dividend income on the Series B Shares or ADSs, and its net gains from the disposition of the Series B Shares or ADSs. U.S. holders that are individuals, estates or trusts should consult their own tax advisors regarding the applicability of the Medicare tax to their income and gains in respect of the Series B Shares or ADSs.

Information Reporting and Backup Withholding

Dividends on, and proceeds from the sale or other disposition of, the Series B Shares or ADSs paid to a U.S. holder generally may be subject to the information reporting requirements of the Code and may be subject to backup withholding at the applicable rate unless the holder:

- establishes that it is an exempt holder; or
- provides an accurate taxpayer identification number on a properly completed Internal Revenue Service Form W-9 and certifies that no loss of exemption from backup withholding has occurred.

The amount of any backup withholding from a payment to a holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the Internal Revenue Service.

Recently enacted legislation requires individual U.S. Holders to report information to the IRS with respect to their investment in Series B Shares or ADSs unless certain requirements are met. Investors who are individuals and fail to report required information could become subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of this new legislation on their investment in Series B Shares or ADSs.

DOCUMENTS ON DISPLAY

We are subject to the information requirements of the Exchange Act and, in accordance therewith, we are required to file reports and other information with the SEC. These materials, including this Form 20-F and the exhibits thereto, may be inspected and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

ITEM 11 Quantitative And Qualitative Disclosures About Market Risk.

We are exposed to market risks arising from changes in interest rates, foreign exchange rates, equity prices and commodity prices. We use derivative instruments from time to time, on a selective basis, to manage these risks. In addition, we have also historically used certain derivative instruments for trading purposes. We adopted a risk management policy that precludes the use of derivative instruments for trading purposes. We maintain and control our treasury operations and overall financial risk through practices approved by our senior management.

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RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

In 2008 we implemented specific improvements to our internal controls concerning the use of derivative financial instruments. In addition, we implemented a new risk management policy that besides consolidating such improvements, prohibits the Company from entering into derivative financial instruments for trading purposes with the aim of obtaining profits based on changes in market values. However, the use of financial derivative instruments for hedging purposes is allowed if used with the objective of mitigating financial risks and associated with a hedged item that is relevant to business activities.

INTEREST RATE RISK

We depend upon debt financing transactions, including debt securities, bank and vendor credit facilities and leases, to finance our operations. All such financial instruments, as well as the related interest rate derivatives discussed further below, are entered into for other than trading purposes. These transactions expose us to interest rate risk, with the primary interest-rate risk exposure resulting from changes in the relevant base rates (mostly LIBOR and to a lesser extent, Prime, TIIE and *Tasa Promedio Ponderada* in Venezuela) which are used to determine the interest rates that are applicable to borrowings under our credit facilities. We are also exposed to interest rate risk in connection with refinancing of maturing debt. We had U.S.$303 million (Ps.3,942 million) of fixed rate debt and U.S.$1,247 million (Ps.16,223 million) in floating rate debt as of December 31, 2012. A hypothetical 100 basis point increase or decrease in interest rates would not have a significant effect on the fair value of our fixed rate debt. The following table sets forth, as of December 31, 2012, principal cash flows and the related weighted average interest rates by expected maturity dates for our debt obligations.

	Maturity Dates						
	2013	2014	2015	2016	Thereafter	Total	Fair Value
	(in millions of pesos, except percentages)						
Liabilities							
Debt							
Fixed Rate (Ps.)	20.08	8.43	3.78	3.78	3,905.8	3,941.95	3,981.0
Average Rate	11.3%	8.96%	3.99%	3.99%	7.75%		
Floating Rate (Ps.)	8,043.09	343.5	419	5,887.8	1,530	16,223.4	16,418.2
Average Rate	4.14%	2.64%	3.28%	2.19%	6.4%		

From time to time, we use derivative financial instruments such as interest rate swaps for purposes of hedging a portion of our debt, in order to reduce our exposure to increases in interest rates. Several of these contracts, however, do not qualify for accounting treatment as hedging transactions.

During 2010, the Company had only one interest rate swap contract outstanding, which was entered into by Derivados de Maíz Alimenticio, S.A., our Costa Rican subsidiary, in July 2008 to hedge the interest rate risk associated with a long-term credit facility, with a maturity date of December 28, 2010. Since the December 28, 2010 maturity we have not entered into any additional interest rate swap transactions.

In the case of our cash and short-term investments, declines in interest rates decrease the interest return on floating rate cash deposits and short-term investments. A hypothetical 100 basis point decrease in interest rates would not have a significant effect on our results of operations.

In the case of our floating interest rate debt, a rise in interest rates increases the interest expense on floating rate debt. A hypothetical 100 basis point increase in interest rates would not have a significant effect on our results of operations.

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FOREIGN EXCHANGE RATE RISK

Our net sales are denominated in U.S. dollars, Mexican pesos and other currencies. During 2012, 38% of our revenues were generated in U.S. dollars, 35% in pesos and 28% in other currencies. In addition, as of December 31, 2012, 63% of our total assets were denominated in currencies other than Mexican pesos, particularly U.S. dollars. A significant portion of our operations is financed through U.S. dollar-denominated debt.

We believe that we have natural foreign exchange hedges incorporated in our balance sheet, in significant part because we have subsidiaries outside Mexico, and the peso-denominated value of our equity in these subsidiaries is also exposed to fluctuations in exchange rates. Changes in the peso value of equity in our subsidiaries caused by movements in foreign exchange rates are recognized as a component of equity. See Note 6 to our audited consolidated financial statements.

As of December 31, 2012, 81% of our debt obligations was denominated in U.S. dollars. The following table sets forth information concerning our U.S. dollar-denominated debt as of December 31, 2012. The table does not reflect our U.S. dollar sales or our U.S. dollar-denominated assets.

	Expected Maturity Date (U.S. dollar-denominated Debt) as of December 31, 2012						
U.S. dollar-denominated debt	**2013**	**2014**	**2015**	**2016**	**Thereafter**	**Total**	**Fair Value**
	(in millions of pesos)						
Syndicated Loan Facility	0	325.25	325.25	2,276.77	0	2,927.27	3,059.9
Rabobank Loan Facility	0	0	0	1,301.01	0	1,301.01	1,359.9
7.75% Perpetual Bond	0	0	0	0	3,903.03	3,903.03	3,942.1
Goldman Sachs	2,602.02	0	0	0	0	2,602.02	2,602.0
Inbursa	1,301.01	0	0	0	0	1,301.01	1,301.0
Santander	1,301.01	0	0	0	0	1,301.01	1,301.0
Other U.S. dollar loans	936.73	0	0	2,129.75	0	3,066.48	3,056.9
TOTAL	6,140.77	325.25	325.25	5,707.53	3,903.03	16,401.83	16,622.8

An important part of our foreign exchange rate risk relates to our substantial U.S. dollar-denominated debt for our non-U.S. subsidiaries.

As indicated in Notes 6 A and 21 C to our audited consolidated financial statements, during 2012, we entered into forward transactions in order to hedge the Mexican peso to U.S. dollar foreign exchange rate risk related to the price of corn purchases for the summer and winter corn harvests in Mexico. Since these exchange rate derivative financial instruments did not qualify for hedge accounting treatment, they were recognized at fair value and are subsequently re-measured at fair value. As of December 31, 2012, we had no open positions of foreign exchange derivative instruments, the operations terminated throughout 2012 of these instruments represented a favorable effect of approximately Ps.108 million recognized in income.

As of March 31, 2013, the Company had foreign exchange derivative transactions in effect for a nominal amount of U.S.$274 million with different maturities from April through August 2013. We recognized our currency derivative instruments at fair value. The purpose of these contracts was to hedge the risks related to exchange rate fluctuations on the price of corn and wheat, which is denominated in U.S. dollars.

As indicated in Note 6 to our audited consolidated financial statements, operations in Venezuela represented 15% of net sales and 14% of total assets as of December 31, 2012. In recent years, political and social instability has prevailed in Venezuela, and as described in Notes 6 and 30 to our audited consolidated financial statements, the Venezuelan government devalued its currency and established a two tier exchange structure on January 11, 2010. On December 30, 2010, the Venezuelan government issued Exchange Agreement No. 14, which established a single exchange rate of 4.30 bolivars per U.S. dollar effective January 1, 2011. We lost control of Gruma Venezuela on January 22, 2013. On February 8, 2013, the National Executive, through the Central Bank of Venezuela and the Ministry of Popular Power for Planning and Finance, amended the Exchange Agreement to the effect that an exchange rate of 6.30 bolivars per U.S. dollar is applicable to all operations conducted in foreign currency effective as of February 9, 2013. Future devaluations of the Venezuelan currency will have a limited impact on our future financial statements as Gruma Venezuela will be deconsolidated from our operations as of January 22, 2013.

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COMMODITY AND DERIVATIVE PRICE RISK

The availability and price of corn and other agricultural commodities are subject to wide fluctuations due to factors outside our control, such as weather, plantings, government (domestic and foreign) farm programs and policies, changes in global demand/supply and global production of similar and competitive crops. We hedge a portion of our production requirements through commodity futures and options contracts in order to reduce the risk created by price fluctuations and supply of corn, wheat, natural gas and soy oils which exist as part of ongoing business operations. The open positions for hedges of purchases do not exceed the maximum production requirements for a one-year period.

During 2012, we entered into short-term hedge transactions through commodity futures and options for a portion of our requirements. All derivative financial instruments are recorded on the consolidated balance sheet at their fair value as either assets or liabilities. Changes in the fair value of derivatives are recorded each period in earnings or accumulated other comprehensive income in stockholders' equity, depending on whether the derivative qualifies for hedge accounting and is effective as part of a hedge transaction. Ineffectiveness results when the change in the fair value of the hedge instruments differs from the change in the fair value of the hedged item.

For hedge transactions that qualify and are effective, gains and losses are deferred until the underlying asset or liability is settled, and then are recognized as part of that transaction.

Gains and losses which represent hedge ineffectiveness and derivative transactions that do not qualify for hedge accounting are recognized in income.

As of December 31, 2012, financial instruments that qualify as hedge accounting represented a favorable effect of Ps.119.3 million, which was recognized as comprehensive income in equity. From time to time we hedge commodity price risks utilizing futures and options strategies that do not qualify for hedge accounting. As a result of non-qualification, these derivative financial instruments are recognized at their estimated fair values and are marked to market with the associated effect recorded in current period earnings. For the year ended December 31, 2012, we recognized a favorable effect of Ps.17.1 million from these contracts. Additionally, as of December 31, 2012, we realized Ps.21.1 million in net gains on commodity price risk hedges that did not qualify for hedge accounting.

Based on our overall commodity exposure at December 31, 2012, a hypothetical 10 percent decline in market prices applied to the fair value of the instruments would result in a charge to income of Ps.68.8 million (for non-qualifying contracts).

COUNTERPARTY RISK

We maintain centralized treasury operations in Mexico for our Mexican operations and in the United States for our U.S. operations. Liquid assets are invested primarily in government bonds, bank repos and short-term debt instruments with a minimum "A1/P1" rating for our U.S. operations and "A" for our Mexican operations. We face credit risk from the potential non-performance by the counterparties in respect of the financial instruments that we utilize. Substantially all of these financial instruments are unsecured. We do not anticipate non-performance by the counterparties, which are principally licensed commercial banks with long-term credit ratings. In addition, we minimize counterparty solvency risk by entering into derivative instruments only with major national and international financial institutions using standard International Swaps and Derivatives Association, Inc. ("ISDA") forms and long form confirmation agreements. For our operations in Europe, Ocenia, Asia and Central America, we only invest cash reserves with well-known local banks and local branches of international banks. In addition, we also keep small investments abroad.

The above discussion of the effects on us of changes in interest rates, foreign exchange rates, commodity prices and equity prices is not necessarily indicative of our actual results in the future. Future gains and losses will be affected by actual changes in interest rates, foreign exchange rates, commodity prices, equity prices and other market exposures, as well as changes in the actual derivative instruments employed during any period.

ITEM 12 Description Of Securities Other Than Equity Securities.

American Depositary Shares

Our Series B Shares have been traded on the *Bolsa Mexicana de Valores, S.A.B. de C.V.*, or Mexican Stock Exchange, since 1994. The ADSs, each representing four Series B Shares, commenced trading on the New York Stock Exchange in November 1998. As of April 26, 2013, our capital stock was represented by 565,174,609 issued Series B shares, of which 457,315,640 shares were outstanding, fully subscribed and paid, and 107,858,969 shares were held in our treasury. As of December 31, 2012, 69,326,292 Series B shares of our common stock were represented by 17,331,573 ADSs held by 6 record holders in the United States.

Fees and Expenses

The following table summarizes the fees and expenses payable by holders of ADSs to Citibank, N.A. (the "Depositary") pursuant to the Deposit Agreement dated September 18, 1998:

Service	Rate	By Whom Paid
(1)Issuance of ADSs upon deposit of Series B Shares (excluding issuances contemplated by paragraphs 3(b) and (5) below)	Up to U.S.$5.00 per 100 ADSs (or fraction thereof) issued	Party for whom deposits are made or party receiving ADSs
(2)Delivery of Series B Shares, property and cash against surrender of ADSs	Up to U.S.$5.00 per 100 ADSs (or fraction thereof) surrendered	Party surrendering ADSs or making withdrawal
(3)Distribution of (a) cash dividend or (b) ADSs pursuant to stock dividends (or other free distribution of stock)	No fee, so long as prohibited by the exchange upon which ADSs are listed	N/A
(4)Distribution of cash proceeds (i.e. upon sale of rights or the sale of any securities or property pursuant to Sections the Deposit Agreement)	Up to $2.00 per 100 ADSs held	Party to whom distribution is made
(5)Distribution of ADSs pursuant to exercise of rights	Up to $2.00 per 100 ADSs issued	Party to whom distribution is made

In addition to the foregoing, holders of our ADSs are responsible for the following charges pursuant to the Deposit Agreement: (i) taxes (including applicable interest and penalties) and other governmental charges; (ii) such registration fees as may from time to time be in effect for the registration of Series B Shares on the share register and applicable to transfers of Series B Shares to or from the name of Citibank, S.A. (the "Custodian"), the Depositary or any nominees upon the making of deposits and withdrawals, respectively; (iii) such cable, telex and facsimile transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of the person depositing Series B Shares or holders of ADSs; (iv) the customary expenses and charges incurred by the Depositary in the conversion of foreign currency; and (v) such fees and expenses as are incurred by the Depositary in connection with compliance with exchange control regulatory requirements applicable to Series B Shares, ADSs and ADRs.

Pursuant to the Deposit Agreement, the Depositary may deduct the amount of any taxes or other governmental charges owed from any payments to holders. It may also sell deposited securities to pay any taxes owed. Holders may be required to indemnify the Depositary, the Company and the Custodian from any claims with respect to taxes.

PART II

ITEM 13 Defaults, Dividend Arrearages And Delinquencies.

Not applicable.

ITEM 14 Material Modifications To The Rights Of Security Holders And Use Of Proceeds.

Not applicable.

ITEM 15 Controls and Procedures.

(a) *Disclosure controls and procedures*. We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Financial Officer and Chief Corporate Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2012. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our Chief Executive Officer, Chief Financial Officer and Chief Corporate Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our Chief Executive Officer, Chief Financial Officer and Chief Corporate Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) *Management's annual report on internal controls over financial reporting*. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15 (f) under the Securities Exchange Act of 1934, as amended. Under the supervision and with the participation of our management, including our Board of Directors, Chief Executive Officer, Chief Financial Officer, Chief Corporate Officer and other personnel, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by IASB. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based on our evaluation under the framework in Internal Control—Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2012.

PricewaterhouseCoopers, an independent registered public accounting firm, our independent auditor, issued an attestation report on our internal control over financial reporting on April 30, 2013.

(c) *Attestation Report of the registered public accounting firm*. The report of PricewaterhouseCoopers, an independent registered public accounting firm, on our internal control over financial reporting is included herein at page F-2.

(d) *Changes in internal control over financial reporting*. There has been no change in our internal control over financial reporting during 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. Audit Committee Financial Expert.

Our Board of Directors has determined that Mr. Mario Laborín Gómez qualifies as an independent member of the board and as an "audit committee financial expert", within the meaning of this Item 16A.

ITEM 16B. Code of Ethics.

We have adopted a code of ethics, as defined in Item 16B of Form 20-F under the Securities Exchange Act of 1934, as amended. Our code of ethics applies, among others, to our Chief Executive Officer, Chief Financial Officer and Chief Corporate Officer, persons performing similar functions, members of the board of directors, senior management and employees. Our code of ethics is available on our web site at www.gruma.com. If we amend any provisions of our code of ethics that apply to our Chief Executive Officer, Chief Financial Officer, Chief Corporate Officer and persons performing similar functions, or if we grant any waiver of such provisions, we will disclose such amendment or waiver on our web site at the same address.

ITEM 16C. Principal Accountant Fees and Services.

Audit and Non-Audit Fees

The following table sets forth the fees billed to us and our subsidiaries by our independent registered public accountants, PricewaterhouseCoopers, during the fiscal years ended December 31, 2012 and 2011:

	Year ended December 31,	
	2012	2011
	(thousands of Mexican pesos)	
Audit fees	Ps. 45,494	Ps. 40,424
Tax fees	6,159	7,397
Other fees	2,687	4,985
Total fees	Ps. 54,340	Ps. 52,806

Audit fees in the above table are the aggregate fees billed by PricewaterhouseCoopers and its affiliates in connection with the audit of our annual financial statements, the review of our interim financial statements and statutory and regulatory audits.

Tax fees in the above table are fees billed by PricewaterhouseCoopers and its affiliates for tax compliance services, tax planning services and tax advice services.

Other fees in the above table are fees billed by PricewaterhouseCoopers and its affiliates for non-audit services, mainly related to accounting advice on the implementation of new accounting standards as well as accounting advice on derivative financial instruments, as permitted by the applicable independence rules.

Audit Committee Approval Policies and Procedures.

We have adopted pre-approval policies and procedures under which all audit and non-audit services provided by our external auditors must be pre-approved by the audit committee. Any service proposals submitted by external auditors need to be discussed and approved by the audit committee during its meetings, which take place at least four times a year. Once the proposed service is approved, we or our subsidiaries formalize the engagement of services. The approval of any audit and non-audit services to be provided by our external auditors is specified in the minutes of our audit committee. In addition, the members of our board of directors are briefed on matters discussed in the meetings of the audit committee.

ITEM 16D. Exemptions from the Listing Standards for Audit Committees.

Not Applicable.

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ITEM 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

Issuer Purchase of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Units)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 1, 2012- January 31, 2012	0	Not applicable	0	Not applicable
February 1, 2012- February 28, 2012	0	Not applicable	0	Not applicable
March 1, 2012- March 31, 2012	0	Not applicable	0	Not applicable
April 1, 2012- April 30, 2012	0	Not applicable	0	Not applicable
May 1, 2012- May 31, 2012	0	Not applicable	0	Not applicable
June 1, 2012- June 30, 2012	0	Not applicable	0	Not applicable
July 1, 2012- July 31, 2012	0	Not applicable	0	Not applicable
August 1, 2012- August 31, 2012	0	Not applicable	0	Not applicable
September 1, 2012- September 30, 2012	0	Not applicable	0	Not applicable
October 1, 2012- October 31, 2012	0	Not applicable	0	Not applicable
November 1, 2012- November 30, 2012	0	Not applicable	0	Not applicable
December 1, 2012- December 31, 2012 (1)	106,335,069	Ps.$ 36.45	0	0

(1) In addition, we purchased 45% of the shares of Valores Azteca, which holds 54,592,357 shares of GRUMA.

ITEM 16F. Change in Registrant's Certifying Accountant.

During the years ended December 31, 2012, 2011 and 2010 and through the date of this Annual Report, the principal independent accountant engaged to audit our financial statements, PricewaterhouseCoopers, S.C., has not resigned, indicated that it has declined to stand for re-election after the completion of its current audit or been dismissed.

ITEM 16G. Corporate Governance.

We are a Mexican corporation with shares listed on the Mexican Stock Exchange and on the NYSE. Our corporate governance practices are governed by our bylaws and the Mexican corporate governance practices, including those set forth in the Mexican Securities Law, the *Circular Única de Emisoras* (the "Mexican Circular Única") issued by the Mexican Banking and Securities Commission and the *Reglamento Interior de la Bolsa Mexicana de Valores* (the "Mexican Stock Exchange Rules"), and to applicable US securities laws including the Sarbanes-Oxley Act of 2002 ("SOX") and the rules of the NYSE (the "NYSE Rules") to the extent SOX and the NYSE Rules apply to foreign private issuers like us. Certain NYSE Rules relating to corporate governance are not applicable to us because of our status as a foreign private issuer. Specifically, we are permitted to follow home country practices in lieu of certain provisions of Section 303A of the NYSE Rules. In accordance with the requirement of Section 303A.11 of the NYSE Rules, the following is a summary of significant ways in which our corporate governance practices differ from those required to be followed by U.S. domestic companies under the NYSE's listing standards.

Independence of our Board of Directors

Under the NYSE Rules, controlled companies like us (regardless of our status as a foreign private issuer) are not required to have a board of directors composed of a majority of independent directors. However, the Mexican Securities Law requires that, as a listed company in Mexico, at least 25% of the members of our Board of Directors be independent as determined under the Mexican Securities Law. We have an alternate director for each of our directors. The Mexican Securities Law further provides that alternates of independent directors be independent as well. The Mexican Securities Law sets forth detailed standards for establishing independence which differ from those set forth in the NYSE Rules.

Executive Sessions

Under the NYSE Rules, non-management directors must meet at executive sessions without management. We are not required, under Mexican law, to hold executive sessions in which non-management directors meet without the management or to hold meetings of only independent directors. Our Board of Directors must meet at least four times per year.

Audit Committee

Under the NYSE Rules, listed companies must have an audit committee with a minimum of three members who are independent directors. Under the Mexican Securities Law, listed companies are required to have an Audit Committee comprised solely of independent directors. The members of the Audit Committee are appointed by the Board of Directors, with the exception of its Chairman, who is appointed by the shareholders at the Shareholders' Meeting. Currently, our Audit Committee is comprised of 3 members. Our Audit Committee operates pursuant to the provisions of the Mexican Securities Law and our Bylaws. A description of the specific functions of our Audit Committee can be found in Item 10. See "Item 10. Additional Information—Audit and Corporate Governance Committees" for further information about our Audit Committee.

Audit Committee Reports

Under the NYSE Rules, Audit Committees are required to prepare an Audit Committee Report as required by the SEC to be included in the listed company's annual proxy statement. As a foreign private issuer, we are not required by the SEC to prepare and file proxy statements. In this regard, we are subject to Mexican securities law requirements. We have chosen to follow Mexican law and practice in this regard.

Corporate Governance Committee

Under both NYSE Rules and Mexican securities laws and regulations, listed companies are also required to have a Corporate Governance Committee comprised solely of independent directors. The Company's Board of Directors appoints the members of the Corporate Governance Committee, with the exception of its Chairman, who is appointed by the shareholders at a Shareholders' Meeting. Currently, our Corporate Governance Committee is comprised of the same three members of our Audit Committee. Our Corporate Governance Committee operates pursuant to the provisions of the Mexican Securities Law and our Bylaws. A description

of the specific functions of our Corporate Governance Committee can be found in Item 10. See "Item 10. Additional Information—Audit and Corporate Governance Committees" for further information about our Corporate Governance Committee.

Compensation Committee

Under NYSE Rules, listed companies must have a compensation committee composed entirely of independent directors. Under our Bylaws and the Mexican securities laws and regulations, we are not required to have a compensation committee. Currently, we do not have such a committee.

Corporate Governance Guidelines and Code of Ethics

Domestic issuers listed on the NYSE are required to adopt and disclose corporate governance guidelines and a code of business conduct and ethics for directors, officers and employees and promptly disclose any waivers of such code for directors or executive officers. We are not required to adopt and disclose corporate governance guidelines under Mexican law to the same extent as the NYSE Rules. However, pursuant to regulations of the *Bolsa Mexicana de Valores* or Mexican Stock Exchange we are required to annually file with the Mexican Stock Exchange a statement relating to our level of adherence to the Mexican Code of Best Corporate Practices. Our statement can be found on our corporate web page. We are not required to adopt a Code of Ethics under Mexican law. However, in April 2003, we adopted a Code of Ethics applicable to our directors, officers and employees. Our Code of Ethics can also be found on our corporate web page under "Corporate Governance."

Solicitation of Proxies

Under NYSE Rules, listed companies are required to solicit proxies and provide proxy materials for all meetings of shareholders. Such proxy solicitations are to be provided to the NYSE. We are not required to solicit proxies from our shareholders. Under our Bylaws and Mexican securities laws and regulations, we inform shareholders of all meetings by public notice, which states the requirements for admission to the meeting. Under the deposit agreement relating to our ADSs, holders of our ADSs receive notice of shareholders' meetings together with information explaining how to instruct the depositary bank to exercise the voting rights of the securities represented by ADSs.

ITEM 16H. Mine Safety Disclosure.

Not Applicable.

PART III

ITEM 17 Financial Statements.

Not Applicable.

ITEM 18 Financial Statements.

See pages F-1 through F-80, incorporated herein by reference.

ITEM 19 Exhibits.

Pursuant to the rules and regulations of the SEC, we have filed certain agreements as exhibits to this annual report on Form 20-F. These agreements may contain representations and warranties by the parties. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties to such agreements if those statements turn out to be inaccurate, (ii) may have been qualified by disclosures that were made to such other party or parties and that either have been reflected in the Company's filings or are not required to be disclosed in those filings, (iii) may apply materiality standards different from what may be viewed as material to investors, and (iv) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments. Accordingly, these representations and warranties may not describe our actual state of affairs at the date hereof.

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Documents filed as exhibits to this annual report:

Exhibit No.	
1	Our bylaws (*estatutos sociales*) as amended through December 13, 2012, together with an English translation.
2(a)	Deposit Agreement, dated as of September 18, 1998, by and among us, Citibank, N.A. as Depositary and the Holders and Beneficial Owners of American Depositary Shares Evidenced by American Depositary Receipts Issued Thereunder (including form of American Depositary Receipt).(1)
2(b)	Indenture, dated as of December 3, 2004, between us and JPMorgan Chase Bank, N.A., as Indenture Trustee representing up to U.S.$300,000,000 of our 7.75% Perpetual Bonds.(2)
4(a)(1)	U.S.$225 million credit facility by and among us, the Lenders party thereto and BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, as Administrative Agent, dated March 22, 2011(3), and its amendment dated December 3, 2012.
4(a)(2)	U.S.$200 million revolving credit facility among Gruma Corporation, the Lenders party thereto, Bank of America, N.A., as Administrative Agent, Documentation Agent, Swing Line Lender, and Letter of Credit Issuer, dated June 20, 2011.(4)
4(a)(3)	Ps.600 million term loan by and among us and Banco Nacional de Comercio Exterior, S.N.C. dated June 16, 2011(4), and its amendment dated December 7, 2012.
4(a)(4)	Ps.1,200 million credit facility by and among us, the Lenders party thereto and BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, as Administrative Agent, dated June 15, 2011(4), and its amendment dated December 3, 2012.
4(a)(5)(1)	U.S.$50 million credit facility by and among us and Centrale Raiffeisen-Boerenleenbank B.A. dated June 15, 2011(4), its first amendment dated June 28, 2012.
4(a)(5)(2)	U.S.$50 million credit facility by and among us and Centrale Raiffeisen-Boerenleenbank B.A. dated June 15, 2011(4), and its second amendment dated November 29, 2012.
4(a)(6)(1)	U.S.$200 million term loan by and among us and Goldman Sachs Bank, USA, as Administrative Agent, Sole Lead Arranger and Bookrunner, dated December 13, 2012.
4(a)(6)(2)	U.S.$200 million term loan by and among us and Goldman Sachs Bank, USA, as Administrative Agent, Sole Lead Arranger and Bookrunner, dated December 13, 2012, and increased to U.S.$300 million on December 14, 2012 by Santander through a joinder agreement.
4(a)(7)	Equity Purchase Agreement by and among us, Archer-Daniels-Midland Company, ADM Milling, Co., and ADM Bio Productos, S.A. de C.V. dated December 14, 2012.
8	List of Principal Subsidiaries.
12(a)(1)	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated April 30, 2013.
12(a)(2)	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated April 30, 2013.
13	Officer Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated April 30, 2013.

(1) Previously filed in Registration Statement on Form F-6 (File No. 333-9282), originally filed with the SEC on August 13, 1998. Incorporated herein by reference.

(2) Previously filed in Annual Report on Form 20-F (File No. 1-14852), originally filed with the SEC on July 1, 2002. Incorporated herein by reference.

(3) Previously filed in Annual Report on Form 20-F (File No. 1-14852), originally filed with the SEC on June 8, 2011. Incorporated herein by reference.

(4) Previously filed in Annual Report on Form 20-F (File No. 1-14852), originally filed with the SEC on April 30, 2012. Incorporated herein by reference.

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SIGNATURES

The registrant, Gruma, S.A.B. de C.V., hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

GRUMA, S.A.B. de C.V.

/s/ Juan Antonio Quiroga García
Juan Antonio Quiroga García
Chief Corporate Officer

Dated: April 30, 2013

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GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES

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AS OF DECEMBER 31, 2012 AND 2011 AND 2010

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Grupo Financiero Banorte, S.A.B. de C.V. and Subsidiaries

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GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2012 AND 2011

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2012 AND 2011

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Report of Independent Registered Public Accounting Firm

To the Stockholders of
Gruma, S. A. B. de C. V.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of comprehensive income, of changes in equity and of cash flows, present fairly, in all material respects, the financial position of Gruma, S. A. B. de C. V. and its subsidiaries (the "Company"), as of December 31, 2012 and December 31, 2011, and the results of their operations and their cash flows, for each of the three years in the period ended December 31, 2012 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing in Item 15. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As disclosed in Notes 27 and 30 to the consolidated financial statements, on January 22, 2013, the Ministry of Justice and Internal Relations in Venezuela designated individuals as special managers representing the Republic of Venezuela, for the foreign subsidiaries located in that country; providing the right to take control over such subsidiaries. Consequently and as a result of the loss of control, the Company will stop consolidating the financial information of the Venezuelan subsidiaries as of January 22, 2013.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers, S. C.

s/s Víctor A. Robledo Gómez
C.P.C. Víctor A. Robledo Gómez

Monterrey, Nuevo León, México
April 19, 2013

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GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2012 AND 2011
(In thousands of Mexican pesos)
(Notes 1, 2 and 5)

	Note	As of December 31, 2012	As of December 31, 2011
Assets			
Current:			
Cash and cash equivalents	8	Ps. 1,287,368	Ps. 1,179,651
Trading investments	21	—	140,255
Derivative financial instruments	21	45,316	103,413
Accounts receivable, net	9	7,048,525	7,127,208
Inventories	10	13,383,990	10,700,831
Recoverable income tax		1,621,044	505,069
Prepaid expenses		228,791	231,489
Total current assets		23,615,034	19,987,916
Non-current:			
Long-term notes and accounts receivable	11	346,944	626,874
Investment in associates	12	1,156,251	143,700
Property, plant and equipment, net	13	20,917,534	20,515,633
Intangible assets, net	14	2,775,444	2,954,359
Deferred tax assets	15	649,195	314,136
Total non-current assets		25,845,368	24,554,702
Total Assets		Ps. 49,460,402	Ps. 44,542,618
Liabilities			
Current:			
Short-term debt	16	Ps. 8,018,763	Ps. 1,633,207
Trade accounts payable		6,307,796	5,544,105
Derivative financial instruments	21	28,832	46,013
Provisions	17	97,743	401,116
Income tax payable		327,657	624,378
Other current liabilities	18	2,744,267	2,732,215
Total current liabilities		17,525,058	10,981,034
Non-current:			
Long-term debt	16	11,852,708	11,472,110
Provision for deferred taxes	15	4,225,367	3,838,316
Employee benefits obligations	19	583,764	370,402
Provisions	17	289,800	114,714
Other non-current liabilities	3	649,988	53,258
Total non-current liabilities		17,601,627	15,848,800
Total Liabilities		35,126,685	26,829,834
Equity			
Shareholders' equity:			
Common stock	20	5,668,079	6,972,425
Reserves		272,262	(144,236)
Retained earnings	20	5,361,325	6,603,014
Total shareholders' equity		11,301,666	13,431,203
Non-controlling interest		3,032,051	4,281,581
Total Equity		14,333,717	17,712,784
Total Liabilities and Equity		Ps. 49,460,402	Ps. 44,542,618

The accompanying notes are an integral part of these consolidated financial statements.

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GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(In thousands of Mexican pesos, except per-share data)
(Notes 1, 2 and 5)

	Note	2012	2011	2010
Net sales		Ps. 64,316,632	Ps. 57,644,749	Ps. 46,232,454
Cost of sales		(45,349,670)	(40,117,952)	(31,563,342)
Gross profit		18,966,962	17,526,797	14,669,112
Selling and administrative expenses		(15,352,274)	(13,984,486)	(12,100,365)
Other expenses, net	23	(101,655)	(203,850)	(518,732)
Operating income		3,513,033	3,338,461	2,050,015
Interest expense	16	(947,197)	(1,017,122)	(1,424,152)
Interest income		60,753	126,389	33,753
Gain (loss) from derivative financial instruments	21	107,994	207,816	(82,525)
Monetary position gain, net		138,753	214,832	165,869
(Loss) gain from foreign exchange differences, net		(89,262)	40,885	143,852
Comprehensive financing cost, net		(728,959)	(427,200)	(1,163,203)
Share of profits of associates	12	2,976	3,329	592,235
Gain from the sale of shares of associate	12	—	4,707,804	—
Income before income tax		2,787,050	7,622,394	1,479,047
Income tax expense	25	(1,083,291)	(1,806,572)	(839,561)
Consolidated net income		Ps. 1,703,759	Ps. 5,815,822	Ps. 639,486
Attributable to:				
Shareholders		Ps. 1,115,338	Ps. 5,270,762	Ps. 431,779
Non-controlling interest		588,421	545,060	207,707
		Ps. 1,703,759	Ps. 5,815,822	Ps. 639,486
Basic and diluted earnings per share (pesos)		Ps. 2.00	Ps. 9.35	Ps. 0.77
Weighted average shares outstanding (thousands)		558,712	563,651	563,651

The accompanying notes are an integral part of these consolidated financial statements.

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GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(In thousands of Mexican pesos)
(Notes 1, 2 and 5)

	Note	2012	2011	2010
Consolidated net income		Ps. 1,703,759	Ps. 5,815,822	Ps. 639,486
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Actuarial gains and losses	19	(105,967)	2,336	(18,949)
Income taxes	15	10,783	11,725	—
		(95,184)	14,061	(18,949)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustments		29,130	1,589,088	(1,843,035)
Share of other comprehensive income of associates		71,217	(5,014)	(85,623)
Cash flow hedges		461,687	4,969	—
Other		(71,810)	—	—
Income taxes	15	(125,113)	9,261	25,505
		365,111	1,598,304	(1,903,153)
Other comprehensive income, net of tax		269,927	1,612,365	(1,922,102)
Comprehensive income (loss)		Ps. 1,973,686	Ps. 7,428,187	Ps. (1,282,616)
Attributable to:				
Shareholders		Ps. 1,378,161	Ps. 6,486,642	Ps. (953,269)
Non-controlling interest		595,525	941,545	(329,347)
		Ps. 1,973,686	Ps. 7,428,187	Ps. (1,282,616)

The accompanying notes are an integral part of these consolidated financial statements.

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(In thousands of Mexican pesos)
(Notes 1, 2 and 5)

	Common stock (Note 20-A)		Reserves						
	Number of shares (thousands)	Amount	Foreign currency translation adjustment (Note 20-D)	Share of equity of associates	Cash flow hedges and other reserves	Retained earnings (Note 20-B)	Total share-holders' equity	Non-controlling interest	Total equity
Balances at January 1, 2010	563,651	Ps. 6,972,425	Ps. —	Ps. 19,420	Ps. (2,475)	Ps. 908,460	Ps. 7,897,830	Ps. 4,181,932	Ps. 12,079,762
Transactions with owners of the Company:									
Dividends paid							—	(74,872)	(74,872)
	—	—	—	—	—	—	—	(74,872)	(74,872)
Comprehensive income:									
Net income of the year						431,779	431,779	207,707	639,486
Foreign currency translation adjustment (Net of taxes of Ps.24,724)			(1,282,185)				(1,282,185)	(536,126)	(1,818,311)
Actuarial gains and losses						(18,021)	(18,021)	(928)	(18,949)
Share of other comprehensive income of associates				(85,623)			(85,623)		(85,623)
Other					781		781		781
Comprehensive loss of the year	—	—	(1,282,185)	(85,623)	781	413,758	(953,269)	(329,347)	(1,282,616)
Balances at December 31, 2010	563,651	6,972,425	(1,282,185)	(66,203)	(1,694)	1,322,218	6,944,561	3,777,713	10,722,274
Transactions with owners of the Company:									
Dividends paid							—	(524,303)	(524,303)
Contribution from non-controlling interest							—	86,626	86,626
							—	(437,677)	(437,677)
Comprehensive income:									
Net income of the year						5,270,762	5,270,762	545,060	5,815,822
Foreign currency translation adjustment (Net of taxes of Ps.8,583)			1,205,213				1,205,213	392,458	1,597,671
Actuarial gains and losses (Net of taxes of Ps.11,725)						10,034	10,034	4,027	14,061
Share of other comprehensive income of associates				(5,014)			(5,014)		(5,014)
Cash flow hedges					4,969		4,969		4,969
Other					678		678		678
Comprehensive income of the year	—	—	1,205,213	(5,014)	5,647	5,280,796	6,486,642	941,545	7,428,187
Balances at December 31, 2011	563,651	Ps. 6,972,425	Ps. (76,972)	Ps. (71,217)	Ps. 3,953	Ps. 6,603,014	Ps. 13,431,203	Ps. 4,281,581	Ps. 17,712,784

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GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(In thousands of Mexican pesos)
(Notes 1, 2 and 5)

	Common stock (Note 20-A)		Reserves						
	Number of shares (thousands)	Amount	Foreign currency translation adjustment (Note 20-D)	Share of equity of associates	Cash flow hedges and other reserves	Retained earnings (Note 20-B)	Total share-holders' equity	Non-controlling interest	Total equity
Balances at December 31, 2011	563,651	Ps. 6,972,425	Ps. (76,972)	Ps. (71,217)	Ps. 3,953	Ps. 6,603,014	Ps. 13,431,203	Ps. 4,281,581	Ps. 17,712,784
Transactions with owners of the Company:									
Dividends paid							—	(96,187)	(96,187)
Contribution from non-controlling interest							—	165,710	165,710
Acquisition of Company's own shares	(106,335)	(1,304,346)				(2,707,003)	(4,011,349)	—	(4,011,349)
Contingent payment due to acquisition of Company's own shares (Note 3)						(492,272)	(492,272)	—	(492,272)
Effect of acquisition of non-controlling interest, net of taxes (Note 3)						995,923	995,923	(1,914,578)	(918,655)
	(106,335)	(1,304,346)	—	—	—	(2,203,352)	(3,507,698)	(1,845,055)	(5,352,753)
Comprehensive income:									
Net income of the year						1,115,338	1,115,338	588,421	1,703,759
Foreign currency translation adjustment (Net of taxes of Ps.(825))			9,860				9,860	20,095	29,955
Other				71,217	(328)	(71,217)	(328)	(265)	(593)
Actuarial gains and losses (Net of taxes of Ps.10,783)						(82,458)	(82,458)	(12,726)	(95,184)
Cash flow hedges (Net of taxes of Ps. (125,938))					335,749		335,749	—	335,749
Comprehensive income of the year	—	—	9,860	71,217	335,421	961,663	1,378,161	595,525	1,973,686
Balances at December 31, 2012	457,316	Ps. 5,668,079	Ps. (67,112)	Ps. —	Ps. 339,374	Ps. 5,361,325	Ps. 11,301,666	Ps. 3,032,051	Ps. 14,333,717

The accompanying notes are an integral part of these consolidated financial statements.

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GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(In thousands of Mexican pesos)
(Notes 1, 2 and 5)

	2012	2011	2010
Operating activities:			
Income before taxes	Ps. 2,787,050	Ps. 7,622,394	Ps. 1,479,047
Restatement effect from companies in hyperinflationary environment	124,070	27,771	64,899
Foreign exchange loss (gain) from working capital	99,040	(22,390)	424,691
Net cost of the year for employee benefit obligations	176,584	35,347	56,148
Items related with investing activities:			
Depreciation and amortization	1,744,716	1,596,643	1,502,534
Impairment of long-lived assets	4,014	93,808	—
Written-down fixed assets	37,681	52,271	—
Interest income	(21,721)	(86,846)	(7,531)
Share of profit of associates	(2,976)	(3,329)	(592,235)
Gain from the sale of shares of associate	—	(4,707,804)	—
Loss in sale of fixed assets and damaged assets	18,498	20,812	64,659
Items related with financing activities:			
Derivative financial instruments	(146,142)	(207,816)	82,525
Foreign exchange gain from bank borrowings	(2,342)	(23,953)	(561,821)
Interest expense	824,318	965,128	1,391,631
	5,642,790	5,362,036	3,904,547
Accounts receivable, net	(397,683)	(1,422,010)	(275,595)
Inventories	(2,154,648)	(3,063,148)	(747,758)
Prepaid expenses	(11,089)	101,106	(126,655)
Trade accounts payable	970,812	1,623,802	759,773
Accrued liabilities and other accounts payables	(31,220)	(341,743)	561,910
Income taxes paid	(2,152,108)	(561,279)	(786,796)
Employee benefits obligations and others, net	(60,718)	52,550	1,712
	(3,836,654)	(3,610,722)	(613,409)
Net cash flows from operating activities	1,806,136	1,751,314	3,291,138
Investing activities:			
Acquisitions of property, plant and equipment	(2,784,587)	(1,631,571)	(999,546)
Sale of property, plant and equipment	74,971	100,726	139,066
Investment in associate	(895,640)	—	—
Acquisition of subsidiaries, net of cash acquired	—	(708,664)	(106,970)
Acquisition of intangible assets	(17,165)	(22,724)	(3,879)
Sale of shares of associate	—	9,003,700	—
Interests collected	21,721	86,403	7,086
Dividends received from associates	—	—	90,550
Sale of trading investments	130,804		
Acquisition of trading investments	—	(49,837)	(19,423)
Sale of securities and others	14,267	1,096	90,908
Net cash flows (used in) provided by investing activities	(3,455,629)	6,779,129	(802,208)
Cash (to be obtained from) to be used in financing activities	(1,649,493)	8,530,443	2,488,930
Financing activities:			
Proceeds from debt	14,586,527	15,219,575	458,710
Payment of debt	(7,216,863)	(21,373,729)	(3,257,291)
Interests paid	(810,120)	(991,784)	(1,341,991)
Derivative financial instruments collected (paid)	196,531	154,556	(18,987)
Acquisition of Company's own shares	(4,011,348)		
Acquisition of non-controlling interest	(996,575)		
Capital contribution from non-controlling interest	165,710	86,626	—
Dividends paid	(96,187)	(524,303)	(74,872)
Net cash flows from (used in) financing activities	1,817,675	(7,429,059)	(4,234,431)
Net increase (decrease) in cash and cash equivalents	168,182	1,101,384	(1,745,501)
Exchange differences and effects from inflation on cash and cash equivalents	(60,465)	56,950	(113,845)
Cash and cash equivalents at the beginning of the year	1,179,651	21,317	1,880,663
Cash and cash equivalents at the end of the year	Ps. 1,287,368	Ps. 1,179,651	Ps. 21,317

The accompanying notes are an integral part of these consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. ENTITY AND OPERATIONS

Gruma, S.A.B. de C.V. (GRUMA) is a Mexican company with subsidiaries located in Mexico, the United States of America, Central America, Venezuela, Europe, Asia and Oceania, together referred to as the "Company". The Company's main activities are the production and sale of corn flour, wheat flour, tortillas and related products.

GRUMA is a publicly held corporation (S*ociedad Anónima Bursátil de Capital Variable)* organized under the laws of Mexico. The address of its registered office is Rio de la Plata 407 in San Pedro Garza García, Nuevo León, Mexico. GRUMA is listed on the Mexican Stock Exchange and the New York Stock Exchange.

The consolidated financial statements were authorized by the Chief Corporate Office and the Chief Administrative Office of the Company on April 18, 2013.

2. BASIS OF PREPARATION

The consolidated financial statements of Gruma, S.A.B. de C.V. and Subsidiaries for all the periods presented have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The IFRS also include the International Accounting Standards (IAS) in force, as well as all the related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

The Company decided to early adopt IFRS in 2011, setting January 1, 2010 as transition date.

The Company applied the IFRS effective at December 31, 2012, except for the amendment to IAS 1, "Presentation of Financial Statements", issued in June 2011, for which the Company chose to early adopt. In accordance with IAS 1, the Company grouped items presented in other comprehensive income on the basis of whether they are potentially classifiable to profit or loss subsequently. There are no IFRS or IFRIC interpretations that were effective during 2012 that had a material impact on the Company.

A) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the basis of historical cost, except for Venezuela's financial information due to its hyperinflationary environment and for the fair value of certain financial instruments as described in the policies shown below (see Note 5-K).

The preparation of financial statements requires that management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

B) FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Mexican pesos, which is the functional currency of GRUMA.

C) USE OF ESTIMATES AND JUDGMENTS

The relevant estimates and assumptions are reviewed on a regular basis. The review of accounting estimates are recognized in the period in which the estimate was reviewed and in any future period that is affected.

In particular, the information for assumptions, uncertainties from estimates, and critical judgments in the application of accounting policies, that have the most significant effect in the recognized amounts in these consolidated financial statements, are described below:

- The assumptions used for the determination of fair values of financial instruments (Note 21).
- The assumptions and uncertainties with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income (Notes 15 and 25).
- The key assumptions in impairment testing for long-lived assets used for the determination of the recoverable amount for the different cash generating units (Notes 13 and14).
- The actuarial assumptions used for the determination of employee benefits obligations (Note 19).

3. ACQUISITION OF NON-CONTROLLING INTEREST OF ARCHER-DANIELS-MIDLAND IN GRUMA AND CERTAIN SUBSIDIARIES

In 1996, Archer-Daniels-Midland Company (“ADM”) associated with GRUMA (the “Association”) and as result of the Association, several bylaws were agreed and arrangements held, including the Shareholders Agreement entered into by and between GRUMA, Mr. Roberto González Barrera, ADM and its subsidiary ADM Bioproductos, S.A. de C.V. (“ADM Bioproductos”, and jointly with ADM, the “Strategic Partner”) dated August 21, 1996 and its subsequent amendments (the “Shareholders Agreement”).

As a result of the Association, as of October 23, 2012, the investment that the Strategic Partner owned, directly and indirectly, in GRUMA and certain of its subsidiaries (the “Equity Interests”), was as follows:

- 23.16% of the capital stock of GRUMA. The strategic Partner held directly 18.81% of the capital stock of GRUMA and indirectly 4.35% through owning 45% Valores Azteca, S.A. de C.V. (“Valores Azteca”), a company that held 9.66% of the capital stock of GRUMA.
- 3% of the capital stock of Valores Mundiales, S.L. (“Valores Mundiales”).
- 3% of the capital stock of Consorcio Andino, S.L. (“Consorcio”).
- 40% of the capital stock of Molinera de México, S.A. de C.V. (“Molinera”).
- 20% of the capital stock of Azteca Milling L.P. (“Azteca Milling”).

Based on the terms of the Association, if the Strategic Partner decided to sell to a third party its direct investment on GRUMA’s shares and indirectly through Valores Azteca (the “GRUMA Shares”), the Strategic Partner had to offer first such investment to the Control Trust of the González Family (the “Controlling Shareholder”) or any third party as designated by the Controlling Shareholder, granting the option to acquire the shares of GRUMA.

Also, if the Strategic Partner decided to sell to a third party its investment on the capital stock of Valores Mundiales, Consorcio, Molinera and/or Azteca Milling (the “Subsidiaries Shares”), the strategic Partner had to offer GRUMA the right of first refusal to acquire the Subsidiaries Shares.

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On October 16, 2012, ADM reached a preliminary agreement with a Third Party to sell its minority interest on GRUMA's shares (the "Preliminary Agreement"), to the following price:

Company	Selling price
GRUMA	U.S.$303.8 million, plus up to U.S.$48.7 million as contingent price
Valores Azteca	U.S.$70.2 million, plus up to U.S.$11.3 million as contingent price
Azteca Milling	U.S.$50 million
Molinera	U.S.$18 million
Consorcio	U.S.$1.5 million
Valores Mundiales	U.S.$6.5 million
Total	U.S.$450 million, plus up to U.S.$60 million as contingent price

On October 23, 2012, the third Party sent a communication to GRUMA's Board of Directors, requiring the approval to purchase the 23.16% of the capital stock of GRUMA owned, directly and indirectly, by the Strategic Partner, and additionally, expressed its interest to purchase the Strategic Partner's investment on Valores Mundiales, Consorcio, Molinera and Azteca Milling, as mentioned in the Preliminary Agreement.

As informed to GRUMA, on October 19, 2012, the Strategic Partner notified the Controlling Shareholder of its intention to sell its GRUMA Shares to a third Party pursuant to the terms agreed in the Preliminary Agreement, giving the Controlling Shareholder the option to acquire such shares, or to designate a third party to do so, at the same price as agreed in the Preliminary Agreement.

The Controlling Shareholder designated GRUMA as the third party to exercise the right to acquire the GRUMA Shares that the Strategic Partner offered for sale (including the acquisition of the Strategic Partner's investment on Valores Azteca).

Additionally, through various communications dated October 25, 2012, the Strategic Partner notified GRUMA's subsidiaries its intention to sell the Subsidiaries Shares pursuant to the terms agreed in the Preliminary Agreement, giving GRUMA the first refusal right to acquire the Subsidiaries Shares at the same price as agreed in the Preliminary Agreement.

On December 5, 2012, GRUMA's Board of Directors, with the previous favorable opinion of the Corporate Governance and the Audit Committee, supported on a fairness opinion made by an independent expert, approved GRUMA's exercise of the option and/or right of first refusal of the Controlling Shareholder to acquire from the Strategic Partner the GRUMA Shares, (including the shares that Valores Azteca held), the Subsidiaries Shares, and to obtain the necessary financing instrument to pay for this transaction.

On December 13, 2012, an Ordinary Shareholders' Meeting of GRUMA was held, approving, among other things, the increase of the maximum amount of resources allocated to the purchase of own shares during fiscal year 2012. Also and on the same date, an Extraordinary Shareholders' Meeting of GRUMA was held, approving, among other things, an amendment to GRUMA's bylaws in order to recognize, on a statutory basis, the existence of the Shareholders Agreement.

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On December 14, 2012, GRUMA acquired from the Strategic Partner its investment owned directly and indirectly in GRUMA and certain of its subsidiaries, consisting of:

a. 23.16% of the issued shares of GRUMA, through the acquisition of 18.81% of the issued shares of GRUMA and 45% of the issued shares of Valores Azteca, a company that owns 9.66% of the issued shares of GRUMA. With respect to the acquisition of 18.81% of the issued shares of GRUMA, the transaction was not made through a public offer given that it was made through the exercise of an option, in strict compliance with the contractual covenants contained in the strategic agreements of 1996 that were entered into with the Strategic Partner. Such agreements are acknowledged in GRUMA's bylaws and their existence and terms were timely disclosed to the Mexican Stock Exchange and to the public and have thereafter being continuously disclosed in GRUMA's annual report. Such acquisition was carried out against GRUMA's shareholders equity, using funds reserved for the purchase of own shares authorized by GRUMA's General Ordinary Shareholders' Meeting;

b. 3% of the capital stock of Valores Mundiales, S.L. and Consorcio Andino, S.L., holding companies of GRUMA's subsidiaries in Venezuela, Molinos Nacionales, C.A. ("MONACA") and Derivados de Maíz Seleccionado, C.A. ("DEMASECA"), respectively;

c. 40% of the shares of Molinera de México; and

d. 20% of the shares of Azteca Milling (subsidiary of Gruma Corporation), through the acquisition of 100% of the shares of Valley Holding Inc., which has no assets or liabilities other than the investment in shares of Azteca Milling.

The Equity Interests were acquired for an amount of Ps.5,741,280 (U.S.$450 million) plus acquisition related costs of Ps.162,280 and a contingent payment of up to U.S.$60 million (the "Contingent Payment"), proportionally distributed between GRUMA's and Valores Azteca's shares that are part of the Equity Interests, payable only if during the following 42 months after closing the transaction, certain conditions are met in connection with (i) GRUMA's stock market price increase over the closing price of GRUMA's stock determined for purposes of the transaction (the "Closing Price"), at the end of the 42 months' period; (ii) the difference between GRUMA's stock price established for public offers made by GRUMA and the Closing Price; (iii) the acquisition, by a strategic investor, of 15% or more of GRUMA's capital stock; or (iv) the reduction of the percentage of GRUMA's shares that are considered to be held by the public at any time, starting from 26%. The economic terms of the transaction were based on the terms contained in the Preliminary Agreement entered between the third party and the Strategic Partner, for the purchase of the Equity Interests.

In relation with the Contingent Payment and as a result of the analysis of the above mentioned assumptions, a contingent payment liability was recognized as Other non-current liabilities amounting Ps.606,495 (U.S.$46.6 million) and affecting the Company's equity by the amount of Ps.492,272 and the investment in associates of Ps.114,223, solely regarding the scenario (i) as mentioned in the previous paragraph, in connection to GRUMA's stock market price increase, over GRUMA's stock Closing Price determined for purposes of the purchase of the Equity Interests, at the end of the 42 months' period.

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The Contingent Payment liability was registered at fair value, which was determined using projected future cash flows discounted to present value and the discount rate used is the average rate of return of any corporate bonds issued by companies comparable to GRUMA. Subsequent changes in the fair value of the Contingent Payment liability will affect the GRUMA's income statement. The Monte Carlo simulation model was used to estimate the future shares price, which includes the expected return and the weighted volatility of historical prices of GRUMA's stock over a period of 42 months.

The significant data used to determine the fair value of the Contingent Payment liability as of December 31, 2012 was as follows:

GRUMA's stock weighted volatility of historical prices	29.78%
GRUMA's share weighted average price of (simulated)	Ps.58.79 per share
Forward exchange rate	Ps.14.65 per US dollar
Discount rate	7.30%

As of December 31, 2012, the Company does not consider as probable scenarios (ii), (iii) and (iv) for the Contingent Payment abovementioned, so there was no contingent payment obligation recorded in connection with these cases.

The effect on the acquisition of GRUMA's Subsidiaries Shares attributable to GRUMA's shareholders investment is as follows:

Carrying value of non-controlling interest	Ps.	1,914,578
Purchase price		(996,572)
Deferred tax		77,917
Excess of book value over the purchase price of GRUMA's Subsidiaries Shares	Ps.	995,923

To carry out the transaction of the Equity Interests, GRUMA obtained bridge loan facilities with maturity dates of up to a year for a total amount of Ps.5,103,360 (U.S.$400 million), lent by Goldman Sachs Bank USA, Banco Santander and Banco Inbursa (the "Short-Term Loan Facilities"), and used Ps.637,920 (U.S.$50 million) of Gruma Corporation's revolving syndicated long term credit facility with Bank of America, which matures in 2016. For the execution of the Short-Term Loan Facilities, GRUMA's permitted leverage ratios established under the loan facilities were increased to allow GRUMA to increase its leverage as a result of the obtainment of the Short-Term Loan Facilities.

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4. BUSINESS COMBINATIONS

A) ALBUQUERQUE TORTILLA COMPANY

On April 15, 2011, the Company, through its subsidiary Gruma Corporation, acquired the business of manufacturing, distributing and selling of corn and wheat flour tortillas of Albuquerque Tortilla Company, which is located in New Mexico, United States, for Ps.102,410 (U.S.$8.9 million) paid in cash. This purchase was accounted for using the acquisition method, following the business combination rules. The purpose of this acquisition is to contribute to the growth and strengthening of the Company's tortilla business in the south-central region of the United States under a strong and recognized brand.

The following table summarizes the consideration paid and the fair value of the net assets acquired:

Inventories	Ps.	1,753
Property, plant and equipment		47,700
Non-compete agreement		8,993
Customer lists		5,189
Trademarks		17,641
Fair value of identifiable assets		81,276
Goodwill		21,134
Total consideration paid in cash	Ps.	102,410

The goodwill recorded for this acquisition represents the value of acquiring an on-going business with an assembled and trained workforce, and business growth prospects in the south-central region of the United States. None of the goodwill recognized is expected to be deductible for tax purposes.

Acquisition-related costs such as advisory fees, appraisal fees, valuation services and legal fees amounted to Ps.2,497, were recognized in the income statement as selling and administrative expenses.

No contingent liabilities and contingent consideration arrangements have arisen from this acquisition.

From January 1, 2011 to the acquisition date, this business recorded an estimated revenue of Ps.64,979 and a net loss of approximately Ps.29,475.

B) CASA DE ORO FOODS

On August 25, 2011, the Company, through its subsidiary Gruma Corporation, acquired the business of manufacturing, distributing and selling of corn and wheat flour tortillas of Casa de Oro Foods, which is located in Nebraska, United States for Ps.280,615 (U.S.$22.7 million) paid in cash. This purchase was accounted for using the acquisition method, following the business combination rules. The strategic location of Casa de Oro will help improve and increase the Company's coverage in the midwest region of the United States, generating savings in transportation and increasing the production of corn flour tortillas and tortilla chips.

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The following table summarizes the consideration paid and the fair value of the net assets acquired:

Accounts receivable	Ps.	40,026
Inventories		16,808
Prepaid expenses		185
Current liabilities		(21,489)
Working capital		35,530
Property, plant and equipment		122,351
Wheat forwards		1,099
Non-compete agreement		7,163
Customer lists		41,372
Trademarks		4,817
Fair value of identifiable net assets		212,332
Goodwill		68,283
Total consideration paid in cash	Ps.	280,615

The accounts receivable fair value is not significantly different from its carrying value as the receivables are short term, with the full value being collected 30 to 45 days after the acquisition.

The goodwill recorded for this acquisition represents the value of acquiring an on-going business with an assembled and trained workforce, and business growth prospects in the midwest region of the United States. None of the goodwill recognized is expected to be deductible for tax purposes.

Acquisition-related costs such as advisory fees, appraisal fees, valuation services and legal fees amounted to Ps.4,415 were recognized in the income statement as selling and administrative expenses.

From January 1, 2011 to the acquisition date, this business recorded an estimated revenue of Ps.193,938 and a net income of approximately Ps.11,747.

C) SOLNTSE MEXICO

On July 13, 2011, the Company, through its subsidiary Gruma International Foods, S.L., acquired all issued and outstanding shares of Solntse Mexico, which is located in Russia, for Ps.104,923 (U.S.$8.8 million). Solntse Mexico is the leading producer of corn and wheat flour tortillas, corn chips and other products, under the brand Delicados. This company introduced tortillas and corn chips to the Russian market and currently commands the leading market position in Russia's retail and foodservice segments. This acquisition represents the Company's entry into Russia and other Eastern Europe countries.

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The following table summarizes the consideration paid and the fair value of the net assets acquired:

Cash	Ps.	6,268
Accounts receivable		11,389
Prepaid expenses		240
Inventories		15,000
Current liabilities		(7,329)
Working capital		25,568
Property, plant and equipment		34,173
Intangible assets		1,358
Long term debt		(22,242)
Deferred tax liabilities		(1,426)
Fair value of identifiable net assets		37,431
Goodwill		67,492
Purchase price		104,923
Outstanding payment due to contingent consideration (1)		(22,320)
Total consideration paid in cash		82,603

(1) As of December 31, 2012, the outstanding payment due to contingent consideration amounted to Ps.10,382.

The accounts receivable fair value is not significantly different from its carrying value as the receivables are short term with the full value being collected 30 to 45 days after the acquisition.

The goodwill recorded for this acquisition represents the value of acquiring an on-going business with an assembled and trained workforce, and business growth prospects in the Eastern Europe and Middle East regions. None of the goodwill recognized is expected to be deductible for tax purposes.

Acquisition-related costs such as advisory fees, appraisal fees, valuation services and legal fees amounted to Ps.16,367 (U.S.$1.3 million), were recognized in the income statement as selling and administrative expenses.

For the period from July 1, 2011 to December 31, 2011, this business contributed revenues of Ps.84,002 and a net income of Ps.5,556. If the acquisition had taken place on January 1, 2011, revenues and net income would have increased by approximately Ps.28,034 and Ps.2,711, respectively.

D) SEMOLINA A.S.

On November 16, 2011, the Company, through its subsidiary Gruma International Foods, S.L., acquired all issued and outstanding shares of Semolina A.S., which is located in Turkey, for Ps.230,388 (U.S.$17 million). Semolina is the leading corn miller in Turkey, and specializes in supplying corn grits for the snack and breakfast cereals industries. The acquisition of Semolina represents a significant milestone for the Company’s growth strategy in Eastern Europe and the Middle East. The Company’s European milling division’s priority is to consolidate itself as a market leader in corn milling and related products for the snack, brewing and breakfast cereals industries.

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The following table summarizes the consideration paid and the fair value of the net assets acquired:

Cash	Ps.	3,405
Accounts receivable		33,742
Prepaid expenses		1,237
Inventories		580
Current liabilities		(45,310)
Working capital		(6,346)
Property, plant and equipment		48,959
Intangible assets		41
Fair value of identifiable net assets		42,654
Goodwill		187,734
Purchase price		230,388
Outstanding payment due to contingent consideration (1)		(24,413)
Total consideration paid in cash	Ps.	205,975

(1) As of December 31, 2012, the outstanding payment due to contingent consideration amounted to Ps.11,384.

The accounts receivable fair value is not significantly different from its carrying value as the receivables are short term with the full value being collected 30 to 45 days after the acquisition.

The goodwill recorded for this acquisition represents the value of acquiring an on-going business with an assembled and trained workforce, and business growth prospects in the Eastern Europe and Middle East regions. None of the goodwill recognized is expected to be deductible for tax purposes.

Acquisition-related costs such as advisory fees, appraisal fees, valuation services and legal fees amounted to Ps.11,259 (U.S.$0.9 million), were recognized in the income statement as selling and administrative expenses.

For the period from November 17, 2011 to December 31, 2011, this business contributed revenues of Ps.42,624 and a net loss of Ps.12,798. If the acquisition had taken place on January 1, 2011, revenues would have increased by approximately Ps.296,988 and net loss would have decreased by approximately Ps.12,762.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF CONSOLIDATION

a. Subsidiaries

The subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The financial statements of subsidiaries are incorporated in the consolidated financial statements commencing on the date on which the control begins, until the date when that control ceases.

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Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Company.

At December 31, 2012 and 2011, the main subsidiaries included in the consolidation were:

	% of ownership	
	At December 31, 2012	At December 31, 2011
Gruma Corporation and subsidiaries	100.00	100.00
Grupo Industrial Maseca, S.A.B. de C.V. and subsidiaries	83.18	83.18
Molinos Nacionales, C.A. (Note 3)	75.86	72.86
Derivados de Maíz Seleccionado, C.A. Note 3)	60.00	57.00
Molinera de México, S.A. de C.V. and subsidiaries (Note 3)	100.00	60.00
Gruma International Foods, S.L. and subsidiaries	100.00	100.00
Productos y Distribuidora Azteca, S.A. de C.V.	100.00	100.00
Investigación de Tecnología Avanzada, S.A. de C.V. and subsidiaries	100.00	100.00

b. Transactions with non-controlling interest without change of control

The Company applies a policy of treating transactions with non-controlling interest as transactions with equity owners of the Company. When purchases from non-controlling interest take place, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recognized as operations with holders of equity instruments; therefore, no goodwill is recognized with these acquisitions. Disposals to non-controlling interests result in gains and losses for the group and are also recorded in equity when there is no loss of control. See Note 3 for acquisitions of non-controlling interests during 2012.

c. Business combinations

Business combinations are recognized through the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is measured as the fair value of the assets given, the liabilities incurred by the Company with the previous owners and the equity instruments issued by the Company. The cost of an acquisition also includes the fair value of any contingent payment.

The related acquisition costs are recognized in the income statement when incurred.

Identifiable assets acquired, liabilities assumed and contingent liabilities in a business combination are measured at fair value at the acquisition date.

The Company recognizes any non-controlling interest as the proportional share of the net identifiable assets of the acquired entity.

The Company recognizes goodwill when the cost including any amount of non-controlling interest in the acquired entity exceeds the fair value at acquisition date of the identifiable assets acquired and liabilities assumed.

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B) FOREIGN CURRENCY

a. Transactions in foreign currency

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. The differences that arise from the translation of foreign currency transactions are recognized in the income statement.

b. Foreign currency translation

The financial statements of the Company's entities are measured using the currency of the main economic environment where the entity operates (functional currency). The consolidated financial statements are presented in Mexican pesos, currency that corresponds to the presentation currency of the Company.

The financial position and results of all of the group entities that have a functional currency which differs from the Company's presentation currency are translated as follows:

- Assets and liabilities are translated at the closing rate of the period.
- Income and expenses are translated at average exchange rates.
- Equity is translated at the exchange rate in effect at the date when the contributions were made and the earnings were generated.
- All resulting exchange differences are recognized in other comprehensive income as a separate component of equity denominated "Foreign currency translation adjustments".

Previous to the peso translation, the financial statements of foreign subsidiaries with functional currency from a hyperinflationary environment are adjusted by inflation in order to reflect the changes in purchasing power of the local currency. Subsequently, assets, liabilities, equity, income, costs, and expenses are translated to the presentation currency at the closing rate at the date of the most recent balance sheet. To determine the existence of hyperinflation, the Company evaluates the qualitative characteristics of the economic environment, as well as the quantitative characteristics established by IFRS of an accumulated inflation rate equal or higher than 100% in the past three years.

The Company applies hedge accounting to foreign exchange differences originated between the functional currency of a foreign subsidiary and the functional currency of the Company. Exchange differences resulting from the translation of a financial liability designated as hedge for a net investment in a foreign subsidiary, are recognized in other comprehensive income as a separate component denominated "Foreign currency translation adjustments" while the hedge is effective. See Note 5-L for the accounting of the net investment hedge.

The closing exchange rates used for preparing the financial statements are as follows:

	As of December 31, 2012	As of December 31, 2011
Pesos per U.S. dollar	13.0101	13.9500
Pesos per Euro	17.1941	18.0764
Pesos per Swiss franc	14.2420	14.8700

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	As of December 31, 2012	As of December 31, 2011
Pesos per Venezuelan bolivar (Bs.)	3.0256	3.2442
Pesos per Australian dollar	13.4960	14.2178
Pesos per Chinese yuan	2.0685	2.2161
Pesos per Pound sterling	21.0152	21.6797
Pesos per Malaysian ringgit	4.2499	4.4035
Pesos per Costa Rica colon	0.0256	0.0270
Pesos per Ukrainian hryvnia	1.6318	1.7553
Pesos per Russian ruble	0.4283	0.4341
Pesos per Turkish lira	7.2984	7.3935

C) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and short term highly liquid investments with original maturities of less than three months. These items are recognized at historical cost, which do not differ significantly from its fair value.

D) ACCOUNTS RECEIVABLE

Trade receivables are initially recognized at fair value and subsequently valued at amortized cost using the effective interest rate method, less provision for impairment. The Company has determined that the amortized cost does not represent significant differences with respect to the invoiced amount from short-term trade receivables, since the transactions do not have relevant associated costs.

Allowances for doubtful accounts or impairment represent the Company’s estimates of losses that could arise from the failure or inability of customers to make payments when due. These estimates are based on the ageing of customers’ balances, specific credit circumstances and the Company’s historical bad receivables experience.

E) INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the average cost method. The net realizable value is the estimated selling price of inventory in the normal course of business, less applicable variable selling expenses. The cost of finished goods and production in process comprises raw materials, direct labor, other direct costs and related production overheads. Cost of inventories may also include the transfer from equity of any gains or losses on qualifying cash flow hedges for purchases of raw materials.

F) INVESTMENTS IN ASSOCIATES

Associates are all entities over which the Company has significant influence over, but does not control the financial and operative decisions. It is assumed that significant influence exists when there is a shareholding of between 20% and 50% of the voting rights of the other entity or less than 20% when it is clearly demonstrated that such significant influence exists.

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Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Company's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Company's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying value of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealized gains and losses from transactions held with associates are eliminated from the investment in proportion to the Company's share in the entity.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

G) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are valued at acquisition cost, less accumulated depreciation and recognized impairment losses. Cost includes expenses that are directly attributable to the asset acquisition.

Subsequent costs, including major improvements, are capitalized and are included in the carrying value of the asset or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the Company and the costs can be measured reliably. Repairs and maintenance are recognized in the income statement when incurred. Major improvements are depreciated during the remaining useful life of the related asset. Leasehold improvements are depreciated using the lower of the lease term or useful life. Land is not depreciated.

Costs of borrowings associated to financing of qualifying assets that require a substantial period of time (over one year) for acquisition or construction, are capitalized as part of the acquisition cost of these assets, until such time as the assets are substantially ready for their intended use or sale.

Depreciation is calculated over the asset cost less residual value, considering its components separately. Depreciation is recognized in income using the straight-line method and applying annual rates that reflect the estimated useful lives of the assets. The estimated useful lives are summarized as follows:

	Years
Buildings	25 – 50
Machinery and equipment	5 – 25
Leasehold improvements	10*

* The lesser of 10 years or the term of the leasehold agreement.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses from sale of assets result from the difference between revenues of the transaction and the book value of the assets, which is included in the income statement as other expenses, net.

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H) INTANGIBLE ASSETS

a. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment, or whenever the circumstances indicate that the value of the asset might be impaired. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

b. Intangible assets with finite lives

Intangible assets with finite lives are carried at cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

	Years
Non-compete agreements	3 - 20
Patents and trademarks	3 - 20
Customer lists	5 - 20
Software for internal use	3 - 7

c. Indefinite-lived intangible assets

Indefinite-lived intangible assets are not amortized, but subject to impairment tests on an annual basis or whenever the circumstances indicate that the value of the asset might be impaired.

d. Research and development

Research costs are expensed when incurred.

Costs from development activities are recognized as an intangible asset when such costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits will be obtained, and the Company pretends and has sufficient resources in order to complete the development and use or sell the asset. The amortization is recognized in income based on the straight-line method during the estimated useful life of the asset.

Development costs that do not qualify as intangible assets are recognized in income when incurred.

I) IMPAIRMENT OF LONG-LIVED ASSETS

The Company performs impairment tests for its property, plant and equipment, intangible assets with finite lives, and investment in associates, when certain events and circumstances suggest that the carrying value of the assets might not be recovered. Indefinite-lived intangible assets and goodwill are subject to impairment tests at least once a year.

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An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of an asset's fair value less costs to sell and value in use. To determine value in use, estimated future cash flows are discounted at present value, using a pre-tax discount rate that reflect time value of money and considering the specific risks associated with the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit).

Impairment losses on goodwill are not reversed. For other assets, impairment losses are reversed if a change in the estimates used for determining the recoverable amount has occurred. Impairment losses are reversed to the extent that the book value does not exceed the book value that was determined, net of depreciation or amortization, if no impairment loss was recognized.

J) LONG-LIVED ASSETS HELD FOR SALE

Long-lived assets are classified as held for sale when (a) their carrying amount is to be recovered mainly through a sale transaction, rather than through continuing use, (b) the assets are held immediately for sale and (c) the sale is considered highly probable in its current condition.

For the sale to be considered highly probable:

- Management must be committed to a sale plan.
- An active program must have begun in order to locate a buyer and to complete the plan.
- The asset must actively be quoted for its sale at a price that is reasonable to its current fair value; and
- The sale is expected to be completed within a year starting the date of classification.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell. At December 31, 2012 and 2011, the Company did not have this type of assets.

K) FINANCIAL INSTRUMENTS

Regular purchases and sales of financial instruments are recognized in the balance sheet on the trade date, which is the date when the Company commits to purchase or sell the instrument.

a. Financial assets

Classification

In its initial recognition and based on its nature and characteristics, the Company classifies its financial assets in the following categories: (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) financial assets held until maturity, and (iv) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Balances of financial instruments held by the Company at December 31, 2012 and 2011 are disclosed in Note 21-A.

i. Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss when designated as held for trading or classified as such in its initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are carried at

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fair value, and directly attributable transaction costs and corresponding changes of fair value are recognized in the income statement. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for assets with maturities greater than 12 months. Initially, these assets are carried at fair value plus any transaction costs directly attributable to them; subsequently, these assets are recognized at amortized cost using the effective interest rate method.

iii. Financial assets held until maturity

When the Company has the intention and capacity to keep debt instruments until maturity, these financial assets are classified as held until maturity. Initially, these assets are carried at fair value plus any transaction costs directly attributable to them; subsequently, these assets are recognized at amortized cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or not classified in any of the other categories. They are included in current assets, except for assets with maturities greater than 12 months. These assets are initially recognized at fair value plus any transaction costs directly attributable to them; subsequently, these assets are recognized at fair value. If these assets cannot be measured through an active market, then its fair value is determined through a valuation technique. Profit or losses from changes in the fair value are recognized in other comprehensive income in the period when incurred. At disposition date, such profit or losses are recognized in income.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of interest income. Dividends on available-for-sale equity instruments are recognized in the income statement when the Company's right to receive payments is established.

Impairment

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. See Note 5-D for the accounting policy for the impairment of accounts receivable.

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b. Financial liabilities

i. Debt and financial liabilities

Debt and financial liabilities that are non-derivatives are initially recognized at fair value, net of transaction costs directly attributable to them: subsequently, these liabilities are recognized at amortized cost. The difference between the net proceeds and the amount payable is recognized in the income statement during the debt term, using the effective interest rate method.

ii. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities for trading and financial liabilities designated at initial recognition.

L) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivative financial instruments are initially recognized at fair value and are subsequently re-measured at their fair value; the transaction costs are recognized in the income statement when incurred. Derivative financial instruments are classified as current, except for maturities exceeding 12 months.

Fair value is determined based on recognized market prices. When not quoted in markets, fair value is determined using valuation techniques commonly used in the financial sector. Fair value reflects the credit risk of the instrument and includes adjustments to consider the credit risk of the Company or the counterparty, when applicable.

The method for recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge and, if so, the nature of the item being hedged. The Company designates derivative financial instruments as follows:

- Hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge);
- Hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, including objectives, strategies for risk management and the method for assessing effectiveness in the hedge relationship.

a. Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. At December 31, 2012 and 2011, the Company did not have this type of hedging.

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b. Cash flow hedges

For cash flow hedge transactions, changes in the fair value of the derivative financial instrument are included as other comprehensive income in equity, based on the evaluation of the hedge effectiveness, and are reclassified to the income statement in the periods when the projected transaction is realized, see Note 21-C.

Hedge effectiveness is determined when changes in the fair value or cash flows of the hedged position are compensated with changes in the fair value or cash flows of the hedge instrument in a quotient that ranges between 80% and 125% of inverse correlation. Ineffective portions from changes in the fair value of derivative financial instruments are recognized immediately in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately registered in the income statement.

c. Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold, see Note 20-D.

M) LEASES

a. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the period of the lease.

b. Finance leases

Leases where the Company has substantially all the risks and rewards of ownership, are classified as finance leases.

Under finance leases, at the initial date, both assets and liabilities are recognized at the lower of the fair value of the leased property and the present value of the minimum lease payments. In order to discount the minimum payments, the Company uses the interest rate implicit in the lease, if this practicable to determine; if not, the Company's incremental borrowing rate is used.

Lease payments are allocated between the interest expense and the reduction of the pending liability. Interest income is recognized in each period during the lease term so as to produce a constant periodic interest rate on the remaining balance of the liability.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

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N) EMPLOYEE BENEFITS

a. Post-employment benefits

In Mexico, the Company has the following defined benefit plans:

- Single-payment retirement plan, when employees reach the required retirement age, which is 60.
- Seniority premium, after 15 years of service.

The Company has established trust funds in order to meet its obligations for the seniority premium. Employees do not contribute to these funds.

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation, less the fair value of plan assets, together with adjustments for unrecognized past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using discount rates in accordance with IAS-19, that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the income statement, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, past-service costs are amortized on a straight-line basis over the vesting period.

In the United States, the Company has a savings and investment plan that incorporates voluntary employee 401 (k) contributions with matching contributions of the Company in this country. The Company’s contributions are recognized in the income statement when incurred.

In Venezuela, on May 7, 2012, the New Organic Labor and Workers’ Law (LOTTT) was published in the official gazette of the Bolivarian Republic of Venezuela and was effective as of such date. This law established some changes from the previous Organic Law issued on June 19, 1997 and amended on May 6, 2011. The most important changes included: modifications in the method of calculation of some employee benefits such as vacation bonuses, profits, pre and post natal leave, social security benefits and their interests. It also established changes in the duration of the workday, and introduced concepts as maternity labor stability. Some of the above benefits are also regulated by the collective agreements of the Company in Venezuela, which in many cases, exceed the issues raised by the new legislation.

The Company’s management has determined that the main effect of the enactment of this law is related with the retroactivity of the social security benefits and, through actuarial studies, the Company has estimated the effects on labor provisions and costs.

Until December 31, 2011, the Company determined severance amounts for employment termination in accordance with the local Labor Law and collective agreements effective at that date, and transferred these amounts to a trust for each worker. Contributions to each trust were recognized in income when incurred.

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b. Termination benefits

Termination benefits are payable when employment is terminated by decision of the Company, before the normal retirement date.

The Company recognizes termination benefits as a liability only when there has been a commitment to a detailed formal plan without possibility of withdrawal. Termination benefits that do not meet this requirement are recognized in the income statement in the period when incurred.

c. Short term benefits

Short term employee benefits are measured at nominal base and are recognized as expenses as the service is rendered. If the Company has the legal or constructive obligation to pay as a result of a service rendered by the employee in the past and the amount can be estimated, an obligation is recognized for short term bonuses or profit sharing.

O) PROVISIONS

Provisions are recognized when (a) the Company has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

P) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Q) REVENUE RECOGNITION

Sales are recognized upon shipment to, and acceptance by, the Company’s customers or when the risk of ownership has passed to the customers. Revenue comprises the fair value of the consideration received or receivable, net of returns, discounts, and rebates. Provisions for discounts and rebates to customers, returns and other adjustments are recognized in the same period that the related sales are recorded and are based upon either historical estimates or actual terms.

R) INCOME TAXES

The tax expense of the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized from the analysis of the balance sheet considering temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates that have been enacted at the date of the balance sheet and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for tax loss carry-forwards not used, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. In each period-end deferred income tax assets are reviewed and reduced to the extent that it is not probable that the benefits will be realized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the entity has a legally enforceable right to set off assets against liabilities and are related to income tax levied by the same tax authority on the same taxable entity.

S) EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, which include convertible debt and share options.

For the years ended December 31, 2012, 2011 and 2010, the Company has no dilutive instruments issued.

T) SEGMENT REPORTING

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity. Operating results from an operating segment are regularly reviewed by the entity's chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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6. RISK AND CAPITAL MANAGEMENT

A) RISK MANAGEMENT

The Company is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk, and commodity price risk), credit risk and liquidity risk. The group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. The Company uses derivative financial instruments to hedge some of these risks.

Currency risk

The Company operates internationally and thus, is exposed to currency risks, particularly with the U.S. dollar. Currency risks arise from commercial operations, recognized assets and liabilities and net investments in foreign subsidiaries.

The following tables detail the exposure of the Company to currency risks at December 31, 2012 and 2011. The tables show the carrying amount of the Company's financial instruments denominated in foreign currency.

At December 31, 2012:

	Amounts in thousands of Mexican pesos					
	U.S. Dollar	Pound sterling	Venezuelan bolivar	Euros	Costa Rica colons and others	Total
Monetary assets:						
Current (1)	Ps. 3,072,982	Ps. 276,579	Ps. 1,584,590	Ps. 262,465	Ps. 1,229,180	Ps. 6,425,796
Non-current	10,442	—	1,538	1,655	15,498	29,133
Monetary liabilities:						
Current	(10,312,030)	(212,532)	(1,584,472)	(182,780)	(583,534)	(12,875,348)
Non-current	(12,498,676)	(1,080)	(95,132)	(52,504)	(70,210)	(12,717,602)
Net position	Ps. (19,727,282)	Ps. 62,967	Ps. (93,476)	Ps. 28,836	Ps. 590,934	Ps. (19,138,021)

At December 31, 2011:

	Amounts in thousands of Mexican pesos					
	U.S. Dollar	Pound sterling	Venezuelan bolivar	Euros	Costa Rica colons and others	Total
Monetary assets:						
Current (1)	Ps. 2,867,933	Ps. 313,652	Ps. 1,085,573	Ps. 172,257	Ps. 935,694	Ps. 5,375,109
Non-current	20,809	1,428	522	33,608	42,170	98,537
Monetary liabilities:						
Current	(4,627,116)	(173,062)	(1,970,433)	(273,115)	(515,808)	(7,559,534)
Non-current	(11,615,016)	(1,074)	(22,356)	(33,253)	(69,899)	(11,741,598)
Net position	Ps. (13,353,390)	Ps. 140,944	Ps. (906,694)	Ps. (100,503)	Ps. 392,157	Ps. (13,827,486)

(1) Approximately 70% of this balance corresponds to accounts receivable.

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For the years ended December 31, 2012, 2011 and 2010, the effects of exchange rate differences on the Company's monetary assets and liabilities were recognized as follows:

	2012	2011	2010
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company's net investment in foreign subsidiaries, recorded directly to equity as an effect of foreign currency translation adjustments	Ps. 468,381	Ps. (813,101)	Ps. 296,636
Exchange differences arising from foreign currency transactions recognized in the income statement	(89,262)	40,885	143,852
	Ps. 379,119	Ps. (772,216)	Ps. 440,488

Net sales are denominated in Mexican pesos, U.S. dollars, and other currencies. Sales generated in Mexican pesos during 2012, 2011 and 2010 were 35% in 2012 and 34% in 2011 and 2010 of total net sales. Sales generated in U.S. dollars during 2012 and 2011 were 38% and 43% in 2010 of total net sales. Additionally, at December 31, 2012 and 2011, 63% and 67% of total assets were denominated in different currencies other than Mexican pesos, mainly in U.S. dollars. An important portion of operations are financed through debt denominated in U.S. dollars. For the years ended December 31, 2012, 2011 and 2010, net sales in foreign currency amounted to Ps.42,046,892, Ps. 37,819,919 and Ps.30,732,369, respectively.

An important currency risk for the debt denominated in U.S. dollars is present in subsidiaries that are not located in the United States, which represented 70% of total debt denominated in U.S. dollars.

During 2010 and 2011, the Company carried out forward transactions with the intention of hedging the currency risk of the Mexican peso with respect to the U.S. dollar, related with the price of corn purchases for domestic and imported harvest. These foreign exchange derivative instruments that did not qualify for hedging accounting were recognized at their fair value. At December 31, 2010 and 2011, the open positions of these instruments represented an unfavorable effect of approximately Ps.4,863 and a favorable effect of approximately Ps.88,537, respectively, which was recognized in the income statement.

At December 31, 2012 the Company has no open positions of foreign exchange derivative instruments.

The effect of foreign exchange differences recognized in the income statements for the years ended December 31, 2012, 2011 and 2010, related with the assets and liabilities denominated in foreign currency, totaled a loss of Ps.(89,262), and a gain of Ps.40,885 and Ps.143,852, respectively. Considering the exposure at December 31, 2012, 2011 and 2010, and assuming an increase or decrease of 10% in the exchange rates while keeping constant the rest of the variables such as interest rates, the effect after taxes in the Company's consolidated results will be Ps.458,069, Ps.128,673 and Ps.605,597, respectively.

Interest rate risk

The variations in interest rates could affect the interest income or expense of financial liabilities bearing variable interest rates, and could also modify the fair value of financial liabilities bearing fixed interest rates.

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For the Company, interest rate risk is mainly derived from debt financing transactions, including debt securities, bank and vendor credit facilities and leases. These financing transactions generate exposure to interest rate risk, principally due to changes in relevant base rates (mainly, LIBOR, and to a lesser extent, TIIE, Eurolibor and Venezuela's weighted average rate) that are used to determine the interest rates applicable to the borrowings. The Company had Ps.3,734 million in fixed rate debt and Ps.16,137 million in variable rate debt at December 31, 2012.

The following table shows, at December 31, 2012 and 2011, the Company's debt at fixed and variable rates:

	Amounts in thousands of Mexican pesos	
	2012	2011
Debt at fixed interest rate	Ps. 3,734,498	Ps. 4,280,821
Debt at variable interest rate	16,136,973	8,824,496
Total	Ps. 19,871,471	Ps. 13,105,317

From time to time, the Company uses derivative financial instruments such as interest rate swaps for the purposes of hedging a portion of its debt, in order to reduce the Company's exposure to increases in interest rates.

For variable rate debt, an increase in interest rates will increase interest expense. A hypothetical increase of 100 basis points in interest rates on debt at December 31, 2012, 2011 and 2010 will have an effect on the results of the Company of Ps.161,370, Ps.88,246 and0 Ps.140,505, respectively, considering debt and interest rates at that date, and assuming that the rest of the variables remain constant.

Commodity price risk and derivatives

The availability and price of corn, wheat and other agricultural commodities and fuels are subject to wide fluctuations due to factors outside of the Company's control, such as weather, plantings, government (domestic and foreign) farm programs and policies, changes in global demand/supply and global production of similar and competitive crops. The Company hedges a portion of its production requirements through commodity futures and options contracts in order to reduce the risk created by price fluctuations and supply of corn, wheat, natural gas, diesel and soy oils which exist as part of ongoing business operations. The open positions for hedges of purchases do not exceed the maximum production requirements for a period no longer than 18 months.

During 2012, the Company entered into short-term hedge transactions through commodity futures and options to hedge a portion of its requirements. All derivative financial instruments are recorded at their fair value as either assets or liabilities. Changes in the fair value of derivatives are recorded each period in earnings or accumulated other comprehensive income in equity, depending on whether the derivative qualifies for hedge accounting and is effective as part of a hedge transaction. Ineffectiveness results when the change in the fair value of the hedge instruments differs from the change in the fair value of the position.

For hedge transactions that qualify and are effective, gains and losses are deferred until the underlying asset or liability is settled, and then are recognized as part of that transaction.

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Gains and losses which represent hedge ineffectiveness and derivative transactions that do not qualify for hedge accounting are recognized in the income statement.

At December 31, 2012, financial instruments that qualify as hedge accounting represented a favorable effect of Ps.119,275, which was recognized as comprehensive income in equity.

From time to time the Company hedges commodity price risks utilizing futures and options strategies that do not qualify for hedge accounting. As a result of non-qualification, these derivative financial instruments are recognized at their fair values and the associated effect is recorded in current period earnings. For the year ended December 31, 2012 non-settled financial instruments that did not qualify as hedge accounting represented a favorable effect of Ps.17,090. For the years ended December 31, 2011 and 2010, the Company recognized an unfavorable effect of Ps.40,207 and Ps.13,228, respectively. Additionally, as of December 31, 2012 the Company realized Ps.21,058 in net losses on commodity price risk hedges that did not qualify for hedge accounting; likewise, as of December 31, 2011 and 2010, realized net losses of Ps.52,626 and Ps.42,970, respectively.

Based on the Company’s overall commodity exposure at December 31, 2012 and 2011, a hypothetical 10 percent decline in market prices applied to the fair value of these instruments would result in an effect to the income statement of Ps.68,811 and Ps.40,431, respectively (for non-qualifying contracts).

In Mexico, to support the commercialization of corn for Mexican corn growers, Mexico’s Secretary of Agriculture, Livestock, Rural Development, Fisheries and Food Ministry (Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación, or SAGARPA), through the Agricultural Incentives and Services Agency (Apoyos y Servicios a la Comercialización Agropecuaria, or ASERCA), a government agency founded in 1991, implemented a program designed to promote corn sales in Mexico. The program includes the following objectives:

- Ensure that the corn harvest is brought to market, providing certainty to farmers concerning the sale of their crops and supply security for the buyer.
- Establish a minimum price for the farmer, and a maximum price for the buyer, which are determined based on international market prices, plus a basic formula specific for each region.
- Implement a corn hedging program to allow both farmers and buyers to minimize their exposure to price fluctuations in the international markets.

To the extent that this or other similar programs are canceled by the Mexican government, we may be required to incur additional costs in purchasing corn for our operations, and therefore we may need to increase the prices of our products to reflect such additional costs.

Credit risk

The Company’s regular operations expose it to defaults when customers and counterparties are unable to comply with their financial or other commitments. The Company seeks to mitigate this risk by entering into transactions with a diverse pool of counterparties. However, the Company continues to remain subject to unexpected third party financial failures that could disrupt its operations.

The Company is also exposed to risks in connection with its cash management activities and temporary investments, and any disruption that affects its financial intermediaries could also adversely affect its operations.

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The Company's exposure to risk due to trade receivables is limited given the large number of its customers located in different parts of Mexico, the United States, Central America, Venezuela, Europe, Asia and Oceania. For this reason, there is not a significant risk of credit concentration. However, the Company still maintains reserves for credit losses. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Since none of the clients have an independent rating of credit quality, the Company's management determines the maximum credit risk for each one, taking into account its financial position, past experience, and other factors. Credit limits are established according to policies set by the Company, which also includes controls that assure its compliance.

During 2012 and 2011, credit limits were complied with and, consequently, management does not expect any important losses from trade accounts receivable.

At December 31, 2012 and 2011, the Company has certain accounts receivable that are neither past due or impaired. The credit quality of such receivables does not present indications of impairment, since the sales are performed to a large variety of clients that include supermarkets, government institutions, commercial businesses and tortilla sellers. At December 31, 2012 and 2011, none of these accounts receivable presented non-performance by these counterparties.

The Company has centralized its treasury operations in Mexico, and in the United States for its operations in that country. Liquid assets are invested primarily in government bonds and short term debt instruments with a minimum grade of "A1/P1" in the case of operations in the United States and "A" for operations in Mexico. The Company faces credit risk from potential defaults of their counterparts with respect to financial instruments they use. Substantially all of these financial instruments are not guaranteed. Additionally, it minimizes the risk of default by the counterparts contracting derivative financial instruments only with major national and international financial institutions using contracts and standard forms issued by the International Swaps and Derivatives Association, Inc. ("ISDA") and operations standard confirmation formats. For operations in Central America and Venezuela, only invests cash reserves with leading local banks and local branches of international banks. Additionally, they maintain small investments abroad.

Investment risk in Venezuela

The Company's operations in Venezuela represented approximately 15% of consolidated net sales and 14% of total consolidated assets as of December 31, 2012. The recent political and civil instability that has prevailed in Venezuela represents a risk to the business that cannot be controlled and that cannot be accurately measured or estimated.

Also, in recent years the Venezuelan authorities have imposed foreign exchange controls and price controls on certain products such as corn flour and wheat flour. These price controls may limit the Company's ability to increase prices in order to compensate for the higher cost of raw materials. The foreign exchange controls may limit the Company's capacity to convert bolivars to other currencies and also transfer funds outside Venezuela.

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Various fixed exchange rates have been established by the Venezuelan Government since 2003. Effective January 1, 2010, the Venezuelan Government established an exchange rate of 4.30 bolivars per U.S. dollar. On February 8, 2013, the National Executive, through the Central Bank of Venezuela and the Ministry of Popular Power for Planning and Finance, amended the Exchange Agreement to the effect that an exchange rate of 6.30 bolivars per U.S. dollar is applicable to all operations conducted in foreign currency effective as of February 9, 2013. The exchange rate set in the Exchange Agreement has historically been lower than in the free market. See Note 30-A “Subsequent events”.

The Company does not have insurance for the risk of expropriation of its investments. See Note 27 for additional information about the expropriation proceedings of MONACA assets and the measures taken by the People´s Defense Institute for the Access of Goods and Services of Venezuela (Instituto para la Defensa de las Personas en el Acceso a los Bienes y Servicios de Venezuela, or INDEPABIS) in DEMASECA.

Given the Company’s operations in Venezuela, the financial position and results of the Company may be negatively affected by a number of factors, including:

a. Decrease in consolidated income due to a possible further devaluation of the Venezuelan bolivar against the U.S. dollar;

b. Subsidiaries in Venezuela manufacturing products subject to price controls;

c. The enactment of the Just Costs and Prices Law (Ley de Costos y Precios Justos) on July 18, 2011, that controls the prices of products affecting the Company’s sales;

d. It may be difficult for subsidiaries in Venezuela to pay dividends, as well as to import some of their requirements of raw materials as a result of the foreign exchange and price controls;

e. The costs of some raw materials used by the Venezuelan subsidiaries may increase due to import tariffs, and

f. Inability to obtain and collect a just and reasonable compensation for MONACA’s assets subject to expropriation.

Liquidity risk

The Company funds its liquidity and capital resource requirements, in the ordinary course of business, through a variety of sources, including:

- cash generated from operations;
- committed and uncommitted short-term and long-term lines of credit;
- offerings of medium- and long-term debt; and
- sales of its equity securities and those of its subsidiaries and affiliates from time to time.

Factors that could decrease the sources of liquidity include a significant decrease in the demand for, or price of, products, each of which could limit the amount of cash generated from operations, and a lowering of the corporate credit rating or any other credit downgrade, which could further impair the liquidity and increase costs with respect to new debt and cause stock price to suffer. The Company’s liquidity is also affected by factors such as the depreciation or appreciation of the peso and changes in interest rates.

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The following tables show the remaining contractual maturities of financial liabilities of the Company:

At December 31, 2012:

	Less than a year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Short and long term debt	Ps. 8,043,091	Ps. 755,849	Ps. 6,704,466	Ps. 4,623,030	Ps. 20,126,436
Interest payable from short and long term debt	746,613	1,084,968	852,808	628,022	3,312,411
Financing leases	20,077	18,843	—	—	38,920
Trade accounts and other payables	9,434,268	—	—	—	9,434,268
Other non-current liabilities	—	—	606,495	—	606,495
Derivative financial instruments	28,832	—	—	—	28,832
	Ps. 18,272,881	Ps. 1,859,660	Ps. 8,163,769	Ps. 5,251,052	Ps. 33,547,362

At December 31, 2011:

	Less than a year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Short and long term debt	Ps. 1,621,446	Ps. 380,334	Ps. 5,618,137	Ps. 5,715,000	Ps. 13,334,917
Interest payable from short and long term debt	652,883	1,142,966	1,061,734	791,437	3,649,020
Financing leases	11,762	21,521	—	—	33,283
Trade accounts and other payables	9,301,814	—	—	—	9,301,814
Derivative financial instruments	46,013	—	—	—	46,013
	Ps. 11,633,918	Ps. 1,544,821	Ps. 6,679,871	Ps. 6,506,437	Ps. 26,365,047

The Company expects to meet its obligations with cash flows generated by operations. Additionally, the Company has access to credit lines with various banks to address potential cash needs.

B) CAPITAL MANAGEMENT

The Company’s objectives when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) are to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk, to safeguard the Company’s ability to continue as a going concern while taking advantage of strategic opportunities in order to provide sustainable returns for shareholders and benefits to stockholders.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

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In addition, to monitor capital, debt agreements contain financial covenants which are disclosed in Note 16.

7. SEGMENT INFORMATION

The Company's reportable segments are strategic business units that offer different products in different geographical regions. These business units are managed separately because each business segment requires different technology and marketing strategies.

The Company's reportable segments are as follows:

- Corn flour and packaged tortilla division (United States and Europe):

  Manufactures and distributes more than 20 varieties of corn flour that are used mainly to produce and distribute different types of tortillas and tortilla chip products in the United States. The main brands are MASECA for corn flour and MISSION and GUERRERO for packaged tortillas.

- Corn flour division (Mexico):

  Engaged principally in the production, distribution and sale of corn flour in Mexico under MASECA brand. Corn flour produced by this division is used mainly in the preparation of tortillas and other related products.

- Corn flour, wheat flour and other products division (Venezuela):

  Engaged, mainly, in producing and distributing grains used principally for industrial and human consumption. The main brands are JUANA, TIA BERTA and DECASA for corn flour; ROBIN HOOD and POLAR for wheat flour; MONICA for rice and LASSIE for oats.

- Other segments:

  This section represents those segments whose amounts on an individual basis do not exceed 10% of the consolidated total of net sales, operating income and assets. These segments are:

  a) Corn flour, hearts of palm, rice, and other products (Central America).

  b) Wheat flour (México).

  c) Packaged tortillas (México).

  d) Wheat flour tortillas and snacks (Asia and Oceania).

  e) Technology and equipment, which conducts research and development regarding flour and tortilla manufacturing equipment, produces machinery for corn flour and tortilla production and is engaged in the construction of the Company's corn flour manufacturing facilities.

All inter-segment sales prices are market-based. The Chief Executive Officer evaluates performance based on operating income of the respective business units. The accounting policies for the reportable segments are the same as the policies described in Notes 2 and 5.

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Segment information as of and for the year ended December 31, 2012:

	Corn flour and packaged tortilla division (United States and Europe)	Corn flour division (Mexico)	Corn flour, wheat flour and other products (Venezuela)	Other segments	Eliminations and corporate expenses	Total
Net sales to external customers	Ps. 26,900,883	Ps. 16,809,903	Ps. 9,907,182	Ps. 10,662,239	Ps. 36,425	Ps. 64,316,632
Inter-segment net sales	30,672	763,547	—	1,303,796	(2,098,015)	—
Operating income (loss)	1,334,615	1,749,259	444,525	27,411	(42,777)	3,513,033
Depreciation and amortization	1,058,384	357,097	154,324	312,037	(95,431)	1,786,411
Total assets	17,600,503	12,793,474	7,087,569	11,318,494	660,362	49,460,402
Investment in associates	—	—	—	146,388	1,009,863	1,156,251
Total liabilities	7,931,084	3,808,836	2,948,192	4,630,339	15,808,234	35,126,685
Expenditures for fixed assets	1,630,227	451,771	191,478	393,171	117,940	2,784,587

Segment information as of and for the year ended December 31, 2011:

	Corn flour and packaged tortilla division (United States and Europe)	Corn flour division (Mexico)	Corn flour, wheat flour and other products (Venezuela)	Other segments	Eliminations and corporate expenses	Total
Net sales to external customers	Ps. 23,900,928	Ps. 14,799,007	Ps. 9,156,603	Ps. 9,643,075	Ps. 145,136	Ps. 57,644,749
Inter-segment net sales	196,857	586,733	—	1,128,926	(1,912,516)	—
Operating income (loss)	946,806	1,770,725	674,068	(183,752)	130,614	3,338,461
Depreciation and amortization	1,004,467	356,171	135,335	323,051	(76,302)	1,742,722
Total assets	16,860,083	11,618,882	6,430,234	10,460,321	(826,902)	44,542,618
Investment in associates	—	—	—	143,700	—	143,700
Total liabilities	7,074,787	3,451,518	3,021,882	3,919,903	9,361,744	26,829,834
Expenditures for fixed assets	858,475	238,958	43,058	404,051	133,762	1,678,304

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Segment information as of and for the year ended December 31, 2010:

	Corn flour and packaged tortilla division (United States and Europe)	Corn flour division (Mexico)	Corn flour, wheat flour and other products (Venezuela)	Other segments	Eliminations and corporate expenses	Total
Net sales to external customers	Ps. 21,444,929	Ps. 11,434,119	Ps. 5,381,849	Ps. 7,947,115	Ps. 24,442	Ps. 46,232,454
Inter-segment net sales	66,997	418,647	—	981,806	(1,467,450)	—
Operating income (loss)	1,303,038	1,146,697	(26,200)	(70,558)	(302,962)	2,050,015
Depreciation and amortization	880,457	365,179	112,399	245,252	(100,753)	1,502,534
Total assets	13,757,697	10,276,449	3,983,891	8,627,963	2,281,394	38,927,394
Investment in associates	—	—	—	140,505	4,295,896	4,436,401
Total liabilities	6,165,517	2,680,233	2,095,555	4,189,938	13,073,877	28,205,120
Expenditures for fixed assets	522,741	174,680	84,752	205,917	20,101	1,008,191

A summary of information by geographic segment for the years ended December 31, 2012, 2011 and 2010 is presented below:

	2012	%	2011	%	2010	%
Net sales to external customers:						
United States and Europe	Ps. 26,900,883	42	Ps. 23,900,928	41	Ps. 21,444,929	46
Mexico	22,269,740	35	19,870,195	34	15,539,076	34
Venezuela	9,907,182	15	9,156,603	16	5,381,849	12
Central America	3,368,693	5	3,180,155	6	2,765,134	6
Asia and Oceania	1,870,134	3	1,536,868	3	1,101,466	2
	Ps. 64,316,632	100	Ps. 57,644,749	100	Ps. 46,232,454	100
Capital expenditures:						
United States and Europe	Ps. 1,630,227	59	Ps. 858,475	51	Ps. 522,741	52
Mexico	839,736	30	470,977	28	329,863	33
Venezuela	191,478	7	43,058	3	84,752	8
Central America	70,078	2	88,508	5	43,477	4
Asia and Oceania	53,068	2	217,286	13	27,358	3
	Ps. 2,784,587	100	Ps. 1,678,304	100	Ps. 1,008,191	100
Identifiable assets						
United States and Europe	Ps. 17,600,503	36	Ps. 16,860,083	38	Ps. 13,757,697	35
Mexico	18,695,391	38	15,052,360	34	16,480,632	43
Venezuela	7,087,569	14	6,430,234	14	3,983,891	10
Central America	2,376,482	5	2,408,555	5	1,928,120	5
Asia and Oceania	3,700,457	7	3,791,386	9	2,777,054	7
	Ps. 49,460,402	100	Ps. 44,542,618	100	Ps. 38,927,394	100

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8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

	At December 31, 2012	At December 31, 2011
Cash at bank	Ps. 1,245,911	Ps. 1,161,899
Short-term investments (less than 3 months)	41,457	17,752
	Ps. 1,287,368	Ps. 1,179,651

9. ACCOUNTS RECEIVABLE

Accounts receivable comprised the following:

	At December 31, 2012	At December 31, 2011
Trade accounts and notes receivable	Ps. 6,530,563	Ps. 6,434,327
Employees	26,339	31,628
Recoverable value-added tax	485,608	368,239
ASERCA receivables (Note 6)	—	321,958
Other debtors	374,249	287,168
Allowance for doubtful accounts	(368,234)	(316,112)
	Ps. 7,048,525	Ps. 7,127,208

The age analysis of accounts receivable is as follows:

			Past due balances		
	Total	Not past due date balances	1 to 120 days	121 to 240 days	More than 240 days
Accounts receivable	Ps. 7,416,759	Ps. 4,525,500	Ps. 2,252,425	Ps. 188,609	Ps. 450,225
Allowance for doubtful accounts	(368,234)	—	(119,800)	(57,260)	(191,174)
Total at December 31, 2012	Ps. 7,048,525	Ps. 4,525,500	Ps. 2,132,625	Ps. 131,349	Ps. 259,051

			Past due balances		
	Total	Not past due date balances	1 to 120 days	121 to 240 days	More than 240 days
Accounts receivable	Ps. 7,443,320	Ps. 4,635,346	Ps. 2,174,062	Ps. 255,623	Ps. 378,289
Allowance for doubtful accounts	(316,112)	—	(31,130)	(48,289)	(236,693)
Total at December 31, 2011	Ps. 7,127,208	Ps. 4,635,346	Ps. 2,142,932	Ps. 207,334	Ps. 141,596

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For the years ended December 31, 2012 and 2011, the movements on the allowance for doubtful accounts are as follows:

	2012	2011
Beginning balance	Ps. (316,112)	Ps. (290,379)
Allowance for doubtful accounts	(116,240)	(130,885)
Receivables written off during the year	54,610	117,254
Exchange differences	9,508	(12,102)
Ending balance	Ps. (368,234)	Ps. (316,112)

10. INVENTORIES

Inventories consisted of the following:

	At December 31, 2012	At December 31, 2011
Raw materials, mainly corn and wheat	Ps. 9,513,318	Ps. 7,987,448
Finished products	1,018,452	917,014
Materials and spare parts	1,346,546	1,284,953
Production in process	220,439	149,714
Advances to suppliers	416,487	194,297
Inventory in transit	466,700	167,405
Raw material loans (1)	402,048	—
	Ps. 13,383,990	Ps. 10,700,831

(1) It is the total amount pending to recover as of December 31, 2012, due to physical loans of grains to government companies in Venezuela, which is expected to recover during 2013.

For the years ended December 31, 2012, 2011 and 2010, the cost of raw materials consumed and the changes in the inventories of production in process and finished goods, recognized as cost of sales amounted to Ps.31,479,110, Ps.34,374,608 and Ps.26,697,273, respectively.

For the years ended December 31, 2012, 2011 and 2010, the Company recognized Ps.97,464, Ps.76,086 and Ps.62,964, respectively, for inventory that was damaged, slow-moving and obsolete.

11. LONG-TERM NOTES AND ACCOUNTS RECEIVABLE

Long-term notes and accounts receivable are as follows:

	At December 31, 2012	At December 31, 2011
Long-term recoverable asset tax	Ps. —	Ps. 209,940
Long-term notes receivable from sale of tortilla machines	199,925	189,044
Prepaid rent deposits.	98,792	111,396
Guarantee deposits	29,324	38,827
Long-term recoverable value-added tax	6,716	35,019
Other	12,187	42,648
	Ps. 346,944	Ps. 626,874

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At December 31, 2012 and 2011 long-term notes receivable are denominated in pesos, maturing from 2014 to 2017 and bearing an average interest rate of 16.5% for both years.

12. INVESTMENT IN ASSOCIATES

At December 31, 2012 and 2011, investment in common stock of associated companies consisted of an investment in Valores Azteca and Harinera de Monterrey, S.A. de C.V., which produces wheat flour and related products in Mexico.

At December 31, 2012, Valores Azteca, an associate of GRUMA, has 9.66% of the outstanding shares of the Company. Valores Azteca has assets amounting to Ps.1,094,016, no liabilities as of December 31, 2012 and for the year ended December 31, 2012, has no revenues and reported a net profit of Ps.107,963. Valores Azteca does not perform any operation or activity besides owning the shares of GRUMA. Derived from the multiple transactions completed on December 14, 2012, see Note 3, the Company acquired 45% of the outstanding shares of Valores Azteca.

During January 2011, the Company decided to sell its 8.7966% interest in the capital stock of Grupo Financiero Banorte, S.A.B. de C.V. (GFNorte). On February 15, 2011, the sale of 177,546,496 shares of the capital stock of GFNorte was concluded, resulting in cash proceeds of Ps.9,232,418, before fees and expenses. The accounting result was a profit before taxes of approximately Ps.4,707,804 net of fees and expenses. The sale was authorized by the Mexican Banking Securities and Exchange Commission (CNBV) and was carried out through a secondary public offering in Mexico and a private offering in the United States and other foreign markets, for a simultaneous global offering.

Until the date of GFNorte's sale, the Company had significant influence over this associate due to its representation on the Board of Directors of GFNorte through the Company's principal shareholder.

Investment in associates is comprised of the following:

	At December 31, 2012		At December 31, 2011	
Valores Azteca, S.A. de C.V.	Ps.	1,009,863	Ps.	—
Harinera de Monterrey, S.A. de C.V.		146,388		143,700
	Ps.	1,156,251	Ps.	143,700

The percentage of interest held in associates is:

	At December 31, 2012	At December 31, 2011
Valores Azteca, S.A. de C.V.	45%	—
Harinera de Monterrey, S.A. de C.V.	40%	40%

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13. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment for the years ended December 31, 2012 and 2011 were as follows:

	Land and buildings	Machinery and equipment	Leasehold improvements	Construction in progress	Total
At January 1, 2011					
Cost	Ps. 7,876,090	Ps. 24,962,403	Ps. 943,548	Ps. 480,133	Ps. 34,262,174
Accumulated depreciation	(2,405,289)	(13,493,470)	(433,242)	—	(16,332,001)
Net book value	Ps. 5,470,801	Ps. 11,468,933	Ps. 510,306	Ps. 480,133	Ps. 17,930,173
For the year ended December 31, 2011					
Opening net book value	Ps. 5,470,801	Ps. 11,468,933	Ps. 510,306	Ps. 480,133	Ps. 17,930,173
Exchange differences	610,538	1,486,807	74,047	93,434	2,264,826
Additions	148,380	636,835	12,730	880,359	1,678,304
Disposals	(8,607)	(90,945)	(175)	(22,531)	(122,258)
Depreciation charge	(198,856)	(1,217,848)	(71,244)	—	(1,487,948)
Transfers (1)	63,064	610,568	48,011	(721,643)	—
Acquisitions through business combinations	82,928	169,663	—	592	253,183
Impairment	(647)	—	—	—	(647)
Closing net book value	Ps. 6,167,601	Ps. 13,064,013	Ps. 573,675	Ps. 710,344	Ps. 20,515,633
At December 31, 2011					
Cost	Ps. 8,914,511	Ps. 28,427,554	Ps. 1,043,612	Ps. 710,344	Ps. 39,096,021
Accumulated depreciation	(2,746,910)	(15,363,541)	(469,937)	—	(18,580,388)
Net book value	Ps. 6,167,601	Ps. 13,064,013	Ps. 573,675	Ps. 710,344	Ps. 20,515,633
For the year ended December 31, 2012					
Opening net book value	Ps. 6,167,601	Ps. 13,064,013	Ps. 573,675	Ps. 710,344	Ps. 20,515,633
Exchange differences	(70,181)	(301,221)	(32,672)	(91,446)	(495,520)
Additions	85,874	815,259	43,036	1,840,418	2,7849,587
Disposals	(1,488)	(244,407)	(16,679)	(980)	(263,554)
Depreciation charge	(205,843)	(1,327,101)	(86,654)	—	(1,619,598)
Transfers (1)	8,884	902,720	143,666	(1,055,270)	—
Impairment	—	(4,014)	—	—	(4,014)
Closing net book value	Ps. 5,984,847	Ps. 12,905,249	Ps. 624,372	Ps. 1,403,066	Ps. 20,917,534
At December 31, 2012					
Cost	Ps. 8,908,549	Ps. 28,915,146	Ps. 1,152,567	Ps. 1,403,066	Ps. 40,379,328
Accumulated depreciation	(2,923,702)	(16,009,897)	(528,195)	—	(19,461,794)
Net book value	Ps. 5,984,847	Ps. 12,905,249	Ps. 624,372	Ps. 1,403,066	Ps. 20,917,534

(1) Transfers correspond to capitalizations of construction in progress.

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For the years ended December 31, 2012, 2011 and 2010, depreciation expense was recognized as follows:

	2012	2011	2010
Cost of sales	Ps. 1,282,831	Ps. 1,195,318	Ps. 1,146,514
Selling and administrative expenses	336,767	292,630	266,370
	Ps. 1,619,598	Ps. 1,487,948	Ps. 1,412,884

At December 31, 2012 and 2011, property, plant and equipment included idle assets with a carrying value of approximately Ps.842,992 and Ps.1,072,382, respectively, resulting from the temporary shut-down of the productive operations of various plants in Mexico, the United States and Venezuela, mainly in the corn flour division in Mexico and packaged tortilla division in the United States.

For the years ended December 31, 2012 and 2011, the Company recognized impairment losses on fixed assets by Ps.4,014 and Ps.647, respectively, within “Other expenses”.

The impairment loss in 2012 amounting to Ps.4,014 referred to Gruma Seaham, Ltd, which is part of the segment “Corn flour and packaged tortilla division (United States and Europe)”. This impairment loss reflects a decrease in the recoverable value of fixed assets of this CGU due to its continued operating losses.

The Company recognized equipment under finance lease arrangements that are described in Note 26-B.

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14. INTANGIBLE ASSETS

Changes in intangible assets for the years ended December 31, 2012 and 2011 were as follows:

	Intangible assets acquired					Internally generated intangible assets and others	
	Goodwill	Covenants not to compete	Patents and trade-marks	Customer lists	Software for internal use		Total
At January 1, 2011							
Cost	Ps. 2,148,699	Ps. 461,126	Ps. 107,471	Ps. 93,719	Ps. 563,328	Ps. 67,606	Ps. 3,441,949
Accumulated amortization	—	(329,155)	(66,211)	(49,137)	(534,020)	(56,989)	(1,035,512)
Net book value	Ps. 2,148,699	Ps. 131,971	Ps. 41,260	Ps. 44,582	Ps. 29,308	Ps. 10,617	Ps. 2,406,437
For the year ended December 31, 2011							
Opening net book value	Ps. 2,148,699	Ps. 131,971	Ps. 41,260	Ps. 44,582	Ps. 29,308	Ps. 10,617	Ps. 2,406,437
Exchange differences	214,138	2,587	8,710	12,652	6,829	13,457	258,373
Additions	—	—	18	—	3,841	18,865	22,724
Disposals	—	—	—	—	73	(14,607)	(14,534)
Amortization	—	(24,905)	(8,738)	(8,719)	(6,715)	(7,889)	(56,966)
Additions through business combinations	344,643	16,156	22,458	46,562	292	1,107	431,218
Impairment	(92,893)	—	—	—	—	—	(92,893)
Closing net book value	Ps. 2,614,587	Ps. 125,809	Ps. 63,708	Ps. 95,077	Ps. 33,628	Ps. 21,550	Ps. 2,954,359
At December 31, 2011							
Cost	Ps. 2,614,587	Ps. 480,098	Ps. 147,577	Ps. 158,516	Ps. 640,799	Ps. 77,166	Ps. 4,118,743
Accumulated amortization	—	(354,289)	(83,869)	(63,439)	(607,171)	(55,616)	(1,164,384)
Net book value	Ps. 2,614,587	Ps. 125,809	Ps. 63,708	Ps. 95,077	Ps. 33,628	Ps. 21,550	Ps. 2,954,359
For the year ended December 31, 2012							
Opening net book value	Ps. 2,614,587	Ps. 125,809	Ps. 63,708	Ps. 95,077	Ps. 33,628	Ps. 21,550	Ps. 2,954,359
Exchange differences	(118,552)	(1,071)	(4,122)	1,170	3,034	(3,241)	(122,782)
Additions	9,804	—	23	—	4,400	2,938	17,165
Disposals	—	—	—	—	(496)	(6,091)	(6,587)
Amortization	—	(31,979)	(10,554)	(12,211)	(5,022)	(6,945)	(66,711)
Closing net book value	Ps. 2,505,839	Ps. 92,759	Ps. 49,055	Ps. 84,036	Ps. 35,544	Ps. 8,211	Ps. 2,775,444
At December 31, 2012							
Cost	Ps. 2,505,839	Ps. 478,820	Ps. 137,370	Ps. 146,260	Ps. 667,243	Ps. 72,134	Ps. 4,007,666
Accumulated amortization	—	(386,061)	(88,315)	(62,224)	(631,699)	(63,923)	(1,232,222)
Net book value	Ps. 2,505,839	Ps. 92,759	Ps. 49,055	Ps. 84,036	Ps. 35,544	Ps. 8,211	Ps. 2,775,444

At December 31, 2012 and 2011, except for goodwill, the Company does not have indefinite-lived intangible assets.

For the years ended December 31, 2012, 2011 and 2010, amortization expense of intangible assets amounted to Ps.66,711, Ps.56,966 and Ps.54,380, respectively, which were recognized in the income statement as selling and administrative expenses.

Research and development costs of Ps.136,826, Ps.91,011 and Ps.76,604 were recognized in the income statement for the years ended December 31, 2012, 2011 and 2010, respectively.

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Goodwill acquired in business combinations is allocated at acquisition date to the cash-generating units (CGU) that are expected to benefit from the synergies of the business combinations. The carrying values of goodwill allocated to the CGU or a group of CGU are as follows:

Cash-generating unit	At December 31, 2012	At December 31, 2011
Mission Foods Division (1)	Ps. 798,768	Ps. 856,474
Gruma Seaham Ltd (2)	322,660	339,222
Gruma Corporation	212,765	212,765
Rositas Investments Pty, Ltd (2)	199,062	209,709
Semolina, A.S (2)	182,366	189,494
Gruma Holding Netherlands B.V (1)	122,451	120,877
Agroindustrias Integradas del Norte, S.A. de C.V (3)	115,099	115,099
Altera LLC (2)	95,617	99,149
Grupo Industrial Maseca, S.A.B. de C.V.	98,622	98,622
NDF Azteca Milling Europe SRL (2)	86,757	93,614
Azteca Milling, L.P (1)	70,866	75,986
Solntse Mexico (2)	69,499	72,269
Gruma Centroamérica (2)	51,207	51,207
Molinos Azteca de Chiapas, S.A. de C.V (3)	28,158	28,158
Harinera de Yucatán, S.A. de C.V (3)	18,886	18,886
Harinera de Maíz de Mexicali, S.A. de C.V (3)	17,424	17,424
Molinos Azteca, S.A. de C.V (3)	8,926	8,926
Harinera de Maíz de Jalisco, S.A. de C.V (3)	6,706	6,706
	Ps. 2,505,839	Ps. 2,614,587

(1) Subsidiary of Gruma Corporation
(2) Subsidiary of Gruma International Foods, S.L.
(3) Subsidiary of Grupo Industrial Maseca, S.A.B. de C.V.

In 2012 and 2011, the after-tax discount rates and growth rates in perpetuity used by the Company for determining the discounted cash flows of the CGU with the main balances of goodwill are the following:

Cash-generating unit	Discount rates 2012	Discount rates 2011	Growth rates 2012	Growth rates 2011
Mission Foods Division	6.0%	8.9%	2.5%	2.5%
Gruma Seaham	7.7%	7.0%	2.5%	2.5%
Gruma Corporation	6.0%	8.9%	2.5%	2.5%
Rositas Investment PTY, LTD.	7.9%	7.2%	3.0%	3.0%
Gruma Holding Netherlands B.V.	8.6%	7.1%	1.85%	1.85%
Agroindustrias Integradas del Norte, S.A. de C.V.	7.8%	8.4%	2.5%	2.5%
Semolina A.S.	8.5%	—	2.5%	—

With respect to the determination of the CGU's value in use, the Company's management considered that a reasonably possible change in the key assumptions used, will not cause that the CGU's carrying value to materially exceed their value in use.

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For the year ended December 31, 2011, the Company recognized impairment losses on goodwill by Ps.92,893, within "Other expenses". The impairment loss recognized in 2011 referred to the CGU of Gruma Holding Netherlands B.V. and Gruma Seaham Ltd., which are part of the segment "Corn flour and packaged tortilla division (United States and Europe)". This impairment loss reflected a decrease in the recoverable value of these CGU due to its continuous operating losses.

15. DEFERRED TAX ASSETS AND LIABILITIES

A) COMPONENTS OF DEFERRED TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	At December 31, 2012	At December 31, 2011
Deferred tax asset:		
To be recovered after more than 12 months	Ps. (314,866)	Ps. (124,760)
To be recovered within 12 months	(334,329)	(189,376)
	(649,195)	(314,136)
Deferred tax liability:		
To be recovered after more than 12 months	4,225,367	3,782,501
To be recovered within 12 months	—	55,815
	4,225,367	3,838,316
Deferred tax liability, net	Ps. 3,576,172	Ps. 3,524,180

The principal components of deferred tax assets and liabilities are summarized as follows:

	(Asset) Liability	
	At December 31, 2012	At December 31, 2011
Net operating loss carryforwards and other tax credits	Ps. (686,260)	Ps. (326,954)
Customer advances	(3,722)	(163)
Allowance for doubtful accounts	(4,637)	(14,791)
Provisions and accrued liabilities	(799,140)	(672,821)
Recoverable asset tax	—	(11,023)
Other	(102,387)	(133,411)
Deferred tax asset	(1,596,146)	(1,159,163)
Property, plant and equipment	2,075,116	2,060,121
Prepaid expenses	3,782	4,999
Inventories	38,458	63,104
Intangible assets and others	322,962	277,414
Investment in associates	407,958	494,137
Derivative financial instruments	125,938	—
Other	8,792	86,682
	2,983,006	2,986,457
Tax consolidation effect	2,189,312	1,696,886
Deferred tax liability	5,172,318	4,683,383
Net provision for deferred taxes	Ps. 3,576,172	Ps. 3,524,180

At December 31, 2012, the Company did not recognize a deferred income tax asset of Ps.3,328,993 for tax loss carryforwards, since sufficient evidence was not available to determine that these tax loss carryforwards will be realizable during their amortization period. These tax losses expire in the year 2022.

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The changes in the temporary differences during the year were as follows:

	Balance at January 1, 2012	Recognized in income	Recognized in other compre-hensive income	Reclassifi-cations	Foreign currency translation	Balance at December 31, 2012
Net operating loss carryforwards and other tax credits	Ps. (326,954)	Ps. (371,818)	Ps. —	Ps. —	Ps. 12,512	Ps. (686,260)
Customer advances	(163)	(3,559)	—	—	—	(3,722)
Allowance for doubtful accounts	(14,791)	11,810	—	(35)	(1,621)	(4,637)
Provisions and accrued liabilities	(672,821)	109,869	(53,504)	—	(182,684)	(799,140)
Recoverable asset tax	(11,023)	11,023	—	—	—	—
Others	(133,411)	25,955	—	(160)	5,229	(102,387)
Deferred tax asset	(1,159,163)	(216,720)	(53,504)	(195)	(166,564)	(1,596,146)
Property, plant and equipment	2,060,121	(78,339)	25,628	(930)	68,636	2,075,116
Prepaid expenses	4,999	(1,217)	—	—	—	3,782
Inventories	63,104	(25,977)	1,566	—	(235)	38,458
Intangible assets and others	277,414	67,077	—	312	(21,841)	322,962
Investment in associates	494,137	25,097	—	(77,930)	(33,346)	407,958
Derivative financial instruments	—	—	125,938	—	—	125,938
Others	86,682	54,210	14,702	(431)	(146,371)	8,792
	2,986,457	40,851	167,834	(78,979)	(133,157)	2,983,006
Tax consolidation effect	1,696,886	492,426	—	—	—	2,189,312
Deferred tax liability	4,683,343	533,277	167,834	(78,979)	(133,157)	5,172,318
Net provision for deferred taxes	Ps. 3,524,180	Ps. 316,557	Ps. 114,330	Ps. (79,174)	Ps. (299,721)	Ps. 3,576,172

	Balance at January 1, 2011	Recognized in income	Recognized in other comprehen-sive income	Foreign currency translation	Balance at December 31, 2011
Net operating loss carryforwards and other tax credits	Ps. (1,644,733)	Ps. 1,342,088	Ps. 53	Ps. (24,362)	Ps. (326,954)
Customer advances	(154)	(125)	—	116	(163)
Allowance for doubtful accounts	(15,360)	1,260	(1)	(690)	(14,791)
Provisions and accrued liabilities	(541,729)	(59,614)	(11,724)	(59,754)	(672,821)
Recoverable asset tax	(15,417)	4,394	—	—	(11,023)
Others	(98,186)	(30,973)	—	(4,252)	(133,411)
Deferred tax asset	(2,315,579)	1,257,030	(11,672)	(88,942)	(1,159,163)
Property, plant and equipment	1,959,515	(8,368)	297	108,677	2,060,121
Prepaid expenses	39,895	(37,779)	—	2,883	4,999
Inventories	88,905	(28,839)	—	3,038	63,104
Intangible assets and others	194,118	44,885	—	38,411	277,414
Investment in associates	1,054,891	(620,090)	—	59,336	494,137
Others	1,292	32,573	(8,933)	61,750	86,682
	3,338,616	(617,618)	(8,636)	274,095	2,986,457
Tax consolidation effect	1,534,650	162,914	(678)	—	1,696,886
Deferred tax liability	4,873,266	(454,704)	(9,314)	274,095	4,683,343
Net provision for deferred taxes	Ps. 2,557,686	Ps. 802,327	Ps. (20,986)	Ps. 185,153	Ps. 3,524,180

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B) TAX LOSS CARRYFORWARDS

At December 31, 2012, the Company had tax loss carryforwards which amounted to approximately Ps.12,190,892. Based on projections prepared by the Company's management of expected future taxable income, it has been determined that only tax losses for an amount of Ps.211,960 will be used. Therefore, the Company did not recognize a deferred tax asset for the difference. Tax losses that will be used have the following expiration dates:

Year		Amount
2013	Ps.	8,507
2014		5,432
2015		4,389
2016		4,646
2017 to 2022		188,986
Total	Ps.	211,960

C) UNCERTAIN TAX POSITIONS

At December 31, 2012 and 2011, the Company recognized a liability for uncertain tax positions of Ps.38,688 and Ps.41,264, respectively, excluding interest and penalties, and it is included in Other non-current liabilities. The following table presents a reconciliation of the Company's uncertain tax positions, excluding interest and penalties:

		2012		2011
Uncertain tax positions at beginning of year	Ps.	42,816	Ps.	40,511
Translation adjustment of the initial balance		(1,552)		(4,646)
Increase as result of uncertain tax positions taken in the year		5,217		9,347
Settlements		—		(851)
Reductions due to a lapse of the statute of limitations		(7,793)		(3,097)
Uncertain tax positions at end of year	Ps.	38,688	Ps.	41,264

It is expected that the amount of uncertain tax positions will change in the next 12 months; however, the Company does not expect the change to have a significant impact on its consolidated financial position or results of operations. The Company had accrued interest and penalties of approximately Ps.3,305 and Ps.3,572 related to uncertain tax positions for fiscal 2012 and 2011, respectively.

D) TAX EFFECTS FROM OTHER COMPREHENSIVE INCOME

Deferred taxes related to other comprehensive income are comprised of:

		At December 31, 2012		At December 31, 2011		At December 31, 2010
Foreign currency translation adjustments	Ps.	(825)	Ps.	(8,583)	Ps.	(24,724)
Actuarial gains and losses		(10,783)		(11,725)		—
Cash flow hedges		125,938		—		—
Other movements		—		(678)		(781)
Total	Ps.	114,330	Ps.	(20,986)	Ps.	(25,505)

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E) TAX CONSOLIDATION

Gruma, S.A.B. de C.V. is authorized to determine income tax under the tax consolidation regime, together with its subsidiaries in Mexico, according to the authorization of Ministry of Finance and Public Credit on July 14, 1986, under what is stated in the applicable Law.

In 2012, the Company determined a consolidated tax profit of Ps.1,575,575. As of December 31, 2012, the Company did not have consolidated tax loss carryforwards. The consolidated tax result differs from the accounting result, mainly in such items taxed and deducted during different timing for accounting and tax purposes, from the recognition of the inflation effects for tax purposes, as well as such items only affecting either the consolidated accounting or taxable income.

Certain Income Tax Law provisions which were reformed, added or derogated for 2010 were published on December 7, 2009, including the following:

- The income tax rate applicable from 2010 to 2012 will be 30%, for 2013 it will be 29% and as of 2014 it will be 28%. At December 31, 2009, the previously described rate change produced a reduction in the income tax deferred balance of Ps.58,228, with its corresponding effect in the income statement for the year, which was determined based on an expectation of temporary reversion to the effective rates.

- Eliminated the possibility of using credits for the excess of deductions on taxable income for Flat tax purposes (credit of tax loss of flat tax) in order to reduce the income tax to be paid while could be credited against the flat tax base.

- The tax consolidation regime was modified in order to establish that the income tax payment related to the tax consolidation benefits obtained as of 1999 should be partially paid during the sixth to tenth years subsequent to the date when those benefits were embraced.

  The tax consolidation benefits previously mentioned come from:

  i) Tax losses embraced in the tax consolidation which were not amortized individually by the entity which produced them;

  ii) special consolidation items derived from transactions held between the consolidating partnerships and producing benefits;

  iii) loss on disposal of shares individually outstanding of deduction by the holding which produced them; and

  iv) dividends distributed by the holding and which do not come from the net tax profit account (CUFIN) balance and reinvested CUFIN.

- It is stated that the existing differences between the consolidated CUFIN and reinvested CUFIN balances and the balances of these same accounts of the controlled entities by the Company can produce profits resulting in income tax.

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At December 31, 2012, the liability arising from the aforementioned changes in the Income Tax Law amounted to Ps.2,248,365 and is estimated to be incurred as follows:

	Year of payment					
	2013	2014	2015	2016	2017 and thereafter	Total
Tax losses	Ps. 58,339	Ps. 146,748	Ps. 205,277	Ps. 286,098	Ps. 1,550,475	Ps. 2,246,973
Special consolidation items	206	206	—	—	—	412
Dividends distributed by the subsidiaries not paid from CUFIN or reinvested CUFIN	508	508	—	—	—	1,016
Total	Ps. 59,053	Ps. 147,462	Ps. 205,277	Ps. 286,098	Ps. 1,550,475	Ps. 2,248,365

The Company, through time, has been recognizing a tax liability compensated with income tax from tax loss carryforwards. At December 31, 2012, income tax payable with defined payment dates was classified in the statement of financial position as short and long-term income tax payable for Ps.59,053 and Ps.102,088, respectively. In addition, the remaining liability, for which a settlement date has not yet determined in accordance with the requirements of the Income Tax Law, was included as a component of the deferred income taxes.

16. DEBT

Debt is summarized as follows:

Short-term:

	At December 31, 2012	At December 31, 2011
Bank loans	Ps. 7,929,276	Ps. 1,577,873
Current portion of long-term bank loans	69,414	43,572
Current portion of financing lease liabilities	20,073	11,762
	Ps. 8,018,763	Ps. 1,633,207

Long-term:

	At December 31, 2012	At December 31, 2011
Bank loans	Ps. 8,207,700	Ps. 7,533,828
Perpetual notes	3,695,579	3,960,333
Financing lease liabilities	38,916	33,283
	Ps. 11,942,195	Ps. 11,527,444
Current portion of long-term bank loans	(69,414)	(43,572)
Current portion of financing lease liabilities	(20,073)	(11,762)
	Ps. 11,852,708	Ps. 11,472,110

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The terms, conditions and carrying values of debt are as follows:

	Currency	Interest rate	Maturity date	At December 31, 2012	At December 31, 2011
Perpetual notes	USD	7.75%	(a)	Ps. 3,695,579	Ps. 3,960,333
Revolving credit	USD	LIBOR + 1.375%	2016	2,119,580	1,858,098
Revolving credits	USD	LIBOR + 1.75%	2016	1,626,264	1,046,250
Syndicated loan	Pesos	TIIE + 1.5%	2015-2018	1,193,080	1,189,919
Credit	USD	LIBOR + 1.75%	2014-2016	1,936,138	2,071,783
Credit	USD	LIBOR + 1.75%	2016	642,887	693,296
Credit	USD	2.87% - 7.5%	2013	791,012	773,142
Credit	Pesos	7.41% - 8.14%	2016	84,794	70,301
Credit	Bolivars	8.0% and 13.0%	2010-2012	—	279,813
Credit	Euros	1.8% - 2.2%	2013	32,327	50,617
Credit	USD	LIBOR + 2%	2013	6,895	7,394
Credit	USD	4.8%	2013	9,273	—
Credit	Liras	10.65%	2013	133,925	—
Credit	Pesos	TIIE + 1.5%	2015-2018	598,062	596,786
Credits	USD	LIBOR + 3%	2013	3,997,068	—
Credit	USD	LIBOR + 3%	2013	1,292,671	—
Credits	Pesos	6.16% - 7.65%	2013	1,673,000	—
Credits	USD	LIBOR + 2%	2012	—	474,302
Financing lease liability	Euros	3.99%	2013-2017	17,977	—
Financing lease liability	Pesos	13.02%	2013-2014	20,939	33,283
Total				Ps. 19,871,471	Ps. 13,105,317

(a) Redeemable starting 2009 at the Company's option.

At December 31, 2012 and 2011, short-term debt bore interest at an average rate of 4.12% and 4.34%, respectively. At December 31, 2012, 2011 and 2010, interest expense included interest related to debt amounting Ps.824,318, Ps.965,128 and Ps.1,391,631, respectively.

At December 31, 2012, the annual maturities of long-term debt outstanding were as follows:

Year	Amount
2014	Ps. 351,896
2015	422,795
2016	5,858,444
2017	812,849
2018 and thereafter	4,406,724
Total	Ps. 11,852,708

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To carry out the transaction of the Equity Interests, as mentioned in Note 3 "Acquisition of non-controlling interest of Archer-Daniels-Midland in Gruma and certain subsidiaries", GRUMA obtained bridge loan facilities with maturity dates of up to a year for a total amount of Ps.5,103,360 (U.S.$400 million), lent by Goldman Sachs Bank USA, Banco Santander and Banco Inbursa (the "Short-Term Loan Facilities"), and used Ps.637,920 (U.S.$50 million) of Gruma Corporation's revolving syndicated long term credit facility with Bank of America, which matures in 2016. For the execution of the Short-Term Loan Facilities, GRUMA's permitted leverage ratios established under the loan facilities were increased to allow GRUMA to increase its leverage as a result of the obtainment of the Short-Term Loan Facilities.

The Company has credit line agreements for Ps.5,529 million (U.S.$425 million), from which Ps.1,123 million (U.S.$86.3 million) are available as of December 31, 2012. These credit line agreements require a quarterly payment of a commitment fee ranging from 0.2% to 1.2% over the unused amounts.

The outstanding credit agreements contain covenants mainly related to compliance with certain financial ratios and delivery of financial information, which, if not complied with during the period, as determined by creditors, may be considered a cause for early maturity of the debt.

Financial ratios are calculated according to formulas established in the credit agreements. The main financial ratios contained in the credit agreements are the following:

- Interest coverage ratio, defined as the ratio of consolidated earnings before interest, tax, depreciation and amortization (EBITDA) to consolidated interest charges, should not be less than 2.50 to 1.00.

- Leverage ratio, defined as the ratio of total consolidated indebtedness (as described in the credit agreements) to consolidated EBITDA, should be as follows:

Period	Leverage ratio
From June 15, 2011 to December 7, 2012	No greater than 3.50 to 1.00
From December 8, 2012 to September 30, 2013	No greater than 4.75 to 1.00
From October 1, 2013 to September 30, 2014	No greater than 4.50 to 1.00
From October 1, 2014 to September 30, 2015	No greater than 4.00 to 1.00
From October 1, 2015 and thereafter	No greater than 3.50 to 1.00

At December 31, 2012, the Company was in compliance with the financial covenants, as well as with the delivery of the required financial information.

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17. PROVISIONS

The movements of provisions are as follows:

	Labor provisions	Restoration provision	Tax provision	Unregulated labor security obligations	Subtotal
Balance at January 1, 2011	Ps. 200,182	Ps. 71,754	Ps. 10,751	Ps. 27,698	Ps. 310,385
Charge (credit) to income:					
Additional provisions	157,324	31,148	6,048	15,892	210,412
Unused amounts reversed	—	—	(488)	—	(488)
Used during the year	(72,696)	—	(1,523)	—	(74,219)
Exchange differences	31,751	12,995	1,830	3,588	50,164
Balance at December 31, 2011	316,561	115,897	16,618	47,178	496,254
Charge (credit) to income:					
Additional provisions	31,913	32,558	5,660	—	70,131
Unused amounts reversed	(355)	948	—	(43,575)	(42,982)
Used during the year	(90,919)	(12,739)	(50)	—	(103,708)
Exchange differences	(20,618)	(8,005)	(996)	(2,533)	(32,152)
Balance at December 31, 2012	Ps. 236,582	Ps. 128,659	Ps. 21,232	Ps. 1,070	Ps. 387,543
Of which current	Ps. 96,673	Ps. —	Ps. —	Ps. 1,070	Ps. 97,743
Of which non-current	139,909	128,659	21,232	—	289,800

	Subtotal	Provision for operating plant closure expenditures	Other	Total
Balance at January 1, 2011	Ps. 310,385	Ps. 19,681	Ps. 88	Ps. 330,154
Charge (credit) to income:				
Additional provisions	210,412	—	4,604	215,016
Unused amounts reversed	(488)	—	—	(488)
Used during the year	(74,219)	(7,256)	(99)	(81,574)
Exchange differences	50,164	2,550	8	52,722
Balance at December 31, 2011	496,254	14,975	4,601	515,830
Charge (credit) to income:				
Additional provisions	70,131	—	—	70,131
Unused amounts reversed	(42,982)	—	—	(42,982)
Used during the year	(103,708)	(13,966)	(4,294)	(121,968)
Exchange differences	(32,152)	(1,009)	(307)	(33,468)
Balance at December 31, 2012	Ps. 387,543	Ps. —	Ps. —	Ps. 387,543
Of which current	Ps. 97,743	Ps. —	Ps. —	Ps. 97,743
Of which non-current	289,800	—	—	289,800

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Labor provisions

a. Workers' compensation

In the United States, when permitted by law, the Company self insures against workers' compensation claims. As claims are filed for workers' compensation, the Company recognizes an obligation to settle these claims. Certain actuarial information is used to estimate the expected outflows of economic resources and projected timing of the settlement of these claims. The discount rate rate applied during 2012 was 2.89%.

Subsidiaries in Venezuela established a provision for labor claims filed against the Company related to work accidents and the payment of certain labor benefits, and to meet the terms of the collective labor contracts that, as of the date hereof, are still being negotiated with workers' unions.

Likewise, the subsidiary in Italy esablished a provision to meet legal costs arising from labor claims related mainly to work accidents.

b. Legal reserve

The Company's subsidiaries in the United States have established a provision for the probable settlement of a lawsuit presented by a former employee. Final approval of the settlement was granted by the court on March 26, 2012 with payments of U.S.$2.4 million being submitted by the Company in April 2012.

Restoration provision

In the United States and Europe, the Company has recognized an obligation to remove equipment and leasehold improvements from certain of its leased manufacturing facilities in order to restore the facilities to their original condition, less normal wear and tear as determined by the terms of the lease. The Company has estimated the expected outflows of economic resources associated with these obligations and the probability of possible settlement dates based upon the terms of the lease. These estimates are used to calculate the present value of the estimated expenditures using a pre-tax discount rate and taking into account any specific risks associated with these obligations. The discount rate applied during 2012 was 4.30%.

Tax provision

In Central America, for the periods from 2005 to 2011, tax authorities have lodged tax assessments against the Company for an amount of Ps.24.8 million (971 million colons) in connection with sales and income tax. Based on the criteria of the Company's management and the opinion of tax consultants hired for the Company´s defense, there is a probability that nearly 50% of the tax assessments will be settled. For this reason, the Company has accrued the necessary amounts to cover the payment of these obligations.

Unregulated labor security obligations

In Venezuela, the Organic Law of Prevention, Conditions and Work Environment (Ley Orgánica de Prevención, Condiciones y Medio Ambiente de Trabajo) establishes the substitution of certain security obligations for other more onerous. This regulation has not been officially released by the Venezuelan government, making it difficult to determine the payment date for this obligation.

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Provision for operating plant closure expenditures

This provision was created to cover all expenses related to the closure of a production plant in Venezuela which was surrendered to a government institution due to the expiration of the lease contract, and to cover any damage to the assets to be returned; however, the legal settlement has yet to be concluded.

Other provisions

Other provisions include estimates due to commitments of the Company in Venezuela including, among others, point of sale promotions to its customers for the exchange of different products, for which it is difficult to determine the specific date to deliver these commitments.

18. OTHER CURRENT LIABILITIES

At December 31, 2012 and 2011, Other current liabilities include employee benefits payable of Ps.1,024,372 and Ps.959,975, respectively.

19. EMPLOYEE BENEFITS OBLIGATIONS

Employee benefits obligations recognized in the balance sheet, by country, were as follows:

Country	At December 31, 2012	At December 31, 2011
Mexico	Ps. 407,781	Ps. 275,799
United States and Europe	85,819	72,247
Venezuela	90,164	22,356
Total	Ps. 583,764	Ps. 370,402

A) MEXICO

In Mexico, labor obligations recognized by the Company correspond to the single-payment retirement plan and seniority premium. The benefits for the retirement plan and seniority premium are defined benefit plans, based on the projected salary at the date in which the employee is assumed to receive the benefits. Currently, the plan operates under Mexican law, which does not require minimum funding.

The Company has decided to recognize actuarial gains and losses immediately in other comprehensive income.

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The reconciliation between the initial and final balances of the present value of the defined benefit obligations (DBO) is as follows:

	2012	2011
DBO at beginning of the year	Ps. 314,649	Ps. 306,098
Add (deduct):		
Current service cost	19,907	17,496
Financial cost	22,296	20,964
Actuarial losses (gains) for the period	111,890	(14,061)
Acquisition/disposal or excision of business	52	—
Benefits paid	(12,103)	(15,848)
DBO at end of the year	Ps. 456,691	Ps. 314,649

At December 31, 2012 and 2011, liabilities relating to vested employee benefits amounted to Ps.260,193 and Ps.193,225, respectively.

The reconciliation between the initial and final balances of the employee benefit plan assets at fair value for the years 2012 and 2011 is shown below:

	2012	2011
Plan assets at fair value at beginning of the year	Ps. 38,850	Ps. 40,264
Add (deduct):		
Actual return	—	(184)
Expected return on plan assets	4,085	—
Gain on plan assets	5,975	—
Benefits paid	—	(1,230)
Plan assets at fair value at end of the year	Ps. 48,910	Ps. 38,850

The following table shows the reconciliation between the present value of the defined benefit obligation and the plan assets at fair value, and the projected net liability included in the balance sheet:

	At December 31, 2012	At December 31, 2011
Employee benefit (assets) liabilities:		
DBO	Ps. 456,691	Ps. 314,649
Plan assets	(48,910)	(38,850)
Projected net liability	Ps. 407,781	Ps. 275,799

The value of the DBO related to the pension plan amounted to Ps.388,988 and Ps.263,042 at December 31, 2012 and 2011, respectively, while the value of the DBO related to seniority premiums amounted to Ps.67,703 and Ps.51,607, respectively.

At December 31, 2012, 2011 and 2010, the components of net cost comprised the following:

	2012	2011	2010
Current service cost	Ps. 19,907	Ps. 17,496	Ps. 23,435
Financial cost	22,296	20,964	20,441
Estimated return on plan assets	(4,085)	(4,447)	(3,102)
Net cost for the year	Ps. 38,118	Ps. 34,013	Ps. 40,774

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The net cost for the year 2012, 2011 and 2010 of Ps.38,118, Ps.34,013 and Ps.40,774, respectively, was recognized as follows:

	2012	2011	2010
Cost of sales	Ps. 5,104	Ps. 2,138	Ps. 4,596
Selling and administrative expenses	33,014	31,875	36,178
Net cost for the year	Ps. 38,118	Ps. 34,013	Ps. 40,774

The total amount recognized in other comprehensive income is described below:

	2012	2011
Balance at the beginning of the year	Ps. 4,888	Ps. 18,949
Actuarial losses(gains) that occurred during the year	105,967	(14,061)
Balance at the end of the year	Ps. 110,855	Ps. 4,888

At December 31, 2012 and 2011, plan assets stated at fair value and related percentages with respect to total plan assets were analyzed as follows:

	At December 31, 2012		At December 31, 2011	
Equity securities	Ps. 33,748	69%	Ps. 23,692	61%
Fixed rate securities	15,162	31%	15,158	39%
Fair value of plan assets	Ps. 48,910	100%	Ps. 38,850	100%

The Company has a policy of maintaining at least 30% of its trust assets in Mexican Federal Government instruments. Guidelines have been established for the remaining 70% and investment decisions are taken in accordance with these guidelines to the extent market conditions and available funds allow it.

As of December 31, 2012, the funds maintained in plan assets were considered sufficient to face the Company’s short-term needs; therefore, the Company’s management has determined that for the time being there is no need for additional contributions to increase these assets.

The estimated long-term return on assets is based on the annual recommendations issued by the Actuarial Commission of the Mexican Association of Actuaries. These recommendations consider historical information and future market expectations. The actual return on plan assets during the year 2012 was 25.89%.

The main actuarial assumptions used were as follows:

	At December 31, 2012	At December 31, 2011
Discount rate	5.25%	7.75%
Future increase rate in compensation levels	4.50%	4.50%
Estimated return rate on plan assets	5.25%	11.00%
Long-term inflation rate	3.50%	3.50%

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At December 31 2012 and 2011, the impact in DBO for a decrease of 25 basis points in the discount rate amounts to Ps.7,455 and Ps.4,598, respectively.

The Company does not expect to contribute during the next fiscal year.

B) OTHER COUNTRIES

In the United States, the Company has a savings and investment plan that incorporates voluntary employee 401(k) contributions with matching contributions from the Company in this country. For the years ended December 31, 2012, 2011 and 2010, total expenses related to this plan amounted to Ps.62,340, Ps.54,004 and Ps.49,066, respectively (U.S.$4.7, U.S.$4.3 and U.S.$3.9 million, respectively).

Additionally, the Company has established an unfunded nonqualified deferred compensation plan for a selected group of management and highly compensated employees. The plan is voluntary and allows employees to defer a portion of their salary or bonus in excess of the savings and investment plan limitations. The employees elect investment options and the Company monitors the result of those investments and records a liability for the obligation. For the years ended December 31, 2012, 2011 and 2010, total expenses related to this plan were approximately Ps.6,014, Ps.1,334 and Ps.5,348, respectively (U.S.$0.5, U.S.$0.1 and U.S.$0.4 million, respectively). At December 31, 2012 and 2011, the liability recognized for these items amounted to Ps.77,410 and Ps.72,247, respectively (U.S.$6.0 and U.S.$5.2 million, respectively).

In Venezuela, on May 7, 2012, the New Organic Labor and Workers' Law (LOTTT) was published in the Official Gazette of the Bolivarian Republic of Venezuela and was effective as of such date. This law established some changes from the previous Organic Law issued on June 19, 1997 and amended on May 6, 2011. The most important changes included: modifications in the method of calculation of some employee benefits such as vacation bonuses, profits, pre and post natal leave, social security benefits and their interests. It also established changes in the lenght of the workday, and introduced concepts as maternity labor stability. Some of the above benefits are also regulated by the collective agreements of the Company in Venezuela, which in many cases, exceeds the issues raised by the new legislation.

The Company's management has determined that the main effect of the enactment of this law is related with the retroactivity of social security benefits and, through actuarial studies, the Company has estimated the effects on labor provisions and costs. As of December 31, 2012 and 2011, the liability recognized for these items amounted to Ps.90,164 and Ps.22,356, respectively. At December 31, 2012, labor obligations cost amounted to Ps.69,314. The main long-term nominal actuarial assumptions used were as follows:

	At December 31, 2012
Discount rate	23%
Future increase rate in compensation levels	25%
Long-term inflation rate	20%

At December 31, 2012, a hypothetical 1% decrease in the discount rate would increase the value of the projected benefits obligation by approximately Ps.5,637.

The estimated cost of the social security benefits for 2013 is approximately Ps.30,559.

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20. EQUITY

A) COMMON STOCK

At December 31, 2012, the Company's outstanding common stock consisted of 457,315,640 Series "B" shares, with no par value, fully subscribed and paid, which can only be withdrawn with stockholders' approval, and 107,858,969 shares held in Treasury (563,650,709 shares fully subscribed and paid and 1,532,900 shares held in Treasury at December 31, 2011).

B) RETAINED EARNINGS

In accordance with Mexican Corporate Law, the legal reserve must be increased annually by 5% of annual net profits until it reaches a fifth of the fully paid common stock amount. The legal reserve is included within retained earnings.

Movements in the legal reserve for the years ended December 31, 2012 and 2011 are as follows:

	Amount
Balance at December 31, 2010	Ps. 76,447
Increases during the year	27,095
Balance at December 31, 2011	103,542
Increases during the year	201,089
Balance at December 31, 2012	Ps. 304,631

Dividends paid are not subject to income tax if paid from the Net Tax Profit Account (CUFIN) and will be taxed at a rate that fluctuates between 32% and 35% if they are paid from the reinvested Net Tax Profit Account. Dividends paid that exceed CUFIN and reinvested CUFIN are subject to an income tax payable at a rate of 30% if paid in 2013. The tax is payable by the Company and may be credited against the normal income tax payable by the Company in the year in which the dividends are paid or in the following two years or, if appropriate, against the flat rate tax for the year. Dividends paid from earnings previously taxed are not subject to any withholding or additional tax payment.

C) PURCHASE OF COMMON STOCK

At December 13, 2012 the Shareholders' Meeting approved to increase the reserve to repurchase the Company's own shares up to Ps.4,500,000. The maximum amount of proceeds that can be used to purchase the Company's own shares cannot exceed, in any case, the net earnings of the entity, including retained earnings. The difference between the acquisition cost of the repurchased shares and their stated value, composed of common stock and share premium, is recognized as part of the reserve to repurchase the Company's own shares, which is included within retained earnings from prior years. The gain or loss on the sale of the Company's own shares is recorded in retained earnings. As of December 31, 2012, the Company has 107,858,969 of its own shares with a market value of Ps.4,224,836 at that date.

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Movements in the reserve for acquisition of Company's own shares for the years ended December 31, 2012 and 2011 are as follows:

	Amount
Balances at December 31, 2010 and 2011	Ps. 628,736
Increase in reserve for repurchase of Company's own shares approved by the Stockholders' Meeting in December 13, 2012	3,850,000
Acquisition of Strategic Partner's shares (Note 3)	(4,011,348)
Balance at December 31, 2012	Ps. 467,388

D) FOREIGN CURRENCY TRANSLATION ADJUSTMENTS

Foreign currency translation adjustments consisted of the following as of December 31:

	2012	2011
Balance at beginning of year	Ps. (76,972)	Ps. (1,282,185)
Effect of the year from translating net investment in foreign subsidiaries	(455,490)	2,018,314
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company's net investments in foreign subsidiaries	468,381	(813,101)
	Ps. (64,081)	Ps. (76,972)

The investment that the Company maintains in its operations in the United States and Europe generated a hedge of up to U.S.$532 and U.S.$478 million at December 31, 2012 and 2011, respectively.

At December 31, 2012 and 2011, the accumulated effect of translating net investment in foreign subsidiaries impacted non-controlling interest in the amounts of Ps.(130,286) and Ps.(143,668), respectively.

21. FINANCIAL INSTRUMENTS

A) FINANCIAL INSTRUMENTS BY CATEGORY

The carrying values of financial instruments by category are presented below:

	At December 31, 2012			
	Loans, receivables and liabilities at amortized cost	Financial assets at fair value through profit or loss	Hedge derivatives	Total categories
Financial assets:				
Cash and cash equivalents	Ps. 1,287,368	Ps. —	Ps. —	Ps. 1,287,368
Derivative financial instruments	—	—	45,316	45,316
Accounts receivable	7,048,525	—	—	7,048,525
Non-current notes and accounts receivable	212,113	—	—	212,113
Financial liabilities:				
Current debt	Ps. 8,018,763	Ps. —	Ps. —	Ps. 8,018,763
Trade accounts payable	6,307,796	—	—	6,307,796
Derivative financial instruments	—	28,832	—	28,832
Long-term debt	11,852,708	—	—	11,852,708
Contingent payment due to repurchase of the Company's own shares (Note 3)	—	606,495	—	606,495
Other liabilities (excludes non-financial liabilities)	60,776	—	—	60,776

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	At December 31, 2011			
	Loans, receivables and liabilities at amortized cost	Financial assets at fair value through profit or loss	Hedge derivatives	Total categories
Financial assets:				
Cash and cash equivalents	Ps. 1,179,651	Ps. —	Ps. —	Ps. 1,179,651
Trading investments	—	140,255	—	140,255
Derivative financial instruments	—	88,537	14,876	103,413
Accounts receivable	7,127,208	—	—	7,127,208
Non-current notes and accounts receivable	515,478	—	—	515,478
Financial liabilities:				
Current debt	Ps. 1,633,207	Ps. —	Ps. —	Ps. 1,633,207
Trade accounts payable	5,544,105	—	—	5,544,105
Derivative financial instruments	—	46,013	—	46,013
Long-term debt	11,472,110	—	—	11,472,110
Other liabilities (excludes non-financial liabilities)	45,734	—	—	45,734

B) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable, trade accounts payable and other current liabilities approximate their fair value, due to their short maturity. In addition, the net book value of accounts receivable and recoverable taxes represent the expected cash flow to be received.

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The estimated fair value of the Company's financial instruments is as follows:

	At December 31, 2012	
	Carrying amount	Fair value
Assets:		
Derivative financial instruments - corn (1)	Ps. 119,275	Ps. 119,275
Long-term notes receivable from sale of tortilla machines	199,925	172,951
Liabilities:		
Perpetual bonds in U.S. dollars bearing fixed interest at an annual rate of 7.75%	3,695,579	3,942,060
Short and long-term debt	16,175,892	16,457,069
Contingent payment due to repurchase of the Company's own shares	606,495	606,495
Derivative financial instruments - other raw materials	28,832	28,832

(1) At December 31, 2012, the balance of derivative financial instruments receivable amounted to Ps.45,316, and is comprised of Ps.119,275 corresponding to the valuation of open positions at the end of the year, and Ps.73,959 corresponding to advances on favorable positions that arise from price changes in the underlying asset that the Company maintains with the third party.

	At December 31, 2011	
	Carrying amount	Fair value
Assets:		
Interest and capital bonds	Ps. 140,255	Ps. 140,255
Derivative financial instruments - exchange rate	88,537	88,537
Derivative financial instruments - corn	14,876	14,876
Long-term notes receivable	189,044	165,157
Liabilities:		
Perpetual bonds in U.S. dollars bearing fixed interest at an annual rate of 7.75%	3,960,333	4,192,115
Long-term debt	7,567,111	7,621,786
Derivative financial instruments - other raw materials	45,922	45,922

The fair values were determined by the Company as follows:

- The fair values of perpetual bonds and derivative financial instruments were determined based on available market prices and/or estimates using market data information and appropriate valuation methodologies for similar instruments.

- The fair value for the rest of the long-term debt was based on the present value of the cash flows discounted at interest rates based on readily observable market inputs.

C) DERIVATIVE FINANCIAL INSTRUMENTS

At December 31, 2012 derivative financial instruments comprised the following:

		Fair value	
Type of contract	Notional amount	Asset	Liability
Corn futures	6,695,000 bushels	Ps. 119,275	
Natural gas swaps 2013	1,920,000 Mmbtu		Ps. 28,832

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At December 31, 2012, open positions of corn and natural gas derivatives were recorded at fair value. The result of the valuation of financial instruments that qualified as hedge accounting represented a gain of Ps.119,275, which was recognized in comprehensive income within equity. Open positions of financial instruments that did not qualify as hedge accounting represented a gain of Ps.17.090 which was recognized in income as other expenses, net (Note 23).

Operations terminated at December 31, 2012 on corn and natural gas derivatives represented a gain of Ps.21,058 which was recognized in income as other expenses, net (Note 23).

Exchange rate derivative financial instruments were recorded at fair value. At December 31, 2012, the Company had no open positions of these instruments. Likewise, operations terminated at December 31, 2012 on these instruments represented a gain of Ps.107,994, which was recognized in income as comprehensive financing cost, net.

At December 31, 2012, the Company had no margin calls, which are required due to price variations of the underlying asset to be applied against payments.

For the year ended December 31, 2012, the Company reclassified the amount of Ps.235,782 from comprehensive income and recognized it as part of inventory. This amount refers to the gain from the closed operations for corn hedges, in which the grain, subject to these hedges, was received. Additionally, the corn hedges terminated during the period and for which no corn has been received, originated a gain of Ps.340,873, which was recognized in comprehensive income.

At December 31, 2011 derivative financial instruments comprised the following:

		Fair value	
Type of contract	**Notional amount**	**Asset**	**Liability**
Corn futures	2,090,000Bushels	Ps. 6,915	Ps. —
Corn options	2,560,000Bushels	7,961	—
Natural gas swaps 2012-2013	3,840,000Mmbtu	—	45,922
Exchange rate forwards	$106,000,000USD	88,537	—

At December 31, 2011, open positions of corn and natural gas derivatives were recorded at fair value. Financial instruments that qualify as hedge accounting represented a gain of Ps.14,876, which was recognized as comprehensive income in equity. Financial instruments that did not qualify as hedge accounting represented a loss of Ps.40,207, which was recognized in the income statement.

Operations closed at December 31, 2011 on corn and natural gas derivatives represented a loss of Ps.52,626, which were recognized in income.

Exchange rate derivative financial instruments were recorded at fair value. At December 31, 2011, open positions on these instruments represented a gain of approximately Ps.93,400, which was recognized in income for the year. Likewise, operations terminated at December 31, 2011 on exchange rate derivatives represented a gain of Ps.207,250, which was recognized in income.

At December 31, 2011, the Company had no revolving funds denominated “margin calls”, which are required due to price variations of the underlying asset to be applied against payments.

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D) FAIR VALUE HIERARCHY

A three-level hierarchy is used to measure and disclose fair values. An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation.

The following is a description of the three hierarchy levels:

- Level 1—Quoted prices for identical instruments in active markets.
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

a. Determination of fair value

When available, the Company generally uses quoted market prices to determine fair value and classifies such items in Level 1. If quoted market prices are not available, fair value is valued using industry standard valuation models. When applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rates, currency rates, volatilities, etc. Items valued using such inputs are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some inputs that are readily observable. In addition, the Company considers assumptions for its own credit risk and the respective counterparty risk.

b. Measurement

Assets and liabilities measured at fair value are summarized below:

	At December 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Plan assets — seniority premium fund	Ps. 48,910	Ps. —	Ps. —	Ps. 48,910
Derivative financial instruments — corn and other raw materials	119,275	—	—	119,275
	Ps. 168,185	Ps. —	Ps. —	Ps. 168,185
Liabilities:				
Derivative financial instruments — exchange rate	Ps. —	Ps. —	Ps. 28,832	Ps. 28,832
Contingent payment due to repurchase of the Company's own shares	—	—	606,495	606,495
	Ps. —	Ps. —	Ps. 635,327	Ps. 635,327

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	At December 31, 2011			
	Level 1	Level 2	Level 3	Total
Assets:				
Interest and capital bonds	Ps. —	Ps. 140,255	Ps. —	Ps. 140,255
Plan assets — seniority premium fund	38,850	—	—	38,850
Derivative financial instruments — corn	14,876	—	—	14,876
Derivative financial instruments — exchange rate	—	88,537	—	88,537
	Ps. 53,726	Ps. 228,792	Ps. —	Ps. 282,518
Liabilities:				
Derivative financial instruments — other raw materials	Ps. —	Ps. —	Ps. 46,013	Ps. 46,013

Level 1 - Quoted prices for identical instruments in active markets

Financial instruments that are negotiated in active markets are classified as Level 1. The inputs used in the Company's financial statements to measure the fair value include the following:

- Quoted market prices of corn listed on the Chicago Board of Trade.
- Quoted market prices of natural gas listed on the NYMEX Exchange.

Level 2 - Quoted prices for similar instruments in active markets

Financial instruments that are classified as Level 2 refer mainly to quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, as well as model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 - Valuation techniques

The Company has classified as Level 3 those financial instruments whose fair values are obtained using valuation models that include observable inputs but also include certain unobservable inputs.

The table below includes a roll-forward of the balance sheet amounts for the years ended December 31, 2012 and 2011 for financial instruments classified by the Company within Level 3 of the valuation hierarchy. When a determination is made to classify a financial instrument within Level 3, it is due to the use of significant unobservable inputs. However, Level 3 financial instruments typically include, in addition to the unobservable or level 3 components, observable components (that is, components that are actively quoted and can be validated to external sources); accordingly, the gains and losses in the table below include changes in fair value due, in part, to observable factors that are part of the valuation methodology:

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	Contingent payment due to repurchase of the Company's own shares	Derivative financial instruments — other raw materials
Beginning balance as of January 1, 2011	Ps. —	Ps. —
Losses recognized in the income statement	—	46,013
Ending balance as of December 31, 2011	—	46,013
Gain recognized in the income statement	—	(17,781)
Additional provision	606,495	—
Ending balance as of December 31, 2012	Ps. 606,495	Ps. 28,832

Regarding the contingent payment due to repurchase of the Company's own shares and as mentioned in Note 3, the Company recognized a contingent payment liability amounting to Ps.606,495 (U.S.$46.6 million), regarding the scenario identified as (i) in that Note. This provision is related to the increase in GRUMA's shares market price, over the closing price of GRUMA's shares determined for purposes of the transaction, at the end of a 42-month period.

The contingent payment liability was recognized at fair value, which was determined using discounted future cash flows and a discount rate which represented the average rate of return of bonds issued by companies comparable to GRUMA. Subsequent changes in the fair value of the contingent payment liability will be recognized in the income statement. The Monte Carlo simulation model was used to estimate the future price of the shares; this model includes the expected return and weighted volatility of historical prices of GRUMA's shares over a period of 42 months.

Significant data used to determine the fair value of the contingent payment liability at December 31, 2012 is as follows:

Weighted volatility of historical prices of GRUMA's shares	29.78%
Weighted average price of GRUMA's shares (simulated)	Ps.58.79 per share
Forward exchange rate	Ps.14.65 per dollar
Discount rate	7.30%

An increase or decrease of 10% in the disccount rate used for the calculation of fair value, would result in an effect of Ps.12,100.

Regarding the measurement of the fair value of the other Level 3 financial instruments, for the years 2012 and 2011, the Company's management believes that a possible reasonable change in unobservable assumptions would not cause a variation where the fair value can materially exceed the book value. For the Company, the unobservable input included in the valuation of the other Level 3 financial instruments, refers solely to the Company's own credit risk.

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22. EXPENSES BY NATURE

Expenses by nature are presented in the income statement within the captions of cost of sales and selling and administrative expenses and are analyzed as follows:

	2012	2011	2010
Cost of raw materials consumed and changes in inventory (Note 10)	Ps. 31,479,110	Ps. 34,374,608	Ps. 26,697,273
Employee benefit expenses (Note 24)	13,437,016	11,715,816	10,215,398
Depreciation (Note 13)	1,664,677	1,526,946	1,448,154
Amortization (Note 14)	80,039	69,697	54,380
Rental expense of operating leases (Note 26)	790,979	701,370	745,613
Research and development expenses (Note 14)	136,826	91,011	76,604

23. OTHER EXPENSES, NET

Other expenses, net comprised the following:

	2012	2011	2010
Expenses related to Venezuela legal proceedings	Ps. —	Ps. —	Ps. (403,712)
Net loss from sale of fixed assets	(14,053)	(4,201)	(26,912)
Net (loss) gain from sale of scrap	1,407	1,084	(704)
Impairment loss on long-lived assets	(4,014)	(93,808)	—
Cost of written-down fixed assets	(37,681)	(52,271)	—
Current employees' statutory profit sharing	(79,610)	(36,959)	(50,361)
Non-recoverable cost of damaged assets	(5,852)	(17,695)	(37,043)
Result from derivative financial instruments	38,148	—	
Total	Ps. (101,655)	Ps. (203,850)	Ps. (518,732)

24. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses are comprised of the following:

	2012	2011	2010
Salaries, wages and benefits (including termination benefits)	Ps. 12,399,235	Ps. 10,989,724	Ps. 9,556,890
Social security contributions	861,197	690,745	602,360
Employment benefits (Note 19)	176,584	35,347	56,148
Total	Ps. 13,437,016	Ps. 11,715,816	Ps. 10,215,398

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25. INCOME TAX EXPENSE

A) INCOME BEFORE INCOME TAX

The domestic and foreign components of income before income tax are the following:

	For the years ended December 31,		
	2012	2011	2010
Domestic	Ps. 932,725	Ps. 5,995,927	Ps. 665,708
Foreign	1,854,325	1,626,467	813,339
	Ps. 2,787,050	Ps. 7,622,394	Ps. 1,479,047

B) COMPONENTS OF INCOME TAX EXPENSE

The components of income tax expense are the following:

	2012	2011	2010
Current tax:			
Current tax on profits for the year	Ps. (728,166)	Ps. (866,734)	Ps. (669,498)
Adjustments in respect of prior years	(38,568)	(137,512)	90,768
Total current tax	(766,734)	(1,004,246)	(578,730)
Deferred tax:			
Origin and reversal of temporary differences	(454,631)	(1,035,147)	(260,831)
Tax credit derived from foreign dividends	138,074	232,821	—
Total deferred tax	(316,557)	(802,326)	(260,831)
Total income tax expense	Ps. (1,083,291)	Ps. (1,806,572)	Ps. (839,561)

Domestic federal, foreign federal and state income taxes in the consolidated statements of income consisted of the following components:

	For the years ended December 31,		
	2012	2011	2010
Current:			
Domestic federal	Ps. (208,851)	Ps. (316,407)	Ps. (179,565)
Foreign federal	(514,142)	(644,174)	(355,500)
Foreign state	(43,741)	(43,665)	(43,665)
	(766,734)	(1,004,246)	(578,730)
Deferred:			
Domestic federal	(146,711)	(896,374)	(271,451)
Foreign federal	(175,269)	88,634	17,765
Foreign state	5,423	5,414	(7,145)
	(316,557)	(802,326)	(260,831)
Total income taxes	Ps. (1,083,291)	Ps. (1,806,572)	Ps. (839,561)

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C) RECONCILIATION OF FINANCIAL AND TAXABLE INCOME

For the years ended December 31, 2012, 2011 and 2010, the reconciliation between statutory income tax amounts and the effective income tax amounts is summarized as follows:

	2012	2011	2010
Statutory federal income tax (30% for 2012, 2011 and 2010)	Ps. (836,115)	Ps. (2,286,719)	Ps. (443,714)
Foreign dividends	—	—	(278,705)
Effects related to inflation	(105,677)	119,454	(197,016)
Foreign income tax rate differences	(90,616)	(67,105)	(88,238)
Tax credit derived from foreign dividends	383,740	232,821	—
Recoverable asset tax written off	(209,940)	—	—
Tax loss carryforwards used	(86,620)	186,772	248,031
Non-deductible expenses related with legal proceedings in Venezuela	—	—	(80,727)
Nondeductible expenses and others	(138,063)	8,204	808
Effective income tax (38.87%, 23.7% and 56.8% for 2012, 2011 and 2010, respectively)	Ps. (1,083,291)	Ps. (1,806,572)	Ps. (839,561)

In Mexico, the Federal Revenue Act for 2013 was issued on December 9, 2012 and published in the Official Journal of the Federation on December 17, 2012. This law established that the current income tax rate for 2013 will be 30% instead of 29%, and also specified that an income tax rate of 29% will apply for 2014 and 28% from 2015 and onwards.

In the United States of America, in late 2012, the Senate approved and passed to the Representatives changes to the Revenue Act, which were signed by the President of the United States in early January 2013 and are considered substantially approved. At December 31, 2012, this Act has no impact in either current or deferred taxes determined by the Company.

26. COMMITMENTS

A) OPERATING LEASES

The Company is leasing certain facilities and equipment under long-term lease agreements in effect through 2027, which include an option for renewal. These agreements are recognized as operating leases, since the contracts do not transfer substantially all risks and advantages inherent to ownership.

Future minimum lease payments under operating lease agreements are as follows:

	2012	2011
No later than 1 year	Ps. 612,521	Ps. 624,025
Later than 1 year and no later than 5 years	1,214,100	1,290,301
Later than 5 years	509,911	801,660
	Ps. 2,336,532	Ps. 2,715,986

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Rental expense was approximately Ps.790,979, Ps.701,370 and Ps.745,613 for the years ended December 31, 2012, 2011 and 2010, respectively.

The Company has a lease agreement of an aircraft for a 10-year term, which includes an early purchase option on the following dates: (a) on the fifth anniversary for a total of U.S.$34.7 million and (b) on the seventh anniversary for a total of U.S.$31.6 million.

B) FINANCE LEASES

At December 31, 2012 and 2011, the net carrying values of assets recorded under finance leases totaled Ps.22,683 and Ps.20,922, respectively, and corresponded to transportation and production equipment.

Future minimum lease payments under finance lease agreements are as follows:

	2012	2011
No later than 1 year	Ps. 16,778	Ps. 13,515
Later than 1 year and no later than 5 years	22,787	23,805
	39,565	37,320
Future finance charges on finance leases	(649)	(4,037)
Present value of finance lease liabilities	Ps. 38,916	Ps. 33,283

The present value of finance lease liabilities is as follows:

	2012	2011
No later than 1 year	Ps. 16,294	Ps. 12,432
Later than 1 year and no later than 5 years	22,622	20,851
Total	Ps. 38,916	Ps. 33,283

C) OTHER COMMITMENTS

At December 31, 2012 and 2011, the Company had various outstanding commitments to purchase commodities and raw materials in the United States for approximately Ps.2,680,523 and Ps.3,742,213, respectively (U.S.$206 and U.S.$268 million, respectively) and in Mexico for approximately Ps.624,485 and Ps.4,491,900, respectively (U.S.$48 and U.S.$322 million), which will be delivered during 2013. The Company has concluded that there are not embedded derivatives resulting from these contracts.

At December 31, 2012 and 2011, the Company had outstanding commitments to purchase machinery and equipment in Mexico and the United States amounting to approximately Ps.106,919 and Ps.255,724.

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27. CONTINGENCIES

MEXICO

Asset Tax Claim.- The *Secretaría de Hacienda y Crédito Público*, or Ministry of Finance and Public Credit, lodged certain tax assessments against the Company for an amount of Ps. 34.3 million plus penalties, updates and charges, in connection with our asset tax return for the year 1997. The Company filed a motion to reduce or annul these assessments and received a favorable judgment reducing the claimed amount to Ps. 19.7 million. Thereafter, on September 3, 2012 the Company requested to the Ministry of Finance and Public Credit a partial condonation of such assessment, by which the Company paid Ps. 14.5 million on September 28, 2012 to finalize the dispute.

Income Tax Claim.- The Ministry of Finance and Public Credit has lodged certain tax assessments against the Company for an amount of Ps. 29.9 million in connection with withholding on interest payments to our foreign creditors during the years 2001 and 2002. Mexican authorities claim that the Company should have withheld at a higher rate than the 4.9% actually withheld by the Company. The Company has filed several motions to annul these assessments which are pending resolution. We intend to defend against these claims vigorously, and we believe that the outcome of these claims will not have a material effect on our financial position, results of operation or cash flows.

The Ministry of Finance and Public Credit also lodged certain tax assessments against our Company for an amount of Ps. 63.6 million in connection with withholding on interest payments to our foreign creditors during the year 2000. Notwithstanding, the Company initiated several proceedings to annul such assessments, which resulted in a judgment favorable to the Company in May 2012, finalizing the dispute.

CNBV Investigation.- On December 8, 2009, the Surveillance Office of the *Comisión Nacional Bancaria y de Valores* (the Mexican National Banking and Securities Commission, or CNBV) began an investigation into the Company in respect of the timely disclosure of material events reported through the Mexican Stock Exchange during the end of 2008 and throughout 2009 in connection with the Company's foreign exchange derivative losses and the subsequent conversion of the realized losses into debt. In 2011, the CNBV commenced an administrative proceeding against the Company for alleged infringements to applicable legislation. The Company has participated in this proceeding in order to demonstrate its compliance with current legislation and to adopt applicable defenses as deemed appropriate in order to protect Gruma's interests. As of this date, the aforementioned proceeding is ongoing, and the CNBV has not issued a final resolution in connection therewith.

We intend to vigorously defend against these actions and proceedings. It is the opinion of the Company that the outcome of this proceeding will not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

UNITED STATES

Cox v. Gruma Corporation.- On or about December 21, 2012, a consumer filed a putative class action against Gruma Corporation, claiming that Mission tortilla chips should not be labeled "All Natural" if they contain certain non-natural ingredients. The plaintiff seeks restitution or other actual damages including attorneys' fees. Gruma Corporation believes that the claims have no merit and filed a motion to dismiss. In response to the motion to dismiss, plaintiff filed a First Amended Complaint. Guma filed a motion to dismiss the First Amended Complaint on April 10, 2013.

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We intend to vigorously defend against this action. It is the opinion of the Company that the outcome of this proceeding will not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

VENEZUELA

Expropriation Proceedings by the Venezuelan Government.- On May 12, 2010, the Bolivarian Republic of Venezuela (the "Republic") published in the Official Gazette of Venezuela decree number 7,394 (the "Expropriation Decree"), dated April 27, 2010 which announced the forced acquisition of all goods, movables and real estate of MONACA. The Republic has expressed to GRUMA's representatives that the Expropriation Decree extends to DEMASECA.

As stated in the Expropriation Decree and in accordance with the Venezuelan Expropriation Law (the "Expropriation Law"), the transfer of legal ownership can occur either through an "Amicable Administrative Arrangement" or a "Judicial Order". Each process requires certain steps as indicated in the Expropriation Law, neither of which has occurred. Therefore, as of this date, no formal transfer of title of the assets covered by the Expropriation Decree has taken place.

GRUMA's interests in MONACA and DEMASECA are held through two Spanish companies: Valores Mundiales, S.L. ("Valores Mundiales") and Consorcio Andino, S.L. ("Consorcio Andino"). In 2010, Valores Mundiales and Consorcio Andino (collectively, the "Investors") commenced negotiations with the Republic with the intention of reaching an amicable settlement. Through Valores Mundiales and Consorcio Andino, GRUMA participated in these negotiations with a view to (i) continuing its presence in Venezuela by potentially entering into a joint venture with the Venezuelan government; and/or (ii) seeking adequate compensation for the assets subject to expropriation.

The Republic and the Kingdom of Spain are parties to a Treaty on Reciprocal Promotion and Protection of Investments, dated November 2, 1995 (the "Investment Treaty"), under which the Investors may settle investment disputes by means of arbitration before the International Centre for Settlement of Investment Disputes ("ICSID"). On November 9, 2011, the Investors, MONACA and DEMASECA provided formal notice to the Republic that an investment dispute had arisen as a consequence of the Expropriation Decree and related measures adopted by the Republic. In that notification, the Investors, MONACA and DEMASECA also agreed to submit the dispute to ICSID arbitration if the parties were unable to reach an amicable agreement.

On January 22, 2013, the Venezuelan Government issued a resolution providing the right to take control over the operations of MONACA and DEMASECA. See Note 30-B.

While negotiations with the government may take place from time to time, the Company cannot assure that such negotiations will be successful or will result in the Investors receiving adequate compensation, if any, for their investments subject to the Expropriation Decree. Additionally, the Company cannot predict the results of any arbitral proceeding, or the ramifications that costly and prolonged legal disputes could have on its results of operations or financial position, or the likelihood of collecting a successful arbitration award. The Company and its subsidiaries reserve and intend to continue to reserve the right to seek full compensation for any and all expropriated assets and investments under applicable law, including investment treaties and customary international law.

Pending resolution of this matter, based on preliminary fair value calculations, no impairment charge on GRUMA's net investment in MONACA and DEMASECA has been identified. The Company is

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also unable to estimate the value of any future impairment charge, if one will be taken. The historical value as of December 31, 2012 of the net investment in MONACA and DEMASECA was Ps.2,901,726 and Ps.188,563, respectively. The Company does not maintain insurance for the risk of expropriation of its investments.

Below is financial information regarding MONACA and DEMASECA as of December 31, 2012 and 2011 (there are no material transactions between MONACA and DEMASECA and the Company that need to be eliminated):

	At December 31, 2012	At December 31, 2011
Current assets	Ps. 4,463,157	Ps. 3,934,554
Non-current assets	2,624,411	2,495,680
Total assets	7,087,569	6,430,234
Percentage from consolidated total assets	14.3%	14.4%
Current liabilities	2,853,060	2,999,526
Non-current liabilities	95,132	22,356
Total liabilities	2,948,192	3,021,882
Percentage from consolidated total liabilities	8.4%	11.3%
Total net assets	4,139,377	3,408,352
Percentage from consolidated total net assets	28.8%	19.2%
Non-controlling interest	1,049,088	971,205
Interest of Gruma in total net assets	Ps. 3,090,289	Ps. 2,437,147

The condensed statements of income for MONACA and DEMASECA for the years ended December 31, 2012, 2011 and 2010, are as follows:

	For the year ended December 31,		
	2012	2011	2010
Net sales	Ps. 9,907,182	Ps. 9,156,603	Ps. 5,381,849
Percentage from consolidated net sales	15.4%	15.9%	11.6%
Operating income	444,525	674,068	(26,200)
Percentage from consolidated operating income	12.6%	20.2%	(1.3)%
Net (loss) income	321,750	685,887	(256,375)
Percentage from consolidated net income	18.9%	11.8%	(40.1)%

Intervention Proceedings by the Venezuelan Government.- On December 4, 2009, the Eleventh Investigations Court for Criminal Affairs of Caracas issued an order authorizing the precautionary seizure of assets in which Ricardo Fernández Barrueco had any interest. As a result of Ricardo Fernández Barrueco's former indirect minority ownership of MONACA and DEMASECA, these subsidiaries were subject to the precautionary measure. Between 2009 and 2012, the Ministry of Finance of Venezuela, pursuant to the precautionary measure ordered by the court, designated several special managers of the indirect minority shareholding that Ricardo Fernández Barrueco previously

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owned in MONACA and DEMASECA. On January 22, 2013, the Ministry of Justice and Internal Relations revoked the prior designations made by the Ministry of Finance of Venezuela and made a new designation of individuals as special managers and representatives on behalf of the Republic of Venezuela of MONACA and DEMASECA, providing the right to take control over the operations of these companies. See Note 30-B.

As a result of the foregoing, MONACA and DEMASECA, as well as Consorcio Andino and Valores Mundiales, as holders of the Venezuelan subsidiaries, filed a petition as aggrieved third-parties to the proceedings against Ricardo Fernández Barrueco challenging the precautionary measures and all related actions. On November 19, 2010, the Eleventh Investigations Court for Criminal Affairs of Caracas ruled that MONACA and DEMASECA are companies wholly controlled by Valores Mundiales and Consorcio Andino, respectively. However, the precautionary measures issued on December 4, 2009 were kept in effect by the court, despite the court's recognition that Valores Mundiales and Consorcio Andino are the sole owners of MONACA and DEMASECA, respectively. An appeal has been filed, which is pending resolution as of this date.

INDEPABIS issued an order, on a precautionary basis, authorizing the temporary occupation and operation of MONACA for a period of 90 calendar days from December 16, 2009, which was renewed for the same period on March 16, 2010. The order expired on June 16, 2010 and as of the date hereof MONACA has not been notified of any extension or similar measure. INDEPABIS has also initiated a regulatory proceeding against MONACA in connection with alleged failure to comply with regulations governing precooked corn flour and for allegedly refusing to sell this product as a result of the December 4, 2009 precautionary asset seizure described above. The Company filed an appeal against these proceedings which has not been resolved as of the date hereof.

Additionally, INDEPABIS initiated an investigation of DEMASECA and issued an order, on a precautionary basis, authorizing the temporary occupation and operation of DEMASECA for a period of 90 calendar days from May 25, 2010, which was extended until November 21, 2010. INDEPABIS issued a new precautionary measure of occupation and temporary operation of DEMASECA, valid for the duration of this investigation. DEMASECA has challenged these measures but as of the date hereof, no resolution has been issued. The proceedings are still ongoing.

The Company intends to exhaust all legal remedies available in order to safeguard and protect the Company's legitimate interests.

Other claims.- MONACA was named in several labor lawsuits related to occupational diseases and workplace accidents, issues related to social security, Caleteros and by representatives of freighters. MONACA, based on the opinion of its legal counsel, has recorded a provision to cover potential liabilities that may arise for these items by Ps.9,270 (Ps.17,438 at December 31, 2011), which is presented as Provisions, Note 17.

In the normal course of operations of MONACA, there are judgments and claims, whose final outcome cannot be quantified. Management, based on the opinion of its legal counsel, believes that such lawsuits and claims are not entirely appropriate and that the legal remedies will be favorably received.

There are also other lawsuits, labor and tax claims against MONACA, which have been assumed by the previous shareholder International Multifoods Corporation (IMF), in accordance with the share purchase agreement of 1999.

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Finally, the Company and its subsidiaries are involved in various pending litigations filed in the normal course of business. It is the opinion of the Company that the outcome of these proceedings will not have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

28. RELATED PARTIES

Related party transactions were carried out at market value.

A) SALES OF GOODS AND SERVICES

	For the years ended December 31,		
	2012	2011	2010
Sales of goods:			
Associate	Ps. 49,783	Ps. 41,318	Ps. 27,834
Sale of services:			
Entities that have significant influence over the Company	34,106	41,519	21,599
Associate	1,294	1,349	1,270
	Ps. 85,183	Ps. 84,186	Ps. 50,703

B) PURCHASES OF GOODS AND SERVICES

	For the years ended December 31,		
	2012	2011	2010
Purchases of goods:			
Entities that have significant influence over the Company	Ps. 2,350,350	Ps. 1,836,942	Ps. 1,239,716
Associate	931	539	210
Purchases of services:			
Associate	33,385	31,048	28,247
Other related parties	114,422	110,239	113,004
	Ps. 2,499,088	Ps. 1,978,768	Ps. 1,381,177

Other transactions with related parties are identified in Note 3.

C) KEY MANAGEMENT PERSONNEL COMPENSATION

Key management includes Board members, alternate Board members, officers and members of the Audit Committee and Corporate Practice Committee. The compensation paid to key management for employee services is shown below:

	2012	2011	2010
Salaries and other short-term employee benefits	Ps. 179,492	Ps. 186,707	Ps. 149,588
Termination benefits	33,527	20,227	—
Total	Ps. 213,019	Ps. 206,934	Ps. 149,588

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At December 31, 2012, 2011 and 2010, the reserve for deferred compensation amounted to Ps.62.3, Ps.49.8 and Ps.53.7 million, respectively.

D) BALANCES WITH RELATED PARTIES

At December 31, 2012 and 2011, the balances with related parties were as follows:

	Nature of the transaction	At December 31, 2012	At December 31, 2011
Receivables from related parties:			
Associate	Commercial	Ps. 1,423	Ps. 2,855
Other related parties	and services	2,391	—
		Ps. 3,814	Ps. 2,855
Payables from related parties:			
Other related parties	Services	Ps. 845	Ps. 131,772

The balances payable to related parties at December 31, 2012 expire during 2013 and do not bear interest.

29. FINANCIAL STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new IFRS, which will become effective after the issuance of the Company's financial statements, are explained below. This list includes those IFRS standards which the Company reasonably expects to apply in the future. The Company has the intention of adopting these new IFRS on the date they become effective.

A) NEW STANDARDS

a. IFRS 9, "Financial Instruments"

IFRS 9, "Financial Instruments" was published in November 2009 and contained requirements for the classification and measurement of financial assets. Requirements for financial liabilities were added to IFRS 9 in October 2010. Most of the requirements for financial liabilities were carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. In December 2011, the IASB amended IFRS 9 in order to require its application for annual periods beginning on or after January 1, 2015.

b. IFRS 10, "Consolidated Financial Statements"

In May 2011 the IASB issued IFRS 10, "Consolidated Financial Statements". This standard establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the financial statements. The standard also sets out the accounting requirements for the preparation of consolidated financial statements, as well as the requirements on how to apply the control principle. IFRS 10 supersedes IAS 27, "Consolidated and Separate Financial Statements" and SIC 12, "Consolidation — Special Purpose Entities", and is effective for annual periods beginning on or after January 1, 2013.

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c. IFRS 11, “Joint Arrangements”

In May 2011 the IASB issued IFRS 11, “Joint Arrangements”. IFRS 11 classifies joint arrangements into two types: joint operations and joint ventures. An entity determines the type of joint arrangement in which it is involved by considering its rights and obligations. For a joint operation, the assets, liabilities, revenues and expenses are measured in relation to its interest in the arrangement. For a joint venture, an investment is recognized and accounted using the equity method. Proportional consolidation of joint ventures is no longer allowed. IFRS 11 is effective for those annual periods beginning on or after January 1, 2013.

d. IFRS 12, “Disclosure of Interests in Other Entities”

IASB issued IFRS 12, “Disclosure of Interests in Other Entities” in May 2011. IFRS 12 requires an entity to disclose information that enables users of financial statements to evaluate the nature and the risks associated with its interest in other entities, such as joint arrangements, associates and special purpose entities. The standard is effective for annual periods beginning on or after January 1, 2013.

e. IFRS 13, “Fair Value Measurement”

In May 2011 the IASB issued IFRS 13, “Fair Value Measurement”. The objective of IFRS 13 is to provide a precise definition of fair value and a single source of fair value measurement and disclosure requirements, when it is required or allowed by other IFRS. IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

B) AMENDMENTS

a. IAS 19, “Employee Benefits”

In June 2011 the IASB issued the revised IAS 19, “Employee Benefits”. The amendments eliminate the corridor approach and establish the calculation of interest expense on a net basis. The standard is effective for annual periods beginning on or after January 1, 2013.

b. IAS 27, “Separate Financial Statements”

In May 2011 the IASB issued a revised IAS 27 with a new title: “Separate Financial Statements”. This standard includes the provisions on separate financial statements that remained after the control provisions of IAS 27 were included in the new IFRS 10. The standard is effective for annual periods beginning on or after January 1, 2013.

c. IAS 28, “Investments in Associates and Joint Ventures”

In May 2011 the IASB issued a revised IAS 28 with a new title: “Investments in Associates and Joint Ventures”. This standard includes the requirements for joint ventures, as well as associates, to be accounted using the equity method. The standard is effective for annual periods beginning on or after January 1, 2013.

The Company’s management expects that the adoption of the new standards and amendments explained above will not have significant effects in its financial statements.

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30. SUBSEQUENT EVENTS

A) DEVALUATION IN VENEZUELA

On February 8, 2013 the National Executive, through the Central Bank of Venezuela and the Ministry of People's Power for Planning and Finance, amended the Exchange Agreement which established that, from February 9, 2013, the exchange rate applicable to all operations conducted in foreign currency shall be Bs.6.2842 per U.S.$1.00 for purchase and Bs.6.30 per U.S.$1.00 for sale, maintaining the right of foreign currency settlement of Bs.4.30 per U.S.$1.00 for all requests of imports of goods and services that have been made authorized until February 8, 2013. Moreover, the President of the Central Bank of Venezuela announced the elimination of SITME exchange rate, which MONACA and DEMASECA have occasionally used for buying foreign currency in order to make payments arising from minor purchases of goods and services, as spare parts, equipment and quality audits, which are not defined by CADIVI in the lists of goods and services subject to preferential currency. It also decreed the creation of the Superior Entity for the Optimization of the Currency Exchange System, which will be dependent of the Ministry of People's Power for Planning and Finance, the Central Bank of Venezuela and the Ministry of People's Power of Petroleum and Mining; the purpose of this new entity is to design, plan and implement the strategies of the State on foreign currency exchange matters.

Based on the foreign currency positions at December 31, 2012 and the new exchange rates established in the Exchange Agreement No.14 of Bs.6.30 per U.S.$1.00 and interpretations of the Company's management, the estimated financial effect from the enactment of this Exchange Agreement for those items that management believes will be settled at these new exchange rates, is an estimated net foreign exchange loss of Bs.19,494, which will be recognized in February 2013. Additionally, the effect on the financial position and the results of the Company for translating the financial information of the subsidiaries in Venezuela considering the exchange rate of Bs.6.30 per U.S.$1.00 will be a decrease of approximately 45% in the peso value of the consolidated financial information of these subsidiaries.

B) LOSS OF CONTROL OF MONACA AND DEMASECA

In connection with the order for the precautionary seizure of assets issued on December 4, 2009 and the Decree number 7,394 from April 27, 2010 (published on May 12, 2010 in the Official Gazette of Venezuela), both described in Note 27, the Ministry of Popular Power for Internal Relations and Justice published on January 22, 2013 the Administrative Providence number 004-13 dated January 21, 2013 (the "Providence") in the Official Gazette of Venezuela. The dispositions contained in the Providence are effective starting the date when published in the Official Gazette.

Through this Providence, Special Managers were designated for MONACA and DEMASECA. The Preamble of the Providence indicates that its objective is to provide "the Special Managers, […] with the broadest powers to execute all necessary actions with the purpose of pursuing continuity and avoid disruption of the operations of the companies under its management." Consequently, Article 2 of the Providence provides Special Managers "with the broadest management faculties for ensuring the possession, care, custody, use, and conservation of movable and immovable assets of [Monaca and Demaseca]; in such regard, Special Managers must safeguard the assets, goods and rights from the companies indicated, in order to achieve their full operability." Likewise, Article 4 orders that Special Managers "must present the financial statements for their performance at the end of its economic period [, and must] […] comply with the public policies related to the agricultural food industry issued by the competent Ministry related with food, by providing required information."

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2012 AND 2011
(In thousands of Mexican pesos, except where otherwise indicated)

Based on the facts and circumstances described above and in Note 27 and following the principles set by IFRS, the Company concludes that it has lost the control of MONACA and DEMASECA on January 22, 2013. Consequently and as a result of such loss of control, the Company will cease the consolidation of the financial information of MONACA and DEMASECA starting January 22, 2013 and will present the net investment and results of operation of these companies as of such date as a discontinued operation.

As disclosed in Notes 7 and 27, at December 31, 2012, the total assets and liabilities of these subsidiaries in Venezuela were Ps.7,087,569 (Ps.6,430,234 in 2011) and Ps.2,948,192 (Ps.3,021,882 in 2011), respectively. For the years ended December 31, 2012, 2011 and 2010, these subsidiaries presented net sales of Ps.9,907,182, Ps.9,156,603 and Ps.5,381,849, and operating income of Ps.444,525, Ps.674,068 and Ps.(26,200), respectively.

Our interest in the total net assets of Venezuelan subsidiaries was Ps.3,090,289 at December 31, 2012. In January 2013 and as a result of the loss of control in these subsidiaries, the balance at December 31, 2012 corresponding to the foreign currency translation loss of Ps. 432,458, recorded in other comprehensive income relating to these subsidiaries, was transferred to income statement and presented as a discontinued operation.

Report of Independent Registered Public Accounting Firm
To the Board of Directors and Stockholders of Grupo Financiero
Banorte, S.A.B. de C.V. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Grupo Financiero Banorte, S.A.B. de C.V. and Subsidiaries (the "Financial Group") as of December 31, 2010 and 2009, and the related consolidated statements of income and changes in stockholders' equity for each of the three years in the period ended December 31, 2010, of cash flows for the years ended December 31, 2010 and 2009, and of changes in financial position for the year ended December 31, 2008. These consolidated financial statements are the responsibility of the Financial Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico and with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they are prepared in conformity with the accounting practices prescribed by the Mexican National Banking and Securities Commission (the "Commission"). The Financial Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Financial Group's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Note 1 to the financial statements describes the Financial Group's operations. Note 4 describes the accounting criteria established by the Commission in the "General Provisions Applicable to Banking Institutions", which the Financial Group adheres to for the preparation of its financial information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Grupo Financiero Banorte, S. A.B. de C. V. and Subsidiaries as of December 31, 2010 and 2009, and the results of their operations and changes in their stockholders' equity for each of the three years in the period ended December 31, 2010, their cash flows for the years ended December 31, 2010 and 2009 and changes in their financial position for the year ended December 31, 2008, in conformity with the accounting practices prescribed by the Mexican National Banking and Securities Commission.

Accounting practices prescribed by the Commission vary in certain significant respects from Mexican Financial Reporting Standards. The application of the latter would have affected the determination of stockholders' equity and net income as of and for the years ended December 31, 2010 and 2009, to the extent summarized in Note 38.

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Accounting practices prescribed by the Commission vary in certain significant respects from accounting principles generally accepted in the United States of America. The application of the latter would have affected the determination of stockholders' equity as of December 31, 2010 and 2009 and net income for each of the three years in the period ended December 31, 2010, to the extent summarized in Note 39.

The accompanying consolidated financial statements have been translated into English for the convenience of users.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

CPC Fernando Nogueda Conde
Monterrey, N.L., Mexico

February 21, 2011
March 25, 2011 for Notes 38 and 39

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GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2010 AND 2009
(In millions of Mexican pesos)

	2010	2009
ASSETS		
CASH AND CASH EQUIVALENTS	**Ps. 62,497**	**Ps. 59,268**
MARGIN SECURITIES	**177**	**18**
INVESTMENTS IN SECURITIES		
Trading securities	66,181	24,459
Available for sale securities	12,288	11,701
Held to maturity securities	139,913	190,332
	218,382	**226,492**
DEBTOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	**583**	**4**
DERIVATIVES FINANCIAL INSTRUMENTS		
For trading purposes	7,463	4,824
For hedging purposes	596	1,056
	8,059	**5,880**
PERFORMING LOAN PORTFOLIO		
Commercial loans		
Business loans	126,483	117,237
Financial institutions' loans	5,521	7,131
Government loans	47,550	38,993
Consumer loans	27,828	25,712
Mortgage loans	56,168	49,881
TOTAL PERFORMING LOAN PORTFOLIO	**263,550**	**238,954**
PAST-DUE LOAN PORTFOLIO		
Commercial loans		
Business loans	4,417	3,163
Consumer loans	1,276	1,942
Mortgage loans	971	1,049
TOTAL PAST-DUE LOAN PORTFOLIO	**6,664**	**6,154**
LOAN PORTFOLIO	**270,214**	**245,108**
(Minus) Allowance for loan losses	(8,245)	(7,535)
LOAN PORTFOLIO, net	**261,969**	**237,573**
ACQUIRED COLLECTION RIGHTS	**2,025**	**2,548**
TOTAL LOAN PORTFOLIO, net	**263,994**	**240,121**
RECEIVABLES GENERATED BY SECURITIZATIONS	**950**	**432**
OTHER ACCOUNTS RECEIVABLE, net	**10,864**	**11,324**
MERCHANDISE INVENTORY	**49**	**119**
FORECLOSED ASSETS, net	**809**	**928**
PROPERTY, FURNITURE AND EQUIPMENT, net	**9,316**	**8,622**
PERMANENT STOCK INVESTMENTS	**3,130**	**3,036**
DEFERRED TAXES, net	**1,340**	**1,411**
OTHER ASSETS		
Other assets, deferred charges and intangible assets	**10,408**	**9,483**
TOTAL ASSETS	**Ps. 590,558**	**Ps. 567,138**

MEMORANDUM ACCOUNTS (Note 33)

These balance sheets, consolidated with those of the financial entities and other companies that form part of the Financial Group and are susceptible to consolidation, were prepared according to accounting principles applicable to Financial Service Holding Companies issued by the Mexican National Banking and Securities Commission according to article 30 of the Law of Financial Institutions. Such principles are consistently applied in the financial statements, which are presented according to sound practices and applicable legal and administrative provisions and reflect all the operations conducted by the Financial Group, its financial service subsidiaries and the other companies that form part of the Financial Group and are consolidated as of the balance sheet dates above. The stockholders' equity amounts to Ps. 7,016 (nominal value).

The accompanying Consolidated Balance Sheets have been approved by the Board of Directors in accordance with the responsibility assigned to them. The attached notes are an integral part of these consolidated balance sheets.

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	2010	2009
LIABILITIES		
DEPOSITS		
Demand deposits	Ps. 149,817	Ps. 137,581
Time deposits		
General public	132,673	134,141
Money market	6,347	3,186
Senior debt issued	3,778	—
	292,615	**274,908**
INTERBANK AND OTHER LOANS		
Demand loans	4,837	21
Short-term loans	13,114	13,385
Long-term loans	8,496	7,562
	26,447	**20,968**
ASSIGNED SECURITIES PENDING SETTLEMENT	**—**	**159**
CREDITOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	**178,747**	**185,480**
COLLATERAL SOLD OR PLEDGED		
Repurchase or resale agreements (creditor balance)	**11**	**2**
DERIVATIVES FINANCIAL INSTRUMENTS		
For trading purposes	7,238	4,553
For hedging purposes	3,499	3,822
	10,737	**8,375**
OTHER ACCOUNTS PAYABLES		
Income tax	711	617
Employee profit sharing	797	676
Creditors from settlements of transactions	867	2,224
Sundry debtors and other payables	9,871	8,968
	12,246	**12,485**
SUBORDINATED DEBENTURES	**17,803**	**18,168**
DEFERRED CREDITS AND ADVANCED COLLECTIONS	**1,725**	**1,619**
TOTAL LIABILITIES	**540,331**	**522,164**
STOCKHOLDERS' EQUITY		
PAID-IN CAPITAL		
Common stock	11,971	11,956
Additional paid-in capital	1,673	1,525
	13,644	**13,481**
OTHER CAPITAL		
Capital reserves	3,181	3,154
Retained earnings from prior years	25,492	20,681
Result from valuation of securities available for sale	309	206
Result from valuation of instruments for cash flow hedging	(2,214)	(1,369)
Cumulative foreign currency translation adjustment	(1,000)	(641)
Net income	6,705	5,854
	32,473	**27,885**
NONCONTROLLING INTEREST	**4,110**	**3,608**
TOTAL STOCKHOLDERS' EQUITY	**50,227**	**44,974**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**Ps. 590,558**	**Ps. 567,138**

Dr. Alejandro Valenzuela del Río
Chief Executive Officer

Ing. Sergio García Robles Gil
Managing Director - CFO

Lic. Benjamín Vidargas Rojas
Managing Director - Audit

Lic. Jorge Eduardo Vega Camargo
Deputy Managing Director — Controller

C.P.C. Nora Elia Cantú Suárez
Deputy Managing Director — Accounting and Tax

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GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(In millions of Mexican pesos)

	2010	2009	2008
Interest income	Ps. 41,479	Ps. 45,451	Ps. 50,417
Interest expense	(18,747)	(22,268)	(27,789)
NET INTEREST INCOME	**22,732**	**23,183**	**22,628**
Provision for loan losses	(6,889)	(8,286)	(6,896)
NET INTEREST INCOME AFTER ALLOWANCE FOR LOAN LOSSES	**15,843**	**14,897**	**15,732**
Commission and fee income	9,234	8,291	8,535
Commission and fee expense	(1,548)	(1,338)	(1,208)
Brokerage revenues	1,689	1,244	1,039
Other revenues	1,739	980	746
	11,114	**9,177**	**9,112**
NET OPERATING REVENUES	**26,957**	**24,074**	**24,844**
Administrative and promotional expenses	(17,691)	(17,024)	(16,687)
OPERATING INCOME	**9,266**	**7,050**	**8,157**
Other income	1,879	2,438	2,997
Other expenses	(1,298)	(1,566)	(1,523)
	581	**872**	**1,474**
INCOME BEFORE INCOME TAX	**9,847**	**7,922**	**9,631**
Current income tax	(2,735)	(2,581)	(2,765)
Deferred income taxes, net	(70)	536	245
	(2,805)	**(2,045)**	**(2,520)**
INCOME BEFORE EQUITY IN EARNINGS OF UNCONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES	**7,042**	**5,877**	**7,111**
Equity in earnings of unconsolidated subsidiaries and associated companies	320	313	276
INCOME BEFORE NONCONTROLLING INTEREST	**7,362**	**6,190**	**7,387**
Noncontrolling interest	(657)	(336)	(373)
NET INCOME	**Ps. 6,705**	**Ps. 5,854**	**Ps. 7,014**

These income statements, consolidated with those of the financial entities and other companies that form part of the Financial Group and are susceptible to consolidation, were prepared according to accounting principles applicable to Financial Service Holding Companies issued by the Mexican National Banking and Securities Commission according to article 30 of the Law of Financial Institutions. Such principles are consistently applied in the financial statements, which are presented according to sound practices and applicable legal and administrative provisions and reflect all the operations conducted by the Financial Group, its financial service subsidiaries and the other companies that form part of the Financial Group and are consolidated as of the income statement dates above.

The accompanying Consolidated Statements of Income have been approved by the Board of Directors in accordance with the responsibility assigned to them.

The attached notes are an integral part of these consolidated statements of income.

Dr. Alejandro Valenzuela del Río
Chief Executive Officer

Ing. Sergio García Robles Gil
Managing Director - CFO

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GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(In millions of Mexican pesos)

	PAID-IN CAPITAL		OTHER CAPITAL			
	Common stock	Additional paid-in capital	Capital reserves	Retained earnings from prior years	Result from valuation of available for sale securities	Result from valuation of cash flow hedging instruments
Balances, January 1, 2008	**Ps. 11,965**	**Ps. 1,272**	**Ps. 2,452**	**Ps. 21,279**	**—**	**—**
TRANSACTIONS APPROVED BY STOCKHOLDERS						
Issuance (repurchase) of shares	(24)	199	(72)	—	—	—
Transfer of prior year's result	—	—	—	6,810	—	—
Creation of reserves as per General Stockholders' meeting on April 29, 2008	—	—	340	340	—	—
Dividend declared at the General Stockholders' meeting on October 6, 2008	—	—	—	(949)	—	—
Total transactions approved by stockholders	**(24)**	**199**	**268**	**5,521**	**—**	**—**
COMPREHENSIVE INCOME						
Net income	—	—	—	—	—	—
Effect of subsidiaries, affiliates and mutual funds	—	(3)	—	(30)	(550)	—
Result from valuation of cash flow hedging instruments	—	—	—	—	—	—
Changes in accounting principles (NIF B-10)	—	—	—	(9,835)	—	—
Total comprehensive income	**—**	**(3)**	**—**	**(9,865)**	**(550)**	**—**
Noncontrolling interest	—	—	—	—	—	—
Balances, December 31, 2008	**11,941**	**1,468**	**2,720**	**16,935**	**(550)**	**—**
TRANSACTIONS APPROVED BY STOCKHOLDERS						
Issuance (repurchase) of shares	15	(328)	83	—	(221)	—
Transfer of prior year's result	—	—	—	7,014	—	—
Creation of reserves as per General Stockholders' meeting on April 30, 2009	—	—	351	(351)	—	—
Dividend declared at the General Stockholders' meeting on October 5, 2009	—	—	—	(364)	—	—
Total transactions approved by stockholders	**15**	**(328)**	**434**	**6,299**	**(221)**	**—**
COMPREHENSIVE INCOME						
Net income	—	—	—	—	—	—
Result from valuation of available for sale securities	—	—	—	—	592	—
Effect of subsidiaries, affiliates and mutual funds	—	(5)	—	(47)	—	—
Result from valuation of cash flow hedging instruments	—	—	—	—	—	209
Application of the effect of holding non-monetary assets	—	(4)	—	(1,640)	385	(1,578)
Change in credit card loan rating methodology (net of deferred taxes)	—	—	—	(683)	—	—
Total comprehensive income	**—**	**(9)**	**—**	**(2,370)**	**977**	**(1,369)**
Noncontrolling interest	—	394	—	(183)	—	—
Balances, December 31, 2009	**11,956**	**1,525**	**3,154**	**20,681**	**206**	**(1,369)**
TRANSACTIONS APPROVED BY STOCKHOLDERS						
Issuance (repurchase) of shares	15	146	27	(17)	(102)	—
Transfer of prior year's result	—	—	—	5,854	—	—
Dividend declared at the General Stockholders' meeting on:						
February 15, 2010	—	—	—	(343)	—	—
April 23, 2010	—	—	—	(343)	—	—
October 4, 2010	—	—	—	(343)	—	—
Total transactions approved by stockholders	**15**	**146**	**27**	**4,808**	**(102)**	**—**
COMPREHENSIVE INCOME						
Net income	—	—	—	—	—	—
Result from valuation of available for sale securities	—	—	—	—	205	—
Effect of subsidiaries, affiliates and						

mutual funds	—	2	—	3	—	—
Result from valuation of cash flow hedging instruments	—	—	—	—	—	(845)
Total comprehensive income	**—**	**2**	**—**	**3**	**205**	**(845)**
Noncontrolling interest	—		—		—	—
Balances, December 31, 2010	**Ps. 11,971**	**Ps. 1,673**	**Ps. 3,181**	**Ps. 25,492**	**Ps. 309**	**Ps. (2,214)**

These statements of changes in stockholder's equity, consolidated with those of the financial entities and other companies that form part of the Financial Group and are susceptible to consolidation, were prepared according to accounting principles applicable to Financial Service Holding Companies issued by the Mexican National Banking and Securities Commission according to article 30 of the Law of Financial Institutions. Such principles are consistently applied in the financial statements, which are presented according to sound practices and applicable legal and administrative provisions and reflect all the operations conducted by the Financial Group, its financial service subsidiaries and the other companies that form part of the Financial Group and are consolidated as of the dates above. These consolidated statements of changes in stockholder's equity were approved by the Board of Directors in accordance with the responsibility assigned to them.

The attached notes are an integral part of these consolidated statements of changes in stockholders' equity.

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	OTHER CAPITAL						
	Cumulative foreign currency translation adjustment	**Insufficiency in restated stockholders' equity**	**Effect of holding non-monetary assets**	**Net income**	**Total majority interest**	**Total non-controlling interest**	**Total stockholders' equity**
Balances, January 1, 2008	**Ps. —**	**Ps. (6,380)**	**Ps. (5,009)**	**Ps. 6,810**	**Ps. 32,389**	**Ps. 1,667**	**Ps. 34,056**
TRANSACTIONS APPROVED BY STOCKHOLDERS							
Issuance (repurchase) of shares	—	—	—	—	103	—	103
Transfer of prior year's result	—	—	—	(6,810)	—	—	—
Creation of reserves as per General Stockholders' meeting on April 29, 2008	—	—	—	—	—	—	—
Dividend declared at the General Stockholders' meeting on October 6, 2008	—	—	—	—	(949)	—	(949)
Total transactions approved by stockholders	**—**	**—**	**—**	**(6,810)**	**(846)**	**—**	**(846)**
COMPREHENSIVE INCOME							
Net income	—	—	—	7,014	7,014	—	7,014
Effect of subsidiaries, affiliates and mutual funds	1,095	—	—	—	512	—	512
Result from valuation of cash flow hedging inst.	—	—	(1,267)	—	(1,267)	—	(1,267)
Changes in accounting principles (NIF B-10)	—	6,380	3,455	—	—	—	—
Total comprehensive income	**1,095**	**6,380**	**2,188**	**7,014**	**6,259**	**—**	**6,259**
Noncontrolling interest	—	—	—	—	—	277	277
Balances, December 31, 2008	**1,095**	**—**	**(2,821)**	**7,014**	**37,802**	**1,944**	**39,746**
TRANSACTIONS APPROVED BY STOCKHOLDERS							
Issuance (repurchase) of shares	—	—	—	—	(451)	—	(451)
Transfer of prior year's result	—	—	—	(7,014)	—	—	—
Creation of reserves as per General Stockholders' meeting on April 30, 2009	—	—	—	—	—	—	—
Dividend declared at the General Stockholders' meeting on October 5, 2009	—	—	—	—	(364)	—	(364)
Total transactions approved by stockholders	**—**	**—**	**—**	**(7,014)**	**(815)**	**—**	**(815)**
COMPREHENSIVE INCOME							
Net income	—	—	—	5,854	5,854	—	5,854
Result from valuation of available for sale sec.	—	—	—	—	592	—	592
Effect of subsidiaries, affiliates and mutual funds	(54)	—	—	—	(106)	—	(106)
Effect of the acquisition of the remaining 30% of the subsidiary INB	(1,698)	—	—	—	(1,698)	—	(1,698)
Result from valuation of cash flow hedging inst.	—	—	—	—	209	—	209
Application of the effect of holding non-monetary assets	16	—	2,821	—	—	—	—
Change in credit card loan rating methodology (net of deferred taxes)	—	—	—	—	(683)	—	(683)
Total comprehensive income	**(1,736)**	**—**	**2,821**	**5,854**	**4,168**	**—**	**4,168**
Noncontrolling interest	—	—	—	—	211	1,664	1,875
Balances, December 31, 2009	**(641)**	**—**	**—**	**5,854**	**41,366**	**3,608**	**44,974**
TRANSACTIONS APPROVED BY STOCKHOLDERS							
Issuance (repurchase) of shares	—	—	—	—	69	—	69
Transfer of prior year's result	—	—	—	(5,854)	—	—	—
Dividend declared at the General Stockholders' meeting on:							
February 15, 2010	—	—	—	—	(343)	—	(343)
April 23, 2010	—	—	—	—	(343)	—	(343)
October 4, 2010	—	—	—	—	(343)	—	(343)
Total transactions approved by stockholders	**—**	**—**	**—**	**(5,854)**	**(960)**	**—**	**(960)**
COMPREHENSIVE INCOME							
Net income	—	—	—	6,705	6,705	—	6,705
Result from valuation of available for sale sec.	—	—	—	—	205	—	205
Effect of subsidiaries, affiliates and mutual funds	(359)	—	—	—	(354)	—	(354)
Result from valuation of cash flow hedging inst.	—	—	—	—	(845)	—	(845)
Total comprehensive income	**(359)**	**—**	**—**	**6,705**	**5,711**	**—**	**5,711**
Noncontrolling interest	—	—	—	—	—	502	502
Balances, December 31, 2010	**Ps. (1,000)**	**Ps. —**	**Ps. —**	**Ps. 6,705**	**Ps. 46,117**	**Ps. 4,110**	**Ps. 50,227**

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Managing Director - Audit

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Deputy Managing Director — Controller

C.P.C. Nora Elia Cantú Suárez
Deputy Managing Director — Accounting and Tax

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GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(In millions of Mexican pesos)

	2010	2009
Net income	**Ps. 6,705**	**Ps. 5,854**
Items not requiring (generating) resources:		
Provision for loan losses	6,889	8,286
Provision for uncollectible or doubtful accounts receivable	164	182
Depreciation and amortization	1,181	954
Other Provisions	430	(1,786)
Current and deferred income tax	2,805	2,045
Equity in earnings of unconsolidated subsidiaries and associated companies	337	(313)
	18,511	**15,222**
OPERATING ACTIVITIES:		
Changes in margin securities	(159)	(11)
Changes in investments in securities	7,626	12,312
Changes in debtor balances under repurchase and resale agreements	(579)	144
Changes in asset position of derivative financial instruments	(2,639)	501
Change in loan portfolio	(32,062)	(8,167)
Changes in acquired collection rights	523	502
Changes in receivables generated by securitizations	(518)	364
Change in foreclosed assets	94	(94)
Change in other operating assets	(1,461)	(969)
Change in deposits	18,975	15,344
Change in interbank and other loans	5,483	(15,644)
Change in creditor balances under repurchase and sale agreements	(6,892)	(7,088)
Collateral sold or pledged	9	—
Change in liability position of derivative financial instruments	2,684	(717)
Change in subordinated debentures	(350)	(2,481)
Change in other operating liabilities	(3,274)	(2,365)
Change in hedging instruments related to operations	136	133
Net operating activity cash flows	**6,107**	**6,986**
INVESTMENT ACTIVITIES:		
Proceeds on disposal of property, furniture and fixtures	304	259
Acquisition of property, furniture and fixtures	(2,215)	(1,447)
Sale of subsidiaries and associated companies	69	
Acquisition of subsidiaries and associated companies	(171)	(183)
Sale of other permanent investments	1	1
Acquisition of other permanent investments	—	(1)
Dividends received	227	135
Net investment activities cash flows	**(1,785)**	**(1,236)**
FINANCING ACTIVITIES:		
Dividends paid	(1,029)	(364)
Repurchase of shares	69	(451)
Net financing activity cash flows	**(960)**	**(815)**
Net increase in cash and cash equivalents	3,362	4,935
Adjustments to cash flows from variation in the foreign exchange rate	(133)	(63)
Cash and cash equivalents at the beginning of the year	59,268	54,396
Cash and cash equivalents at the end of the year	**Ps. 62,497**	**Ps. 59,268**

These statements of cash flows, consolidated with those of the financial entities and other companies that form part of the Financial Group and are susceptible to consolidation, were prepared according to accounting principles applicable to Financial Service Holding Companies issued by the Mexican National Banking and Securities Commission according to article 30 of the Law of Financial Institutions. Such principles are consistently applied in the financial statements, which are presented according to sound practices and applicable legal and administrative provisions and reflect all the operations conducted by the Financial Group, its financial service subsidiaries and the other companies that form part of the Financial Group and are consolidated as of the dates above. The accompanying Consolidated Statements of cash flows have been approved by the Board of Directors in accordance with the responsibility assigned to them. The attached notes are an integral part of these consolidated statements of cash flows.

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GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2008
(In millions of Mexican pesos)

	2008
OPERATING ACTIVITIES:	
Net Income	**Ps. 7,014**
Items not requiring (generating) resources:	
Fair value adjustments of financial instruments	(268)
Provision for loan losses	6,896
Depreciation and amortization	1,099
Deferred taxes	(245)
Provisions for other obligations	24
Noncontrolling interest	373
Equity in earnings of subsidiaries and associated companies	(276)
	14,617
Changes in operating accounts:	
Increase in deposits	57,462
Increase in loan portfolio	(52,095)
Increase from treasury transactions	(220,239)
Decrease in transactions with securities or derivative financial instruments	194,552
Increase in bank and other loans	13,960
Increase in deferred taxes	(12)
Net resources generated by operating activities	**8,245**
FINANCING ACTIVITIES:	
Increase (decrease) in subordinated debentures	10,403
Issuance of shares	103
Increase in other payables	1,269
Dividends paid	(949)
Net resources generated by financing activities	**10,826**
INVESTING ACTIVITIES:	
Acquisition of property, furniture and fixtures, net	(1,308)
Increase in permanent stock investments	(644)
Increase in deferred charges and credits	(1,958)
Increase in foreclosed assets	(478)
Increase in other accounts receivable	(1,897)
Net resources used in investing activities	**(6,285)**
Net increase in cash and cash equivalents	12,786
Cash and cash equivalents available at the beginning of the year	41,610
Cash and cash equivalents available at the end of the year	**Ps. 54,396**

This statement of changes in financial position, consolidated with those of the financial entities and other companies that form part of the Financial Group and are susceptible to consolidation, was prepared according to accounting principles applicable to Financial Service Holding Companies issued by the Mexican National Banking and Securities Commission according to Article 30 of the Law of Financial Institutions. Such principles are consistently applied in the financial statements, which are presented according to sound practices and applicable legal and administrative provisions and reflect all the operations conducted by the Financial Group, its financial service subsidiaries and the other companies that form part of the Financial Group and are consolidated as of the dates above.

The accompanying Consolidated Statement of Changes in Financial Position has been approved by the Board of Directors in accordance with the responsibility assigned to them.

The attached notes are an integral part of this consolidated statement of changes in financial position.

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Executive Director Controller

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General Deputy Director — Accounting and Taxes

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(In millions of Mexican pesos, except exchange rates and Note 30)

1 — ACTIVITY AND REGULATORY ENVIRONMENT

Grupo Financiero Banorte, S.A.B. de C.V. and subsidiaries (the Financial Group) are authorized by Mexico's Ministry of Finance and Public Credit (SHCP) to operate as a holding company under the form and terms established by the Laws Regulating Financial Groups, subject to the supervision and monitoring of the Mexican National Banking and Securities Commission (the Commission). Their main activities consist of acquiring and managing entities engaged in the financial services industry and supervising their activities, as defined in the above-mentioned law. The Financial Group and its subsidiaries are regulated, depending on their activities, by the Commission, the Mexican National Insurance and Bond Commission, the Mexican National Retirement Savings Systems Commission (the Commissions), the Mexican Central Bank (Banco de México) and other applicable laws and regulations.

The main activity of the Financial Group's subsidiaries is to carry out financial transactions that include the rendering of full-banking services, securities brokerage activities, management of retirement funds, leasing, the purchase and sale of uncollected invoices and notes, rendering of general warehousing services, annuities (pensions) and providing life insurance and casualty insurance.

Per legal requirements, the Financial Group has unlimited liability for the obligations assumed and losses incurred by each of its subsidiaries.

The powers of the Commission in their capacity as regulator of the Financial Group include reviewing the financial information and requesting modifications to such information.

The Financial Group performs their activities throughout Mexico and the United States of America (U.S.).

The Financial Group's consolidated financial statements have been approved by the Board of Directors at their January 25, 2011 meeting in accordance with the responsibility assigned to them.

2 — SIGNIFICANT EVENTS DURING THE YEAR

a. Issuance of promissory senior notes

On July 19, 2010, Banco Mercantil del Norte, S.A. de C.V., Institución de Banca Múltiple, Grupo Financiero Banorte (Banorte) successfully concluded the issuance in the international market of unsecured senior debt promissory notes for a total amount of 300 million USD with a maturity of 5 years and an 4.437% rate (United States Treasury (UST) + 262.5 bps). Standard and Poor's rated these securities BBB- and Moody's A3.

b. Listing of American Depositary Receipts (ADRs) operations in the OTCQX International Premier platform

On July 15, 2010, the Level 1 ADR's program (ticker: GBOOY) was authorized to operate in OTCQX International Premier; the highest level in the "Over The Counter" (OTC) market.

c. Exposure to Compañía Mexicana de Aviación, S.A. de C.V. (CMA)

In August 2010, CMA filed for bankruptcy and suspended its operations. The outstanding balance of the loan granted by Banorte to Gamma Servicios de Negocios, S.A. de C.V. (Gamma Servicios), a CMA subsidiary, totaled Ps.1,576 at the time of such filing. As the loan granted to Gamma Servicios was secured with present and future collection rights derived from the sale of plane tickets using credit card sales in Mexico and the U.S., it was partially amortized by the resources obtained through some of these guarantees. As of December 31, 2010 and 2009, the outstanding loan balance is Ps. 1,252 and Ps. 1,576, respectively. To date, the reserves that Banorte has constituted to cover potential losses from this loan equal 100% of the outstanding balance. Since the loan's origination, the collection rights derived from ticket sales have been voluntarily and irrevocably transferred by CMA to the Administration and Payment Trust managed by HSBC Mexico, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, and by accounts in custody of banks in the U.S. According to the external Counsel, for the time being, it is impossible to predict the final outcome of the bankruptcy proceeding or the potential losses stemming from this loan.

d. Merger with IXE Grupo Financiero, S.A.B. de C.V. (IXE Grupo Financiero)

On November 17, 2010, the Financial Group and IXE Grupo Financiero signed a merger agreement through an exchange of shares valued at Ps. 16,232 at the moment. The Financial Group will issue approximately 308 million new shares and will exchange them at an exchange ratio of 0.3889943074 shares of the Financial Group for each IXE Grupo Financiero share. Such merger, still subject to government authorization, is expected to be formalized during the first quarter of 2011. The operations of both companies will be merged into a single financial group called Grupo Financiero Banorte, S.A.B. de C.V.

e. Securitization of Controladora Commercial Mexicana, S.A.B. de C.V.'s loan (CCM)

In December 2010, Banorte securitized CCM's loan, transferring the risks and benefits related to the loan to a Trust created especially for this transaction (the Trust). The Trust issued Series A stock certificates for Ps. 190, Series B for Ps. 175, Series C for Ps. 168 and Series D for Ps. 63, placed among private investors, which secured the holders the net payment of the funds received from each tranche of CCM's loan which they are linked to, once the expenses related to the Trust are discounted. The securitization was recorded as a sale and reported in 2010 a profit for Ps. 596. This profit is equivalent to the difference between the received assets recorded at fair value and the book value of the transferred assets.

3 — BASIS OF PRESENTATION

Monetary unit of the financial statements

The consolidated financial statements and notes as of December 31, 2010 and 2009 and for the years then ended include balances and transactions in Mexican pesos of purchasing power of such dates.

Consolidation of financial statements

The accompanying consolidated financial statements include those of the Financial Group and its subsidiaries mentioned below. All significant intercompany balances and transactions have been eliminated in consolidation.

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As of December 31, 2010 and 2009, the Financial Group's consolidated subsidiaries and its equity ownership is as follows:

Banco Mercantil del Norte, S.A. and subsidiaries	92.72%
Casa de Bolsa Banorte, S. A. de C. V. and subsidiaries	99.99%
Arrendadora y Factor Banorte, S. A. de C. V.	99.99%
Almacenadora Banorte, S. A. de C. V.	99.99%

Conversion of Financial Statements of Banorte USA, Corporation and Subsidiaries (indirect foreign subsidiary)

In order to consolidate the financial statements of Banorte USA, they are first adjusted in the recording and functional currency (U.S. dollar) to conform to the accounting criteria established by the Commission. The financial statements are then converted to the reporting currency (Mexican peso) according to the following methodology:

Foreign operations whose recording and functional currency are one and the same convert their financial statements using the following exchange rates: a) year-end rate for assets and liabilities, b) historical rate for stockholders' equity, and c) weighted average rate of the period for income, costs and expenses. The conversion effects are presented in the Financial Group's stockholders' equity.

Comprehensive Income

This is the change in stockholders' equity during the year, for items other than distributions and activity in contributed common stock, and is comprised of the net income of the year plus other comprehensive income (loss) items of the same period, which are presented directly in stockholders' equity without affecting the consolidated statements of income, in accordance with the accounting practices established by the Commission. In 2010 and 2009, comprehensive income includes the net income of the year, the result from valuation of available for sale securities, the effect of subsidiaries, affiliates and mutual funds; the result from valuation of cash flow hedging instruments; the application of the cumulative result of non-monetary asset holdings, and the change in credit card loan rating methodology.

4 — SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Financial Group are in conformity with practices prescribed by the Commission through issued accounting standards and other applicable laws, which require Management to make certain estimates and use certain assumptions to determine the valuation of certain items included in the consolidated financial statements and make the required disclosures therein. Even though they may differ in their final effect, management considers the estimates and assumptions to have been adequate under the current circumstances.

Pursuant to accounting Circular A-1, "Basic Framework of the Accounting Criteria Applicable to Banking Institutions", prescribed by the Commission, the Financial Group's accounting will adhere to Mexican Financial Reporting Standards (NIF), defined by the Mexican Board for Research and Development of Financial Reporting Standards (CINIF), except when the Commission deems it necessary to apply a specific accounting standard or Circular, considering the fact that financial institutions perform specialized operations.

Recognition of the effects of inflation in financial information

Inflation recognition is done pursuant to NIF B-10 "Inflation Effects" which considers two types of economic environments: a) inflationary, when the accumulated inflation of the three previous years is 26% or over, in which case the inflation effects must be acknowledged; b) non-inflationary, when in the same period inflation is less than 26%; in this case the effects of inflation should not be recorded in the financial statements.

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The cumulative Mexican inflation over the three years prior to 2010 and 2009 was 14.55% and 15.03%, respectively. Therefore, the Mexican economy is considered as non-inflationary according to the NIF B-10 definition. As of January 1, 2008, the Financial Group is no longer adjusting for the effects of inflation. However, assets, liabilities and stockholders' equity as of December 31, 2010 and 2009 include the restatement effects recorded up through December 31, 2007.

The Mexican inflation rates for the years ended December 31, 2010 and 2009 were 4.29% and 3.72%, respectively.

Cash and cash equivalents

Cash and cash equivalents are stated at nominal value, except for precious metal coins, which are stated at fair value at the end of the period. Funds available in foreign currency are valued at the FIX exchange rate published by Banco de México at the consolidated balance sheet date.

Trading securities

Trading securities are those owned by the Financial Group, acquired with the intention of selling them for a profit derived from price differences in short-term purchase and sale operations made by the Financial Group as a market participant.

At acquisition they are initially recorded at fair value, which may include either a discount or premium.

These securities (including both capital and accrued interest) are stated at fair value, which is determined by the price vendor contracted by the Financial Group.

The trading securities valuation result is recorded in the results of the period.

Available for sale securities

Securities available for sale are debt or equity securities that are neither classified as trading nor held to maturity, therefore they represent a residual category, which means that, they are purchased with an intention different from the trading or held to maturity securities.

They are valued in the same way as trading securities, but with unrealized gains and losses recognized in other comprehensive income within stockholders' equity.

In an inflationary environment, the result of the monetary position corresponding to the valuation result of securities available for sale is recorded in other comprehensive income in stockholders' equity.

Held-to-maturity securities

Securities held to maturity consist of debt instruments whose payments are fixed or can be determined with a set maturity, which are acquired with the intent and capability to hold them to maturity.

They are initially recorded at fair value and valued at amortized cost, which means that the amortization of the premium or discount (included in the fair value at which they were initially recorded), is part of the earned interest.

General valuation standards

Upon the sale of trading securities, the valuation result previously recorded in the year's results is reclassified as part of the gain or loss on the sale. Similarly, upon the sale of available for sale securities, the cumulative valuation result recorded in other comprehensive income in stockholders' equity is reclassified as part of the gain or loss on the sale.

Accrued interest on debt instruments is determined using the effective interest method and is recorded in the corresponding category of investments in securities and in the year's results.

Dividends on equity instruments are recorded in the corresponding category of investments in securities and in the year's results when the right to receive such dividends is established.

The foreign exchange gain or loss on investments in securities denominated in foreign currency is recorded in the year's results.

Reclassification of securities from held to maturity to available for sale is allowed, provided there is no intention or ability of holding them to maturity. The Commission's expressed authorization is required to reclassify securities to held to maturity, or from trading to securities available for sale.

If securities held to maturity are reclassified as available for sale, the corresponding valuation result on the reclassification date is recorded in other comprehensive income within stockholders' equity.

An impairment loss on a security is recorded against the year's results if there is objective evidence of such impairment as a result of one or more events, occurring after the initial recording of the security, that have had an impact on the estimated future cash flows that can be reliably determined. The effect of recording the impairment of securities is shown in Note 6.

A previously recorded impairment loss is reversed against the year's results if, in a later period, the amount of the loss decreases and such decrease is objectively associated with an event occurring after the impairment was recorded.

The Financial Group periodically verifies whether it's available for sale securities and those held to maturity show any impairment loss, by means of an evaluation on the quarterly balance sheet date or whenever there are indications of an impairment loss.

Securities are deemed as impaired and therefore incur an impairment loss if and only if there is objective evidence of the impairment loss as a result of a set of events that occurred after their initial value was recorded. Such events should have an impact on the estimated future cash flows, which must be determined in a reliable manner.

These events may include: issuer's significant financial difficulties; likelihood of the issuer's filing for bankruptcy or financial reorganization; noncompliance with contractual clauses such as failure to pay interest or the principal; loss of an active market for the securities due to financial difficulties; lower credit rating and sustained reduction in the issue price, in combination with additional information.

In addition to the aforementioned events, objective evidence of impairment loss for a net asset instrument includes information about significant changes with adverse effects that occurred in the technological, market, economic or legal situation in which the issuer operates, and which indicates a possible loss of the cost of investing in the net asset instrument.

The events considered by the model are divided into:

a) Information that the Financial Group has about the securities (breach of contract covenants, financial, economic or legal problems).
b) Information that the Financial Group has about the issuer (issuer's probability of bankruptcy, financial reorganization and financial difficulties).
c) Information that the market has about the securities (rating assigned by Commission-approved agencies).
d) Information that the market has about the issuer (rating assigned by Commission-approved agencies).

The evaluation model that the Financial Group applies to determine impairment loss incorporates the aforementioned events according to their importance and rates them as per a severity average used to estimate the return on investment. Similarly, it incorporates the existence of guarantees, which contributes to lower impairment losses.

The investments on which impairment losses have been recognized are analyzed on a quarterly basis to identify the possible recovery of their value and, if applicable, reverse the recorded loss in the consolidated statements of income for the year such recovery is achieved.

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Customer repurchase agreements (repos)

This is a transaction through which the purchaser acquires ownership of credit securities for a sum of money and is obligated to transfer the property of another amount of securities of the same kind to the seller of the securities within the agreed term and in exchange for the same price, plus a premium. The purchaser keeps the premium unless agreed otherwise.

Repurchase transactions are recorded according to their economic substance, which is financing with collateral, through which the Financial Group, acting as the purchaser, provides cash as financing in exchange for financial assets that serve as guarantee in case of non-compliance.

On the repurchase agreement transaction contract date, the Financial Group, acting as the seller, records the cash inflow, or else a settlement debtor account as well as a payable account at its fair value, initially at the agreed price, which represents the obligation to reimburse the cash to the purchaser. The account payable is subsequently valued over the term of the repurchase agreement at amortized cost by recognizing the interest from the repurchase agreement in the year's results using the effective interest method.

As to the collateral granted, the Financial Group reclassifies the financial asset in the consolidated balance sheets as restricted and values it according to the criteria mentioned earlier in this note until the maturity of the repurchase agreement.

The Financial Group, acting as the purchaser, on the repurchase transaction contract date records cash and cash equivalents or a creditor settlement account, with an account receivable at its fair value, initially at the agreed price, which represents the right to recover the cash that was delivered. The receivable is subsequently valued over the life of the repurchase agreement at amortized cost by recognizing the repurchase agreement interest in the year's results using the effective interest method.

As to the collateral received, the Financial Group records it in off balance sheet memorandum accounts until the repurchase agreement's maturity, following the guidelines of Circular B-9, "Asset Custody and Management", issued by the Commission.

Derivatives financial instruments

The Financial Group is authorized to perform two types of transactions involving derivatives financial instruments:

Transactions to hedge the Financial Group's open risk position: Such transactions involve purchasing or selling derivatives financial instruments to mitigate the risk resulting from one or a group of given transactions.

Transactions for trading purposes: The Financial Group enters into such transactions as a market participant for reasons other than to hedge its exposed position.

Transactions with derivative financial instruments are presented in assets or liabilities, as applicable, under the heading "Derivatives financial instruments", separating derivatives for trading purposes from those for hedging purposes.

When entering into transactions involving derivatives financial instruments, the Financial Group's internal policies and norms require an assessment and if necessary determination of different risk exposures for each counterparty in the financial system that have been authorized by the Banco de México to enter into these types of transactions. Regarding corporate customers, a preauthorized credit line by the National Credit Committee must be granted or liquid guarantees must be given through a securitized collateral contract before entering into these types of transactions. Medium and small sized companies and individuals must provide liquid guarantees established in securitized collateral contracts with this type of transactions.

The recognition or cancellation of assets and/or liabilities resulting from transactions involving derivatives financial instruments occurs when these transactions are entered into, regardless of the respective settlement or the delivery date.

Forward and futures contracts

Forward and futures contracts with trading purposes establish an obligation to buy or sell a financial asset or an underlying at a future date in the quantity, quality and prices pre-established in the contract. Futures contracts are recorded initially by the Financial Group in the consolidated balance sheets as an asset and a liability at fair value, which represents the price agreed in the contract in order to acknowledge the right and obligation to receive and/or deliver the underlying, as well as the right and obligation to receive and/or deliver the cash equivalent to the underlying, object of the contract.

The derivatives are presented in a specific item in assets or liabilities depending on whether their fair value (as a consequence of the rights and/or obligations it establishes) corresponds to a debtor balance or creditor balance. Such debtor or creditor balances in the consolidated balance sheets are offset when the Financial Group has the contractual right to offset the stated amount, the intention to settle the net amount or to realize the asset and cancel the liability simultaneously.

In the case of transactions for trading purposes, their balance represents the difference between the fair value of the contract and the established "forward" price.

Option contracts

Through paying a premium, options contracts grant the right but not the obligation to buy or sell a financial asset or underlying instrument at a given price within an established term.

Options are divided into: options to buy (calls) and options to sell (puts). Both can be used as trading or hedging instruments.

Options can be executed on a specific date or within a certain period of time. The price is agreed in the option and may be exercised at the discretion of the buyer. The instrument used to establish the price is the reference or underlying value.

The premium is the price the holder pays to the issuer for the option rights.

The holder of a call option has the right, but not the obligation, to purchase from the issuer a certain financial asset or underlying instrument at a fixed price (transaction price) within a certain term.

The holder of a put option has the right, but not the obligation, to sell a certain financial asset or underlying instrument at a fixed price (transaction price) within a certain term.

The Financial Group records the option premium as an asset or liability at the transaction date. The fluctuations resulting from market valuation of the option's premium are recorded by affecting the income statement in the account "Trading results" and the corresponding balance sheet account.

Swaps

These are two-party contracts through which a bilateral obligation is established to exchange a series of cash flows for a certain period of time on pre-set dates at a nominal or reference value.

They are recorded at fair value which corresponds to the net amount between the asset and liability portion for the rights and obligations agreed upon; they are subsequently valued at fair value using the present value of the future flows to receive or grant according to the projections for future implicit applicable rates, discounting the market rate on the valuation date with yield curves given by the price provider. The result of such valuation is recorded in the year's results.

Management's risk policies regarding hedging contracts to protect the Financial Group's balance sheet is to anticipate interest and exchange rate fluctuations, thereby protecting the Shareholders' Equity.

For hedging derivatives, the Financial Group applies in all cases the cash flow hedging method and the accumulated compensation method to measure effectiveness. Both methods are approved by current accounting standards. In case ineffective hedges are detected, they are recorded in the year's results.

The Financial Group documents hedging transactions from the moment that the derivative instruments are designated as hedging transactions. A file for each transaction is created in order to have documented proof as per Circular B-5 paragraph 71, which establishes conditions for the use of hedge accounting.

Accordingly, the Financial Group documents its hedging transactions based on the following guidelines:

- A cash flow hedging transaction is recorded as follows:

  a. The effective portion of the hedging instrument's gain or loss is recorded as a component of other comprehensive income in stockholders' equity using as an asset or liability account called "derivatives financial instruments" with an offsetting account in the liquid assets or liabilities. The portion determined as ineffective is measured through retrospective test, and when they result in over-hedging, they are immediately recognized in current earnings.

  b. The effective hedge component recognized in stockholders' equity associated with the hedged item is adjusted to equal the lower (in absolute terms) of these items:
     I. The accumulated gain or loss of the hedging instrument from its inception.
     II. The accumulated change in the fair value (present value) of the hedged item's expected future cash flows from the beginning of the transaction.

Valuation method

Since the derivatives used by the Financial Group are considered as conventional ("plain vanilla"), the standard valuation models contained in the derivatives transaction systems and the Financial Group's risk management is used.

All of the valuation methods that the Financial Group uses result in the fair value of the transactions and are periodically adjusted. Furthermore, they are audited by internal and external auditors, as well as by the financial authorities.

Valuation of the positions is done on a daily basis, and a price provider generates the input used by the transaction and risk management systems. The price provider generates these valuations based on daily market conditions.

The valuation methods are based on the market's accepted and commonly used principles. At present, derivatives are valued by the cash flow present value method, except in the case of options. This method consists of estimating future derivative flows, using the difference between the derivative's fixed level and the forward market curves on the valuation date, and then discounting such flows and updating them to the present value. Options are valued under the Black and Scholes method, which in addition to the present value, involves the volatility and probability of occurrence for calculating the premium. Once the option's market value is obtained, it is compared to the original premium accrued on the valuation date.

Operation strategies

Trading

The Financial Group participates in the derivatives market with trading purposes, and the risk exposures generated are computed within its overall VaR limit.

The trading strategy is submitted on a weekly basis to the Financial Group's Treasury Committee, which analyzes the current risks and makes any necessary decisions.

The trading strategy is carried out according to market levels and expectations, maximizing the circumstances to obtain a benefit by trading, margin and volatility. Each trading strategy is submitted to the Treasury Committee on a weekly basis for its consideration. The Committee analyzes the risks and then decides accordingly.

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Hedging

The hedging strategy is determined annually and when market conditions require it. Hedging strategies are submitted to the Risk Policies' Committee.

Hedging transactions comply with the applicable norm set forth in Circular B-5 of the CNBV. This implies, among other things, that the hedge's effectiveness must be evaluated both prior to its arrangement (prospective) and thereafter (retrospective). These tests are performed on a monthly basis.

The hedging strategy is determined annually and each time the market conditions require. Hedges are used to reduce foreign exchange risks, through both exchange rate forwards and currency swaps, as well as interest rates by means of interest rate swaps. This is done with the purpose of setting the rates paid in debt issued by the Financial Group, thereby insuring its payment, and to make investments that generate greater value for the customers. The main strategy is to insure the Financial Groups' future income and expenses, maximizing the benefits.

Hedging derivatives can be restated whole or partially due to hedging inefficiencies, maturity or sale of primary position.

Contingencies

To enter the derivatives market, the Financial Group is bound by an agreement to deliver its financial information in a timely manner and to abide by the applicable laws, regulations and provisions, as well as to give written notice to the affected parties in an event that could be considered as early termination, which could lead to a credit contingency. These include the following: bankruptcy filing, payment suspension, restructuring, intervention, liquidation, dissolution or other similar judicial or extra-judicial proceedings that affect the Financial Group; if the statements stipulated in the contract are incorrect; the Financial Group's failure to fulfill its obligations and/or payments; breach of contract; the Financial Group's consolidates or merges with another entity thereby transferring a substantial portion of its assets; failure to provide the guarantees that were agreed in the event of noncompliance with obligations or if such guarantees are expired or diminished in value; the Financial Group's falls into insolvency, lower credit quality or illegality due to changes in the tax or legal legislation; the existence of a ruling, proceeding or embargo against the Financial Group that could substantially affect its ability to fulfill its obligations in a timely manner; or general noncompliance with obligations. Each ground for early termination is subject to the counter-party's consideration to determine its importance and significance regarding the Financial Group's ability to comply.

At present no such contingency situations have arisen.

Embedded derivatives

Embedded derivatives are those contract components that do not intend to explicitly originate a derivative financial instrument but rather that the implicit risks generated or hedged by those components differ in their economic and risk features from those of the contract, and therefore display behavior and features similar to those of a common derivative.

Identified embedded derivatives are separated from the host contract for valuation purposes and are treated as a derivative when they meet the features set forth in Circular B-5 paragraph 22. The main embedded derivatives recognized by the Financial Group are from service and leasing contracts established in US dollars.

Loan portfolio

The loan portfolio represents the balance of amounts effectively granted to borrowers plus uncollected accrued interest minus interest collected in advance. The allowance for loan losses from credit risks is presented as a reduction of the loan portfolio.

The unpaid loan balance is classified in the past-due portfolio as follows:

- Loans with bullet payment of principal and interest at maturity: 30 calendar days after being overdue.

- Loans involving a single principal payment at maturity, but with periodic interest payments: total principal and interest payments 30 and 90 calendar days after being overdue, respectively.

- Loans for which the payment of principal and interest is agreed based on partial periodic payments: 90 calendar days after the first payment is due.

- In the case of revolving loans, whenever payment is outstanding for two billing periods or when they are 60 or more days overdue.

- Overdrawn customer checking accounts are considered as part of the past-due portfolio when such situations arise.

Interest is recognized and accrued as income when earned. The accrual of interest income is suspended when loans are transferred to the past-due portfolio.

The fees charged for the initial granting of loans will be recorded as a deferred credit, which will be amortized as interest income, using the straight-line method over the loan's contractual term, except those originating from revolving loans, which are amortized over a 12-month period.

Annual credit card fees whether the first annual charge of a renewal, are recorded as a deferred credit and amortized over a 12-month period against the year's results in the commission and fee income line item.

The costs and expenses associated with the initial granting of a loan are stated as a deferred charge, which is amortized against the year's earnings as interest expense for the duration of the loan, except those originating from revolving loans and credit cards which are amortized over a 12-month period.

Restructured past-due loans are not considered in the performing portfolio until evidence of sustained payment is obtained; this occurs when credit institutions receive three timely consecutive payments, or a payment is received for periods exceeding 60 days.

Renewed loans in which the borrower has not paid on time or when the accrued interest balance equals at least 25% of the original loan amount are considered past-due until evidence of sustained payment is obtained.

Accrued interest during the period in which the loan was included in the past-due portfolio is recognized as income when collected.

The recognition of interest income is renewed when the portfolio is no longer considered past-due, which occurs when the outstanding balances, including the principal, interest and any other item, are paid in full.

Restructured loans are those whose terms have been modified due to the borrowers' financial difficulties, and it was decided to grant them a concession. Such modifications may include: reductions in the interest rate, debt forgiveness or term extensions.

The Financial Group regularly evaluates whether a past-due loan should remain in the balance sheet or be written off. Such write-offs are done by canceling the outstanding loan balance against the allowance for loan losses. The Financial Group may opt to eliminate from its assets those past-due loans that are 100% provisioned according to the following parameters:

Commercial loans — Must be classified in past-due loans, with an E risk rating, 100% reserved and unsecured by any fund.

Consumer loans — 180 days or more overdue.

Mortgage loans — 270 days or more overdue.

Allowance for loan losses

Application of new portfolio classification provisions

The loan portfolio is rated according to the rules issued by the Commission and the internal methodology authorized by such Commission.

In the case of consumer and mortgage loans, the Financial Group applies the general provisions applicable to credit institutions in rating the loan portfolio as issued by the Commission on October 25, 2010 and December 2, 2005, respectively. The Financial Group uses the internal methodology authorized by the Commission for rating commercial loans.

Such provisions also establish general methodologies for the rating and calculation of allowances for each type of loan, while also allowing credit institutions to classify and calculate allowances based on internal methodologies, when previously approved by the Commission.

Since June 2001, the Financial Group has the Commission's approval to apply its own methodology to commercial loans, called Internal Risk Classification (CIR Banorte). CIR Banorte applies to commercial loans with outstanding balances equal to or greater than 4 million UDIS or its equivalent in Mexican pesos. This methodology is explained below.

The commercial loan portfolio rating procedure requires credit institutions to apply the established methodology (general or internal) based on quarterly information for the periods ending in March, June, September and December of each year, while also recording the allowances determined at the close of each period in their financial statements. Furthermore, during the months following each quarterly close, financial institutions must apply to any loan the respective rating used at the close of the immediately preceding quarter, based on the outstanding balance on the last day of the aforementioned months. The allowances for loan risks that have exceeded the amount required to rate the loan will be cancelled on the date of the following quarterly rating against the period's results. Additionally, recoveries on previously written-off loan portfolio are recorded in the period's results.

Derived from the acquisition of INB Financial Corp. (INB) in 2006, the Financial Group applied the loan rating methodologies established by the Commission to INB's loans, homologating the risk degrees and adjusting the allowance for loan losses derived from applying such methodologies.

On November 30, 2010, the Commission issued Document 121-4/5486/2010, which renews for a two-year period, as of December 1, 2010, the authorization for such internal loan rating methodology.

Commercial loans equal to or greater than 4 million UDIS or its equivalent in Mexican pesos are rated based on the following criteria:

- Debtor's credit quality
- The loans in relation to the value of the guarantees or the value of the assets in trusts or in "structured" programs, as applicable.

The commercial loan segment includes loans granted to business groups and corporations, state and municipal governments and their decentralized agencies, as well as financing to companies of the financial services sector.

The Financial Group applied the internal risk classification methodology, CIR Banorte, authorized by the Commission to rate the debtor, except in financing granted to state and municipal governments and their decentralized agencies, loans intended for investment projects with their own source of payment and financing granted to trustees that act under trusts and "structured" loan programs in which the affected assets allow for an individual risk evaluation associated with the type of loan, for which the Financial Group applied the procedure established by the Commission.

When evaluating a debtor's credit quality with the CIR Banorte method, the following risks and payment experiences are classified specifically and independently:

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Risk criteria	Risk factors
1. Financial risk	1. Financial structure and payment capacity
	2. Financing sources
	3. Management and decision-making
	4. Quality and timeliness of financial information
2. Industry risk	5. Positioning and market in which debtor participates
	- Target markets
	- Risk acceptance criteria
3. Borrower's experience	6. Borrower's experience
4. Country risk	7. Country risk

Each of the risk factors is analyzed using descriptive evaluation tables, the result of which indicates the borrower's rating. This, in turn, is standardized with the risk degrees established by the Commission.

CIR Banorte	Risk level description	Commission classification equivalent
1	Substantially risk free	A1
2	Below minimal risk	A2
3	Minimum risk	A2
4	Low risk	B1
5	Moderate risk	B2
6	Average risk	B3
7	Risk requiring management attention	C1
8	Potential partial loss	C2
9	High loss percentage	D
10	Total loss	E

For commercial loans under 4 million UDIS or its equivalent in Mexican pesos, loans under 900 thousand UDIS to state and municipal governments and their decentralized agencies, mortgage loans and consumer loans, the Financial Group applied the general provisions applicable to credit institutions for classifying the loan portfolio as issued by the Commission.

Acquired loan portfolios

This balance is represented by the acquisition cost of the various loan asset packages acquired by the Financial Group, which are subsequently valued by applying one of the three following methods:

Cost Recovery Method - Payments received are applied against the acquisition cost of the loan portfolio until the balance equals zero. Recoveries in excess of the acquisition cost are recognized in current earnings.

Interest method - The result of multiplying the acquired portfolio's outstanding balance by the estimated yield is recorded in current earnings. Differences between the Financial Group's collection estimates and actual collections are reflected prospectively in the estimated yield.

Cash basis method - The amount resulting from multiplying the estimated yield times the amount actually collected is recorded in the income statement, provided it is not greater than the amount obtained by the interest method. The difference between the recorded amount and the amount collected reduces the outstanding portfolio balance, once the entire initial investment has been amortized. Any subsequent recovery will be recorded in the income statement.

For the portfolios valued using the interest method, the Financial Group evaluates them twice a year to verify if the cash flow estimate of its collection rights is consistent with actual recoveries and therefore considered to be effective. The Financial Group uses the cost recovery method on those collection rights in which the expected cash flow estimate is not highly effective. The expected cash flow estimate is considered as "highly effective" if the result of dividing the sum of the flows actually collected by the sum of the expected cash flows is between 0.8 and 1.25 when such effectiveness is evaluated.

Securitizations involving transfer of ownership

Through securitization transactions involving the transfer of ownership in mortgage and government loans, the Financial Group transfers those financial assets to a trust so that it publicly issues securities through an intermediary. The securities represent the right to the yield on the securitized portfolio and, as compensation the Financial Group receives cash and a receipt, which grants it the right over the trust's cash flow remnants after paying the holders for their certificates. This receipt is recorded at its fair value under "Receivables generated by securitizations"

The Financial Group provides management services for the transferred financial assets and records the revenue in the period's earning when accrued. These revenues are stated under "Other income."

The valuation of the benefits to be received from securitization operations is recorded in the income statement under other income or other expenses, as applicable.

Other accounts receivable and payable

The Financial Group performs a study to quantify the different future events that could affect the amount in accounts receivable over 90 days and thus determine the percentage of non-recoverability in order to calculate its allowance for doubtful accounts. The remaining balance of accounts receivable is reserved at 90 calendar days from the initial recognition.

The balances of asset and liability settlement accounts represent transactions involving the sale and purchase of currency and securities, which are recorded when entered into and are settled within 48 hours.

Merchandise Inventory

This is comprised mainly of finished goods and prior to 2008 was restated to the lower of replacement cost or market. Cost of sales, included in "Other expenses", is restated using the replacement cost at the time of the sale prior to 2008.

Impairment of the value of long-lived assets and their disposal

The Financial Group has established guidelines to identify and, if applicable, record losses derived from the impairment or decrease in value of long-lived tangible or intangible assets, including goodwill.

Foreclosed assets, net

Foreclosed property or property received as payments in kind are recorded at the lower of their cost or fair value minus the strictly necessary costs and expenses disbursed in the foreclosure. Cost is determined as the forced-sale value established by the judge upon foreclosure or, in the case of payments in kind, the price agreed between the parties involved.

When the value of the asset or the accrued or past due amortizations leading to the foreclosure, net of estimates, is higher than that of the foreclosed property, the difference is recorded in the period's results under "Other Revenues."

When the value of the asset or the accrued or past due amortizations leading to the foreclosure, net of estimates, is lower than that of the foreclosed property, its value is adjusted to the asset's net value.

The carrying value is only modified when there is evidence that the fair value is lower than the recorded carrying value. Reductions in the carrying value of the loan are recorded in the current earnings as they occur.

The provisions applicable to the new valuation methodology for the allowance for loan losses mentioned above define the valuation methodology for reserves related to either foreclosed property or those assets received as payment in kind, establishing that additional quarterly provisions must be created to recognize the potential decrease in value over time of property awarded under legal proceedings, out-of-court or received as payment in kind and the investments in securities received as foreclosed goods or payment in kind, based on the following guidelines:

I. In the case of collection rights and real property, the provisions referenced in the preceding paragraph must be treated as follows:

Personal property reserves

Time elapsed as of award date or receipt as payment in kind (months)	Reserve percentage
Up to 6	0%
More than 6 and up to 12	10%
More than 12 and up to 18	20%
More than 18 and up to 24	45%
More than 24 and up to 30	60%
More than 30	100%

The amount of the reserves to be created will be the result of applying the reserve percentage determined under the preceding table to the value of collection rights or foreclosed property, received as payment in kind or awarded in a court proceeding.

II. Investments in securities must be valued in accordance with the provisions of the Commission's accounting Circular B-2, using annual audited financial statements and monthly financial information of the issuer.

Following the valuation of foreclosed assets or those received as payment in kind, the reserves resulting from applying the percentages established in the table of Section I above to the estimated value, must be created.

III. In the case of real property, provisions must be created as follows:

Real property reserves

Time elapsed as of award date or receipt as payment in kind (months)	Reserve percentage
Up to 12	0%
More than 12 and up to 24	10%
More than 24 and up to 30	15%
More than 30 and up to 36	25%
More than 36 and up to 42	30%
More than 42 and up to 48	35%
More than 48 and up to 54	40%
More than 54 and up to 60	50%
More than 60	100%

The amount of the reserves to be created will be the result of applying the reserve percentage determined under the preceding table to the awarded value of the property based on the accounting criteria. Furthermore, when problems are identified regarding the realization of the value of the foreclosed property, the Financial Group records additional reserves based on management's best estimates. On December 31, 2010, there are no reserves in addition to those created by the percentage applied based on the accounting criteria that could indicate realization problems with the values of the foreclosed properties.

If appraisals subsequent to the foreclosure or payment in kind result in the recording of a decrease in the value of the collection rights, securities, personal or real property, the reserve percentages contained in the preceding table can be applied to the adjusted value.

Property, furniture and equipment

Property, furniture and equipment are recorded at acquisition cost. The balances of acquisitions made until December 31, 2007, were restated using factors derived from the value of the UDI of that date.

Depreciation is calculated using the straight-line method based on the useful lives of the assets as estimated by independent appraisers.

Permanent stock investments

The Financial Group recognizes its investments in associated companies where it has control or significant influence using the equity method, based on the book values shown in the most recent financial statements of such entities.

Income Taxes (ISR), Business Flat Tax (IETU) and Employee Statutory Profit-Sharing (PTU)

The provisions for ISR, IETU and PTU are recorded in the results of the year in which they are incurred. Deferred taxes are recognized if, based on financial projections, the Financial Group expects to incur ISR or IETU, and records the deferred tax it will pay. The Financial Group will record deferred ISR or IETU, corresponding to the tax it will pay. Deferred taxes are calculated by applying the corresponding tax rate to the applicable temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credits. The deferred tax assets are recorded only when there is a high probability of recovery.

The net effect of the aforementioned items is presented in the consolidated balance sheets under the “Deferred taxes, net” line.

Intangible assets

Intangible assets are recognized in the consolidated balance sheets provided they are identifiable and generate future economic benefits that are controlled by the Financial Group. The amortizable amount of the intangible asset is assigned on a systematic basis during its estimated useful life. Intangible assets with indefinite lives are not amortized, and their value is subject to annual impairment tests.

Goodwill

The Financial Group records goodwill when the total fair value of the acquisition cost and the noncontrolling interest is greater than the fair value of the net assets of the acquired business, pursuant to NIF B-7 “Business acquisitions.” As goodwill is considered an intangible asset with an indefinite life, it is subject to impairment tests at least annually according to NIF C-15 “Impairment in the value of long-lasting assets and their disposal.” No indicators of impairment of goodwill have been identified as of December 31, 2010 and 2009.

Deposits

Liabilities derived from deposits, including promissory notes settled at maturity, are recorded at their funding or placement cost plus accrued interest, determined according to the number of days elapsed at each monthly close, which are charged against results when accrued as an interest expense.

Interbank and other loans

These loans are recorded based on the contractual value, recognizing the interest in the year’s earnings as accrued. The Financial Group records in this item the direct loans obtained from domestic and foreign banks, loans obtained through bids with Banco de Mexico and development fund financing. Furthermore, this includes discounted loan portfolios from funds provided by banks specializing in financing economic, productive or development activities.

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Provisions

Provisions are recognized when the Financial Group has a current obligation that results from a past event and are likely to result in the use of economic resources and can be reasonably estimated.

Employee retirement obligations

According to Mexican Federal Labor Law, the Financial Group has obligations derived from severance payments and seniority premiums payable to employees that cease to render their services under certain circumstances.

Defined benefits plan

The Financial Group records a liability for seniority premiums, pensions and post-retirement medical services as incurred based on calculations by independent actuaries using the projected unit credit method, using nominal interest rates. Accordingly, this recognizes the liability whose present value will cover the obligation from benefits projected to the estimated retirement date of the Company's overall employees, as well as the obligation related to retired personnel.

The balance at the beginning of each period of actuarial gains and losses derived from pension plans exceeding 10% of the greater amount between the defined benefits obligation and plan assets are amortized in future periods against current results, in the case of pension plan, medical service and seniority premiums to retirement.

In the case of seniority premiums related to termination and remuneration at the end of the employment relation, earnings or losses are recognized immediately in the period that are generated, as specified by the NIF D-3 "Employee benefits".

The Financial Group applies the provision of NIF D-3 related to the recognition of the liability for severance payments for reasons other than restructuring, which is recorded using the projected unit credit method based on calculations by independent actuaries.

Defined contribution plan

As of January 2001, the Financial Group provided a defined contribution pension plan. The participating employees are those hired as of this date as well as those hired prior to such date that enrolled voluntarily. The pension plan is invested in a fund.

The employees who were hired prior to January 1, 2001 and decided to enroll voluntarily in the defined contribution pension plan received a contribution from the Financial Group for prior services equivalent to the actuarial benefit accrued in their previous defined benefit plan that was cancelled. The initial contribution was made from the plan assets that had been established for the original defined benefit plan and participants were immediately assigned 50% of such amount with the remaining 50% to be assigned over 10 years.

The initial payment to the defined contribution plan for past services was financed with funds established originally for the defined benefit plan as a result of the early termination of its obligations and recognized in accordance with the requirements of NIF D-3.

The labor obligations derived from the defined contribution pension plan do not require an actuarial valuation as established in NIF D-3, because the cost of this plan is equivalent to the Financial Group's contributions made to the plan's participants.

Foreign currency conversion

Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate at the close of each period. The exchange rate used to establish Mexican peso equivalence is the

FIX exchange rate published by Banco de México. Foreign exchange fluctuations are recorded in the results of operations.

Interest from outstanding subordinated debentures

Accrued interest from outstanding subordinated debentures is recognized as it is accrued and translated according to the exchange rate in effect at each monthly close.

Transfer of financial assets

The Financial Group may act as the assignor o assignee, as applicable, in this type of transactions. Moreover the Financial Group evaluates whether or not to retain the risks and benefits associated with the asset property to determine whether or not there was a transfer of property in a transaction. In transactions involving the transfer of ownership in financial assets, the assignor yields control and substantially transfers all the risks and benefits over such assets. Therefore, the assignor derecognizes such assets and records the consideration received in the transaction. Conversely, the assignee recognizes such financial assets and the transfer consideration in its accounting records.

Share-based payments

The Financial Group grants stock options to key officers through different payment schemes based on stocks. The Financial Group has established trusts to manage the plans and contributes the necessary funds so that shares can be purchased directly from the market at the initiation of each plan.

The Financial Group records its stock option plans according to the guidelines of NIF D-8, “Share-based payments.” The compensation expense is recorded at fair value as of the date the stock options are granted. The NIF D-8 guidelines stipulate that the fair value determined at the beginning is not revalued at a later date.

The fair value of each share is estimated as of the date granted using the Black-Scholes option pricing model or the forwards valuation model, depending on the plans’ features.

Main subsidiaries’ income recognition

Banorte Casa de Bolsa

Permanent stock investments — represented mainly by stockholders’ equity shares of the distributing Investment Companies. Permanent stock investments are originally recorded at their acquisition cost and restated up to December 31, 2007, based on the factor derived from the UDI or the equity method, as applicable, based on the last available financial statements, and if necessary, losses in value are recorded based on the information provided by the affiliated companies’ management. Regarding the mutual funds managed by the Operating Company, the valuation increase is from comparing the original value to the book value one day prior to the close of the period. The valuation effect at book value is recorded in the statement of income under “Share in subsidiaries and affiliates’ income”.

Recognition of income from services, financial advisory and securities purchase-sales — the fees and rates generated by customer securities’ operations are recorded as performed.

Income from financial advisory is recorded when accrued as per the contract.

Securities purchase-sales results are recorded when performed.

Income and expenses are recorded as generated or accrued as per the relative contracts.

Share dividends are recorded at zero value in investments: therefore they only affect the results when the shares are sold.

Arrendadora y Factor Banorte

Credit from finance leasing operations, net — finance leasing operations are recorded as direct financing, wherein the account receivable is the total amount of the settled rents, and potential profit is the difference between such amount and the cost of the leased properties. Net financed capital is recorded on the general balance sheet, deducting the total of rents from the potential profit.

Loans from operating leasing operations — represent company assets given to a third party for the latter's temporary use and enjoyment for a given term equal to or over six months. The operating leasing contract rents are recorded as income as accrued.

Loans from factoring operations, net — funded or non-funded factoring is recorded as follows:

- Ceded portfolio — the amount is recorded in loan portfolios, minus the difference between loans and the financed amount.
- Profit from acquired documents (interest) - calculated in advance, per completed month and upon maturity, recorded in factoring, and both are applied to results as accrued.

Recognition of income — interest from leasing and financial factoring is recognized as income as accrued; however the accumulation of interest is suspended whenever the uncollected interest and/or total loan is transferred to past-due loans. Accrued, normal and past-due interest during the period the loan is considered past-due is recognized as income as collected.

Profit to realize from financial leasing is recognized as income as accrued. The final value of the good in financial leasing is recognized as income when purchased.

The fees for credit opening in leasing and factoring operations are recognized as income as accrued.

Afore Banorte-Generali

Recognition of income - the administration fees are recognized as income as accrued.

The Pension Fund can only collect fees from workers charged to their individual accounts and the contributions received. Such fee is determined by the balance of received contributions. It may be a percentage of such concepts, a fixed fee or a combination of both, and can only be made when the worker's contributions are effectively invested in the Siefores that the Pension Fund manages and the necessary daily provisions have been recorded in the Siefores accounting.

The profit or loss generated from selling investments in Siefores shares is recorded in the income statement as realized.

Seguros Banorte-Generali

Income from premiums — Recognized as follows:

a. The income for group and collective life insurance premiums is recorded in income as the partial payment receipt is issued, deducting the premiums ceded in reinsurance.

b. Income from premiums for accidents, illness and damage is recorded in terms of the policies contracted in the year, even though their term is for over one year, deducting the premiums ceded in reinsurance.

c. Income from rights and surcharges on policies with segmented payments is recorded in income as collected and the uncollected portion is recorded in deferred loans.

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5 — CASH AND CASH EQUIVALENTS

As of December 31, 2010 and 2009, this line item was composed as follows:

	2010	2009
Cash	Ps. 12,308	Ps. 9,415
Banks	46,113	45,949
Other deposits and available funds	4,076	3,904
	Ps. 62,497	**Ps. 59,268**

On December 31, 2010, “Other deposits and available funds” include Ps. 857 for funds due to be received in 24 and 48 hours, and Ps. 36 in gold and silver coins. In 2009, it included Ps. 1,598 for funds due to be received in 24 and 48 hours, and Ps. 35 in gold and silver coins.

The exchange rate used for the conversion of gold and silver coins (Centenarios and Troy ounces, respectively) was Ps. 17,872.67 and Ps. 399.63, per unit, respectively, in 2010 and Ps. 14,627.95 and Ps. 239.89, per unit, respectively, in 2009.

“Banks” is represented by cash in Mexican pesos and US dollars converted at the exchange rate issued by Banco de México of Ps. 12.3496 and Ps. 13.0659 as of December 31, 2010 and 2009, respectively and is made up as follows:

	Mexican pesos		Denominated in US dollars		Total	
	2010	2009	2010	2009	2010	2009
Call money	Ps. 3,000	Ps. 2,447	Ps. 3,458	Ps. 653	Ps. 6,458	Ps. 3,100
Deposits with foreign credit institutions	—	—	12,368	15,928	12,368	15,928
Domestic banks	834	370	—	—	834	370
Banco de México	26,345	26,510	108	41	26,453	26,551
	Ps. 30,179	**Ps. 29,327**	**Ps. 15,934**	**Ps. 16,622**	**Ps. 46,113**	**Ps. 45,949**

As of December 31, 2010 and 2009, the Financial Group had made monetary regulation deposits of Ps. 26,345 and Ps. 26,342, respectively.

As of December 31, 2010 and 2009, the total sum of restricted cash and cash equivalents is Ps. 36,819 and Ps. 33,289, respectively. This includes monetary regulation deposits, futures placed in the domestic and foreign market, call money and contracted transactions pending settlement in 24 and 48 hours.

The interbank loans are documented and accrued at an average rate of return of 0.182% and 0.167% in USD and 4.5% and 4.5% in pesos, as of December 31, 2010 and 2009, respectively.

6 - INVESTMENTS IN SECURITIES

a. Trading securities

As of December 31, 2010 and 2009, trading securities are as follows:

	2010				2009
	Acquisition cost	Accrued interest	Valuation increase (decrease)	Book value	Book value
CETES	Ps. 2,544	Ps. —	Ps. (1)	Ps. 2,543	Ps. 926
Bonds	532	25	1	558	520
Development Bonds	3,241	4	3	3,248	3,136
Savings protection bonds (BPAS)	39,000	194	33	39,227	9,494
Bank securities	17,218	12	5	17,235	9,994
UMS	54	1	(2)	53	—
Securitization certificates	3,114	14	43	3,171	260
Treasury notes	23	—	—	23	65
Other securities	61	1	—	62	—
Investment funds	61	—	—	61	64
	Ps. 65,848	**Ps. 251**	**Ps. 82**	**Ps. 66,181**	**Ps. 24,459**

During 2010 and 2009, the Financial Group recognized a profit (loss) of Ps. 46 and (Ps. 17), respectively, under “Brokerage revenues” for the fair value valuation of these instruments.

As of December 31, 2010 and 2009, there are Ps. 58,154 and Ps. 19,310, respectively, in restricted trading securities associated mainly with repurchase operations.

As of December 31, 2010, these investments mature as follows (stated at their acquisition cost):

	One year or less	More than one and up to 5 years	More than 5 and up to 10 years	More than 10 years	Total
CETES	Ps. 2,544	Ps. —	Ps. —	Ps. —	Ps. 2,544
Bonds	532	—	—	—	532
Development Bonds	1,070	2,171	—	—	3,241
Savings protection bonds (BPAS)	2,463	35,595	942	—	39,000
Bank securities	13,440	3,778	—	—	17,218
UMS	—	—	54	—	54
Securitization certificates	44	2,870	—	200	3,114
Treasury notes	—	—	23	—	23
Other securities	2	—	27	32	61
Investment funds	—	—	—	61	61
	Ps. 20,095	**Ps. 44,414**	**Ps. 1,046**	**Ps. 293**	**Ps. 65,848**

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b. Available for sale securities

As of December 31, 2010 and 2009, available for sale securities were as follows:

	2010				2009
	Acquisition cost	Accrued interest	Valuation increase (decrease)	Book value	Book value
US Government bonds	Ps. 7,769	Ps. 28	Ps. 76	Ps. 7,873	Ps. 6,603
UMS	248	10	—	258	361
Bonds	1,424	10	85	1,519	2,718
MASTER CARD	—	—	—	—	35
BMV Shares	234	—	134	368	219
EUROBONDS	608	15	34	657	941
PEMEX bonds	833	12	25	870	824
Securitization certificates	755	1	(13)	743	—
	Ps. 11,871	**Ps. 76**	**Ps. 341**	**Ps. 12,288**	**Ps. 11,701**

As of December 31, 2010 and 2009 there are Ps. 2,674 and Ps. 2,489, respectively, in restricted trading securities.

As of December 31, 2010, these investments mature as follows (stated at their acquisition cost):

	One year or less	More than one and up to 5 years	More than 5 and up to 10 years	More than 10 years	Total
US Gov. Bonds	Ps. —	Ps. —	Ps. 7,769	Ps. —	Ps. 7,769
UMS	248	—	—	—	248
Bonds	—	183	1,241	—	1,424
BMV Shares	—	—	—	234	234
EUROBONDS	—	364	244	—	608
PEMEX bonds	63	124	603	43	833
Securitization certificates	—	53	702	—	755
	Ps. 311	**Ps. 724**	**Ps. 10,559**	**Ps. 277**	**Ps. 11,871**

c. Held to maturity securities

As of December 31, 2010 and 2009, held to maturity securities are as follows:

Medium and long-term debt instruments:

	2010			2009
	Acquisition cost	Accrued interest	Book value	Book value
Government bonds- support program for Special Federal Treasury Certificates	Ps. 756	Ps. 3	Ps. 759	Ps. 725
Government bonds	578	28	606	631
Development Bonds	33,035	57	33,092	33,127
Saving protection bonds (BPAS)	71,826	377	72,203	103,759
UMS	2,277	61	2,338	2,470
Bank securities	13,930	91	14,021	26,005
PEMEX bonds	3,207	62	3,269	4,991
Private securitization certificates	13,536	47	13,583	18,582
Other securities	41	1	42	42
	Ps. 139,186	**Ps. 727**	**Ps. 139,913**	**Ps. 190,332**

As of December 31, 2010 and 2009, there are Ps. 125,938 and Ps. 175,369, respectively, in restricted trading securities associated mainly with repurchase operations.

As of December 31, 2010, these investments mature as follows (stated at their acquisition cost):

	One year or less	More than one and up to 5 years	More than 5 and up to 10 years	More than 10 years	Total
Government bonds- support program for Special Federal Treasury Certificates	Ps. —	Ps. —	Ps. —	Ps. 756	Ps. 756
Government bonds	578	—	—	—	578
Development Bonds	22,746	10,289	—	—	33,035
Saving protection bonds (BPAS)	32,683	39,143	—	—	71,826
UMS	—	516	1,761	—	2,277
Bank securities	11,554	1,559	—	817	13,930
PEMEX bonds	—	450	2,757	—	3,207
Private securitization certificates	1,205	5,245	1,933	5,153	13,536
Other securities	3	—	11	27	41
	Ps. 68,769	**Ps. 57,202**	**Ps. 6,462**	**Ps. 6,753**	**Ps. 139,186**

Some of the investments in securities are given as collateral in derivative transactions without any restriction. Therefore, the receiver has the right to trade them and offer them as collateral.

d. Collateral

The fair value of the collateral given in derivatives' transactions as of December 31, 2010 and 2009, is as follows:

		2010		
		Fair value in millions		
Type of collateral:	**Instrument category**	**Pesos**	**USD**	**Euros**
Cash	—	Ps. 155	243	—
CETES	Trading	232	—	—
UMS	Held to maturity	—	189	—
PEMEX bonds	Held to maturity	—	238	20
UMS	Available for sale	—	10	—
PEMEX bonds	Available for sale	—	58	—
Bank bonds	Available for sale	—	137	—
		Ps. 387	**875**	**20**

		2009		
		Fair value in millions		
Type of collateral:	**Instrument category**	**Pesos**	**USD**	**Euros**
Cash	—	Ps. 102	164	—
CETES	Trading	120	—	—
UMS	Held to maturity	—	167	—
PEMEX bonds	Held to maturity	—	353	20
UMS	Available for sale	—	13	—
PEMEX bonds	Available for sale	—	56	—
Bank bonds	Available for sale	—	116	—
		Ps. 222	**869**	**20**

As of December 31, 2010 and 2009, the Financial Group had no instruments received as collateral.

As of December 31, 2010 and 2009, interest income from securities was Ps. 11,045 and Ps. 14,458, respectively.

During 2010 and 2009, accrued interest income not collected from impaired instruments was Ps. 2 and Ps. 13, respectively.

The amount recorded for impaired available for sale and held to maturity securities as of December 31, 2010 and 2009 was:

Concept	2010	2009
Available for sale securities	Ps. 24	Ps. 81
Held to maturity securities	59	59
	Ps. 83	**Ps. 140**

7 - CREDITOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS

As of December 31, 2010 and 2009, the creditor balance in repurchase transactions consist of:

Acting as seller of securities

Instrument	2010	2009
CETES	Ps. 2,234	Ps. 697
Development bonds	36,298	36,159
Bonds IPAB	1,855	654
Quarterly IPAB bonds	83,137	86,513
Semi-annual IPAB bonds	26,350	25,587
10-year bonds	1,157	625
20-year bonds	5	491
UDIBONOS	1	1
10-year UDIBONDS	3	3
Government securities	**151,040**	**150,730**
Promissory notes	1,884	5,055
CEDES	3,749	9,035
CEBUR Bank	10,975	7,628
Bank securities	**16,608**	**21,718**
Private paper	7,005	9,114
CEBUR government short term	3,924	2,481
Mortgage certificates	170	212
CEBUR government	—	1,200
Securitization certificates	—	25
Private securities	**11,099**	**13,032**
	Ps. 178,747	**Ps. 185,480**

With the Financial Group acting as the vendor, accrued premiums charged to the results of operations during 2010 and 2009, totaled Ps. 10,913 and Ps. 13,434, respectively.

During 2010, repurchase transactions carried out by the Financial Group in its capacity as vendor ranged in term from 1 to 91 days.

Acting as securities purchaser

Instrument	2010 Repurchase agreement from debtors	2010 Received, sold collateral in repurchase	2010 Debit difference	2010 Credit difference	2009 Repurchase agreement from debtors	2009 Received, sold collateral in repurchase	2009 Debit difference	2009 Credit difference
CETES	Ps. —	Ps. —	Ps. —	Ps.	Ps. 400	Ps. 400	Ps. —	Ps. —
Development bonds	50	50	—	—	7,113	7,114	1	2
Quarterly IPAB bonds	158	158	—	—	1	—	1	—
Semi-annual IPAB bonds	1,302	1,301	1	—	390	390	—	—
7-year bonds	—	—	—	—	—	—	—	—
10-year bonds	2,639	2,639	—	—	221	219	2	—
20-year bonds	2,239	2,239	—	—	73	73	—	—
10-year UDIBONDS	—	—	—	—	1,120	1,120	—	—
Government securities	**6,388**	**6,387**	**1**	**—**	**9,318**	**9,316**	**4**	**2**
Promissory notes	964	964	—	—	1,785	1,785	—	—
CEDES	3,453	3,446	7	—	—	—	—	—
Bank acceptances	3,050	3,050	—	—	—	—	—	—
Bank securities	**7,467**	**7,460**	**7**	**—**	**1,785**	**1,785**	**—**	**—**
Private paper	657	86	571	—	—	—	—	—
CEBUR government	1,510	1,517	4	11	—	—	—	—
Private securities	**2,167**	**1,603**	**575**	**11**	**—**	**—**	**—**	**—**
	Ps. 16,022	**Ps. 15,450**	**Ps. 583**	**Ps. 11**	**Ps. 11,103**	**Ps. 11,101**	**Ps. 4**	**Ps. 2**

With the Financial Group acting as the purchaser, accrued premiums charged to the results of operations during 2010 and 2009 totaled Ps. 2,121 and Ps. 2,173, respectively.

During 2010, repurchase transactions carried out by the Financial Group in its capacity as purchaser ranged in term from 1 to 354 days.

By December 31, 2010, the amount of securities corresponding to guarantees granted and received in repurchase transactions that involved the transfer of property totaled Ps. 3 and Ps. 46, respectively, and by December 31, 2009, the totals were Ps. 120 in guarantees granted and Ps. 4 in guarantees received.

8 - DERIVATIVES FINANCIAL INSTRUMENTS

The transactions carried out by the Financial Group involving derivatives correspond mainly to futures, swaps and options contracts. These transactions are done to hedge various risks and for trading purposes.

As of December 31, 2010, the Financial Group has evaluated the effectiveness of derivatives' transactions for hedging purposes and has concluded that they are highly effective.

As of December 31, 2010 and 2009, the Financial Group's derivatives positions held for trading purposes are as follows:

Asset position	2010 Nominal amount	2010 Asset position	2009 Nominal amount	2009 Asset position
Futures				
CETES-rate futures	Ps. 500	Ps. —	Ps. —	Ps. —
TIIE-rate futures	160,469	—	600	—
Forwards				
Foreign currency forwards	135	72	3,454	313
Options				
Foreign currency options	—	—	283	2
Interest rate options	16,493	257	8,485	126
Swaps				
Interest rate swaps	289,938	6,106	194,317	2,612
Exchange rate swaps	5,328	1,028	7,377	1,771
Total trading	**472,863**	**7,463**	**214,516**	**4,824**
Options				
Interest rate options	15,550	80	24,200	188
Swaps				
Interest rate swaps	28,940	4	27,648	8
Exchange rate swaps	7,496	512	9,996	860
Total hedging	**51,986**	**596**	**61,844**	**1,056**
Total position	**Ps. 524,849**	**Ps. 8,059**	**Ps. 276,360**	**Ps. 5,880**

Liability position	2010 Nominal amount	2010 Liability position	2009 Nominal amount	2009 Liability position
Futures				
CETES-rate futures	Ps. 500	Ps. —	Ps. —	Ps. —
TIIE-rate futures	160,469	—	600	—
Forwards				
Foreign currency forwards	115	2	2,825	88
Options				
Foreign currency options	60	1	287	2
Interest rate options	30,559	272	9,168	71
Swaps				
Interest rate swaps	289,954	6,106	194,340	2,713
Exchange rate swaps	5,273	857	7,322	1,679
Total trading	**486,930**	**7,238**	**214,542**	**4,553**
Swaps				
Interest rate swaps	28,940	2,043	27,650	980
Exchange rate swaps	3,921	1,456	4,146	2,842
Total hedging	**32,861**	**3,499**	**31,796**	**3,822**
Total position	**Ps. 519,791**	**Ps. 10,737**	**Ps. 246,338**	**Ps. 8,375**

The hedging instruments operated and their main underlying instruments are as follows:

Forwards	Options	Swaps	CCS
Fx-USD	Fx-USD	TIIE 28	TIIE 28
	TIIE 28	TIIE 91	TIIE 91
	TIIE 91	CETES 91	Libor
	Libor	Libor	

The risk management policies and internal control procedures for managing risks inherent to derivatives are described in Note 32.

Transactions carried out for hedging purposes have maturities from 2011 to 2030 and are intended to mitigate the financial risk derived from long-term loans offered by the Financial Group at fixed nominal rates, as well as the exchange rate risk generated by market instruments in the Financial Group's portfolio.

The book value of collateral used to ensure compliance with obligations derived from currency swap contracts as of December 31, 2010 is USD 632,002 thousand and EUR 20,326 thousand, and as of December 31, 2009 it was USD 704,841 thousand and EUR 20,255 thousand. Futures transactions are made through recognized markets, and as of December 31, 2010 they represent 0.10% of the nominal amount of all the derivatives' operations contracts; the remaining 99.90% correspond to option and swap transactions in OTC markets.

As of December 31, 2010 and 2009, the collateral was comprised mainly of cash, CETES, ITS BPAS, PEMEX bonds, UMS bonds and bank bonds restricted under the categories of trading, held to maturity and available for sale securities. The restriction maturity date for this collateral is from 2011 to 2030. Their fair value is shown in Note 6 d).

As of December 31, 2010 and 2009, the Financial Group had no instruments received as collateral in derivatives' transactions.

During 2010 and 2009, the net income on financial assets and liabilities associated with derivatives was Ps. 252 and Ps. 200, respectively.

The net amount of estimated gains or losses to date originated by transactions or events that are recorded in cumulative other comprehensive income in the consolidated financial statements and that are expected to be reclassified to earnings within the next 12 months totals Ps. 48.

As of December 31, 2010 and 2009, the main positions hedged by the Financial Group and the derivatives designated to cover such positions are:

Cash flow hedging
The Financial Group has cash flow hedges as follows:

- Forecast funding using TIIE rate Caps and Swaps.
- Recorded liabilities in Mexican pesos using TIIE rate Swaps.
- Recorded liabilities in foreign currency using Cross Currency Swaps.
- Recorded assets in foreign currency using Cross Currency Swaps.

As of December 31, 2010, there are 27 files related to hedging transactions. Their effectiveness ranges between 85% and 100%, well within the range established by the accounting standards in effect (80% to 125%). Furthermore, there is no overhedging on any of the derivatives, so as of December 31, 2010, there are no ineffective portions that the Financial Group has to record in earnings.

The following are the Financial Group's hedged cash flows as of December 31, 2010 expected to occur and affect earnings:

Concept	Up to 3 months	More than 3 months and up to 1 year	More than 1 and up to 5 years	More than 5 years
Forecasted funding	Ps. 254	Ps. 800	Ps. 3,883	Ps. 1,316
Liabilities in Mexican pesos	111	337	983	19
Liabilities denominated in USD	—	3,932	—	—
Assets denominated in USD	360	378	2,510	7,645
Assets denominated in Euros	—	21	373	—
	Ps. 725	**Ps. 5,468**	**Ps. 7,749**	**Ps. 8,980**

As of December 31, 2010 and 2009, Ps. 2,114 and Ps. 1,404, respectively, were recognized in other comprehensive income in stockholders' equity. Furthermore, Ps. 43 and Ps. 127, respectively, were reclassified from stockholders' equity to results.

Trading and hedging derivatives: the loan risk is minimized through means of contractual compensation agreements, in which asset and liability derivatives with the same counterparty are settled for their net balance. Similarly, there may be other types of collateral such as credit lines, depending on the counterparty's solvency and the nature of the transaction.

The following table shows the value of cash flow hedging comprehensive income:

	Valuation of cash flow hedging instruments	Net change in period	Reclassified to income
Balance, January 1, 2007	Ps. (58)	Ps. —	Ps. —
Balance, December 31, 2007	Ps. (308)	Ps. (250)	Ps. —
Balance, December 31, 2008	Ps. (1,567)	Ps. (1,259)	Ps. 18
Balance, December 31, 2009	Ps. (1,394)	Ps. 173	Ps. 47
Balance, December 31, 2010	Ps. (2,114)	Ps. (720)	Ps. 42

9 - LOAN PORTFOLIO

As of December 31, 2010 and 2009, the loan portfolio by loan type is as follows:

	Performing loan portfolio		Past-due loan portfolio		Total	
	2010	2009	2010	2009	2010	2009
Commercial loans						
Denominated in domestic currency						
Commercial	Ps. 99,851	Ps. 90,189	Ps. 3,765	Ps. 2,325	Ps. 103,616	Ps. 92,514
Rediscounted portfolio	5,377	4,831	—	—	5,377	4,831
Denominated in USD						
Commercial	20,581	21,471	652	838	21,233	22,309
Rediscounted portfolio	674	746	—	—	674	746
Total commercial loans	**126,483**	**117,237**	**4,417**	**3,163**	**130,900**	**120,400**
Loans to financial institutions	5,521	7,131	—	—	5,521	7,131
Consumer loans						
Credit card	11,159	11,801	1,040	1,610	12,199	13,411
Other consumer loans	16,669	13,911	236	332	16,905	14,243
Mortgage loans	56,168	49,881	971	1,049	57,139	50,930
Government loans	47,550	38,993	—	—	47,550	38,993
	137,067	**121,717**	**2,247**	**2,991**	**139,314**	**124,708**
Total loan portfolio	**Ps. 263,550**	**Ps. 238,954**	**Ps. 6,664**	**Ps. 6,154**	**Ps. 270,214**	**Ps. 245,108**

As of December 31, 2010, the deferred balance of fees is Ps. 1,623, and the amount recorded in results was Ps. 654. Furthermore, the deferred balance of costs and expenses associated with the initial loan origination is Ps. 328, and the amount recorded in results was Ps. 386. The average term over which the deferred fee balance and the costs and expenses will be recorded is equivalent to the average term of the portfolio balance.

The average terms of the portfolio's main balances are: a) commercial, 3 years; b) financial institutions, 3.2 years; c) mortgage, 17.7 years; d) government loans, 8.1 years; and e) consumer, 2.5 years.

During the years ended December 31, 2010 and 2009, the balance of written off loans that had been fully reserved as past-due loans was Ps. 5,551 and Ps. 8,278, respectively.

For the years ended December 31, 2010 and 2009, revenues from recoveries of previously written-off loan portfolios were Ps. 1,561 and Ps. 848, respectively.

Customer insurance policies that the Financial Group includes as part of the loan portfolio are car insurance; the rest of the policies are not recorded in the general balance sheet and are collected when the loan amortization is charged to the client. The amount of financed car insurance policies by December 31, 2010 and 2009 is Ps. 23 and Ps. 14, respectively.

The loan portfolio grouped into economic sectors as of December 31, 2010 and 2009, is shown below:

	2010		2009	
	Amount	Reserve percentage	Amount	Reserve percentage
Private (companies and individuals)	Ps. 130,900	48.44%	Ps. 120,400	49.12%
Financial institutions	5,521	2.04%	7,131	2.91%
Credit card and consumer	29,104	10.77%	27,654	11.28%
Mortgage	57,139	21.15%	50,930	20.78%
Government	47,550	17.60%	38,993	15.91%
	Ps. 270,214	**100%**	**Ps. 245,108**	**100%**

Loan support programs

Special accounting treatment for the Hurricane Alex flood aid program

Given the negative impact of the floods caused by Hurricane Alex, the Financial Group decided to assist in the region's economic recovery; this includes the states of Nuevo León, Coahuila, Tamaulipas, San Luis Potosí and Oaxaca. The support program included the following:

Car, credit card and consumer loan support consisting of:

- Car loans. Deferral of up to three monthly installments or freezing of balances with no interest charged for three months.
- Credit cards. Minimum monthly payment was waived for up to three months, and in some case balances were frozen without interest charges or penalties for such period.
- Personal and payroll loans. Capital and interest payment deferral for up to 3 months.

In that regard, the Commission issued a special accounting standard in document number 100/042/2010 applicable to the Financial Group from July 1 to September 30, 2010, which authorized the Financial Group not to consider as restructured loans the ones which payment of the principal and interest was deferred for three months according to the Plan, as per paragraph 24 of criterion B-6 "Loan portfolio" and to keep them in the current loans during such period. These loans were considered as performing loans to determine the allowance for loan losses.

If such special standards had not been authorized, the Financial Group would have presented the following loan amounts in the December 31, 2010 consolidated balance sheet:

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PERFORMING LOAN PORTFOLIO		
Commercial loans		
Business loans	Ps.	126,482
Loans to financial institutions		5,521
Government loans		47,550
Consumer loans		27,825
Mortgage loans		56,168
TOTAL PERFORMING LOAN PORTFOLIO		**263,546**
PAST-DUE LOAN PORTFOLIO		
Commercial loans		
Business loans		4,417
Consumer loans		1,280
Mortgage loans		971
TOTAL PAST-DUE LOAN PORTFOLIO		**6,668**
LOAN PORTFOLIO		
(Minus) Allowance for loan losses		(8,256)
LOAN PORTFOLIO, net		**261,958**
ACQUIRED COLLECTION RIGHTS		**2,025**
TOTAL LOAN PORTFOLIO, net	**Ps.**	**263,983**

Moreover, the period's net income would have been Ps. 6,693 as a result of the additional Ps. 12 in allowance for loan losses that would have been created if such support had not been provided to the borrowers.

The amount of deferred payments from consumer loans derived from the plans as of December 31, 2010 totals Ps. 6.

Policies and Procedures for Granting Loans

The granting, control and recovery of loans is regulated by the Financial Group's Credit Manual, which has been authorized by the Board of Directors. Accordingly, administrative portfolio control is performed in the following areas:

I. Business Areas (includes corporate, commercial, business, governmental and consumer banking), primarily through the branch network
II. Operations Areas
III. General Comprehensive Risk Management
IV. Recovery Management

Similarly, the Financial Group has manuals establishing the policies and procedures to be utilized for credit risk management purposes.

The structure of the credit management process is based on the following stages:

a) Product design
b) Promotion
c) Evaluation
d) Formalization
e) Operation
f) Administration
g) Recovery

Procedures have also been implemented to ensure that amounts related to the past-due portfolio are timely transferred and recorded in the books and records, and those loans with recovery problems are properly and promptly identified.

Pursuant to the Commission's Circular B-6, "Loan Portfolio", the distressed portfolio is defined as the commercial loans which, based on the current information and facts as well as on the loan revision process, are very unlikely to be fully recovered (both principal and interest) pursuant to the original terms and conditions. The performing and past-due portfolios are susceptible to be identified as a distressed portfolio. The commercial loan rating D and E risk degrees are as follows:

	2010	2009
Performing portfolio	Ps. 2,283	Ps. 1,373
Total rated portfolio	279,798	253,660
Distressed portfolio/total rated portfolio	0.82%	0.54%

The Financial Group's Treasury Department is the central unit responsible for balancing resource requirements and eliminating the interest rate risk derived from fixed rate transactions through the use of hedging and arbitrage strategies.

10 - LOANS RESTRUCTURED IN UDIS

The loans restructured in UDIS correspond to mortgage loans. The balance as of December 31, 2010 and 2009 is detailed below:

	2010	2009
Current portfolio	Ps. 45	Ps. 542
Current accrued interest	—	2
Past-due portfolio	1	14
Past-due accrued interest	—	1
	Ps. 46	**Ps. 559**

Early termination of mortgage loan borrower support programs

On June 30, 2010 the Federal Government through the SHCP and Banking Institutions signed an agreement for the early termination of the mortgage loan debtors support programs (punto final and UDIS trusts) (the Agreement) consequently as of January 1, 2011 the Financial Group absorbed its part of the early discount granted to mortgage loan debtors participating in the program. As of December 31, 2010, the Financial Group recorded a Ps. 57 reserve to face such obligation.

Below are some of the effects of applying the Agreement that went into effect as of the signing date.

The total amount of Federal Government payment obligations for commercial loans as of December 31, 2010 (Cut-off Date) is Ps. 140, which includes Ps. 138 associated with the conditioned discount portion from loans in Mexican pesos and UDIS; and Ps. 2 associated with the discount applied to those mentioned in number 3.1.2 of Circular 1430. Such amount may vary if there are no indications of sustained payment by March 31, 2011 as per the Agreement.

The Federal Government obligations subject to the Agreement are described below:

	Payment date	Amount
First amortization	December 1, 2011	Ps. 28
Second amortization	June 1, 2012	28
Third amortization	June 1, 2013	28
Fourth amortization	June 1, 2014	28
Fifth amortization	June 1, 2015	28
		Ps. 140

A monthly financial cost is incorporated to each amortization as of the day following the Cut-off Date and up to the close of the month prior to each payment date. The rate for January 2011 is the arithmetic average of the annual rate of return based on the 91-day CETES discount issued in December 2010, and for the subsequent months the 91-day future CETES rate of the previous month as published by Proveedor Integral de Precios, S.A. on the business day after the Cut-off Date, or that of the nearest month contained in said publication, taken on a 28-day return term, then dividing the resulting rate by 360 and multiplying the result by the number of days effectively elapsed during the period it is accrued, capitalized on a monthly basis.

A rollforward of the allowance for loan losses for the loans included in the Agreement is detailed below:

	2010	
Initial balance	Ps.	19
Financial Group support		67
Debt forgiveness, discounts and write-offs		14
Reserves reclassification		(9)
Contribution to settle fiduciary liability		1
Final balance	**Ps.**	**92**

The maximum amount the Financial Group would absorb for loans not susceptible to the Early Termination program and that would be entitled to the discount benefits program is Ps. 14.

Ps. 13 were used to repurchase Special Federal Treasury Certificates (CETES); the remaining balance of Special CETES not repurchased by the Federal Government is Ps. 760 with maturities between 2017 and 2027.

The Financial Group recognized Ps. 330 as an allowance for loan losses and Ps. 56 in deferred taxes as a result of terminating the Trusts.

11 - ALLOWANCE FOR LOAN LOSSES

The Financial Group's portfolio classification, which serves as the basis for recording the allowance for loan losses, is detailed below:

	2010				
		Required allowances for losses			
Risk category	Loan portfolio	Commercial portfolio	Consumer portfolio	Mortgage portfolio	Total
Exempted portfolio	Ps. 107	Ps. —	Ps. —	Ps. —	Ps. —
Risk A	66,862	—	75	181	256
Risk A1	115,479	576	—	—	576
Risk A2	65,389	621	—	—	621
Risk B	6,711	—	115	168	283
Risk B1	6,824	101	391	—	492
Risk B2	7,628	51	468	—	519
Risk B3	2,684	274	—	—	274
Risk C	1,944	—	628	92	720
Risk C1	968	219	—	—	219
Risk C2	1,190	552	—	—	552
Risk D	1,992	227	873	317	1,417
Risk E	2,240	1,919	326	—	2,245
Unclassified	(220)				
	Ps. 279,798	**Ps. 4,540**	**Ps. 2,876**	**Ps. 758**	**Ps. 8,174**
Less: recorded allowance					**8,245**
Additional allowance					**Ps. 71**

	2009				
		Required allowances for losses			
Risk category	Loan portfolio	Commercial portfolio	Consumer portfolio	Mortgage portfolio	Total
Exempted portfolio	Ps. 56	Ps. —	Ps. —	Ps. —	Ps. —
Risk A	58,169	—	63	159	222
Risk A1	106,990	495	—	—	495
Risk A2	57,118	520	—	—	520
Risk B	6,269	—	102	184	286
Risk B1	5,700	74	266	—	340
Risk B2	8,249	84	509	—	593
Risk B3	2,579	269	—	—	269
Risk C	2,494	—	795	132	927
Risk C1	1,404	301	—	—	301
Risk C2	803	380	—	—	380
Risk D	2,592	245	1,356	264	1,865
Risk E	1,272	1,008	272	—	1,280
Unclassified	(35)	—	—	—	—
	Ps. 253,660	**Ps. 3,376**	**Ps. 3,363**	**Ps. 739**	**Ps. 7,478**
Less: recorded allowance					**7,535**
Additional allowance					**Ps. 57**

The sum of the rated loan portfolio includes Ps. 6,124 and Ps. 5,114 in loans granted to subsidiaries whose balance was eliminated in the consolidation process as of December 31, 2010 and 2009, respectively.

The total portfolio balance used as the basis for the classification above includes amounts related to credit commitments, which is recorded in memorandum accounts.

The additional allowances comply with the general provisions applicable to credit institution and the notices issued by the Commission to regulate debtor support programs, denominated in UDIS trusts.

As of December 31, 2010 and 2009, the estimated allowance for loan losses is determined based on portfolio balances at those dates. As of December 31, 2010 and 2009, the allowance for loan losses includes a reserve for 100% of the delinquent interest owed.

As of December 31, 2010 and 2009, the allowance for loan losses represents 124% and 122%, respectively, of the past-due portfolio.

The estimated allowance includes the classification of loans granted in foreign currency, which are evaluated at the exchange rate in effect as of December 31, 2010 and 2009.

Credit card rating

Changes in the rating methodology for consumer loan portfolio related to credit card transactions

On August 12, 2009 the Commission issued a resolution amending the general regulations applicable to banking institutions, this change modified the methodology for the classification of revolving consumer loans so that the parameters used for estimating loan loss reserves reflect, the expected 12 months losses of credit cards based on the current environment.

As a result of this modification, the Financial Group opted to recognize against the results of previous years the initial cumulative financial effect resulting from the first application of the provisions mentioned under section I of the second transitory article. This condition occurred in September 2009.

The accounting record originated in the Financial Group for this recognition led to a charge of Ps. 1,102 in the account “Retained earnings” within stockholders’ equity, against claims by the same amount to the account

"Allowance for loan loss reserves" within the loan portfolio item in the balance sheet. Furthermore, a deferred tax was registered to reflect the change through a charge of Ps. 419in the asset account "Deferred Taxes" in the balance sheet, against a credit in the account "Retained earnings" within stockholders' equity.

If the recognition of the abovementioned effect would have been made against earnings, the items affected and the amounts recorded and presented at both the balance sheet and the income statement of the Financial Group, would have been:

			Effect	How would be presented
Consolidated Balance Sheet				
Stockholders' equity				
Retained earnings from prior years	Ps.	20,681	Ps. 683	Ps. 21,364
Net income		5,854	(683)	5,171
Total stockholders' equity	**Ps.**	**44,974**	**Ps. —**	**Ps. 44,974**
Consolidated Statement of Income				
Provision for loan losses		8,286	1,102	9,388
Net interest income after allowance for loan losses		**14,897**	**(1,102)**	**13,795**
Deferred income taxes, net		(535)	(419)	(954)
Net income	**Ps.**	**5,854**	**Ps. (683)**	**Ps. 5,171**

Movements in allowance for loan losses

An analysis of the movements in allowance for loan losses is detailed below:

	2010	2009
Balance at the beginning of the year	Ps. 7,535	Ps. 6,690
Increase charged to results	6,841	8,208
Debt forgiveness and write-offs	(6,066)	(8,464)
Valuation in foreign currencies and UDIS	(18)	(19)
Rebates granted to housing debtors	(70)	(46)
Created with profit margin (UDIS Trusts)	34	59
Loan purchase	2	—
Recognized against retained earnings from prior years	—	1,136
Other	(13)	(29)
Year-end balance	**Ps. 8,245**	**Ps. 7,535**

As of December 31, 2010, the net amount of preventive loan loss reserves charged to the consolidated statement of income totals Ps. 6,889 and Ps. 14 charged to "Other revenues". These amounts charged to results are made up of Ps. 6,841 credited directly to the estimate and Ps. 34 from the UDIS trust. As of December 31, 2009, the net amount of preventive loan loss reserves charged to the consolidated statement of income totals Ps. 8,282 and is comprised of Ps. 8,286 directly credited to the estimate and Ps. 4 charged to "Other revenues".

12 - ACQUIRED COLLECTION RIGHTS

As of December 31, 2010 and 2009, the acquired collection rights are comprised as follows:

	2010	2009	Valuation Method
Bancomer IV	Ps. 360	Ps. 456	Cash Basis Method
Banamex Mortgage	262	302	Cash Basis Method
Serfin Mortgage	126	160	Cash Basis Method
Bital I	121	171	Cash Basis Method
Bancomer III	111	125	Cash Basis Method
Goldman Sach's	98	145	Cash Basis Method
Banorte Mortgage	158	196	Interest Method
Solida Mortgage	382	473	Cost Recovery Method
Serfin Commercial II	95	105	Cost Recovery Method
Serfin Commercial I	81	92	Cost Recovery Method
Confia I	72	80	Cost Recovery Method
GMAC Banorte	60	66	Cost Recovery Method
Bital II	58	72	Cost Recovery Method
Banorte Sólida Commercial	34	35	Cost Recovery Method
Cartera Segmento II	7	—	Cost Recovery Method
Santander	—	70	Interest Method (Commercial); Cash Basis Method (Mortgage)
	Ps. 2,025	**Ps. 2,548**	

As of December 31, 2010, the Financial Group recognized income from credit asset portfolios of Ps. 595, together with the respective amortization of Ps. 482, the effects of which were recognized under the "Other income" heading in the consolidated statement of income. For the year ended December 31, 2009, the Financial Group recognized income of Ps. 718, together with the respective amortization of Ps. 448.

The Financial Group performs an analysis based on events or information to estimate the amount of expected cash flows to determine the estimated rate of return used in applying the valuation method for the amortization of the receivable. If based on current events information, the analysis demonstrates that the expected future cash flows will decrease to the degree that they will not cover the book value, it will constitute an estimate for non-recoverability or difficult collection against the year's results for the amount that such expected cash flows are lower than the book value of the receivable.

The result of the expected cash flows of the portfolios Serfin Commercial I, GMAC Banorte, Bital II Solida Mortgage, Serfin Commercial II and Cartera Segmento II were not highly effective since the quotient resulting from dividing the flows collected by the sum of expected cash flows was below 0.8. As a result, the Financial Group decided to move these portfolios to the cost recovery method.

Assets other than cash that the Financial Group has received as part of portfolio collection or recovery have been mainly in real property.

The main feature considered for segmenting acquired portfolios has been the type of loan.

13 - OTHER ACCOUNTS RECEIVABLE, NET

As of December 31, 2010 and 2009, the other accounts receivable balance is as follows:

	2010	2009
Loans to officers and employees	Ps. 1,211	Ps. 1,134
Debtors from liquidation settlement	909	2,706
Real property portfolios	1,864	1,183
Fiduciary rights	4,778	4,104
Sundry debtors in Mexican pesos	1,838	1,182
Sundry debtors in foreign currency	321	928
Other	419	380
	11,340	**11,617**
Allowance for doubtful accounts	(476)	(293)
	Ps. 10,864	**Ps. 11,324**

The real property portfolios include Ps. 301 that corresponds to the collection rights of the INVEX trust that is valued applying the interest method.

Loans to officers and employees mature in 2 to 30 years and accrue interest at a 6% to 10% rate.

14 - FORECLOSED ASSETS, NET

As of December 31, 2010 and 2009, the foreclosed assets balance is as follows:

	2010	2009
Personal property	Ps. 64	Ps. 67
Real property	1,107	1,230
Goods pledged for sale	18	14
	1,189	**1,311**
Allowance for losses on foreclosed assets	(380)	(383)
	Ps. 809	**Ps. 928**

15 - PROPERTY, FURNITURE AND EQUIPMENT, NET

As of December 31, 2010 and 2009, the property, furniture and fixtures balance is as follows:

	2010	2009
Furniture and equipment	Ps. 5,777	Ps. 5,207
Property intended for offices	5,530	5,272
Installation costs	2,888	2,750
	14,195	**13,229**
Less - Accumulated depreciation and amortization	(4,879)	(4,607)
	Ps. 9,316	**Ps. 8,622**

The depreciation recorded in the results of 2010 and 2009 was Ps. 1,121 and Ps. 997, respectively.

The average estimated useful lives of the Financial Group's assets subject to depreciation are listed below:

	Useful Life
Transportation equipment	4 years
Computer equipment	4.7 years
Furniture and fixtures	10 years
Real estate	From 4 to 99 years

16 - PERMANENT STOCK INVESTMENTS

Investment in unconsolidated subsidiaries and associated companies are valued according to the equity method, as detailed below:

	Share %	2010	2009
Seguros Banorte Generali, S. A. de C. V.	51%	Ps. 1,243	Ps. 1,209
Fondo Solida Banorte Generali, S. A. de C. V., SIEFORE	99%	843	719
Pensiones Banorte Generali, S. A. de C. V.	51%	524	518
Banorte Investment funds	Various	129	121
Controladora Prosa, S. A. de C. V.	19.73%	46	49
Servicio Pan Americano de Protección, S. A. de C. V.	8.50%	—	115
Transporte Aéreo Técnico Ejecutivo, S. A. de C. V.	45.33%	42	72
Fideicomiso Marhnos (Sólida)	100%	156	156
Internacional de Inversiones (Sólida)	5.62%	95	—
Others	Various	52	77
		Ps. 3,130	**Ps. 3,036**

The Financial Group exercises significant influence over its affiliates valued under the equity method through its representation in the board of directors or equivalent management body, as well as through significant intercompany transactions.

17 - DEFERRED TAXES, NET

The tax reported by the Financial Group is calculated based on the current taxable result of the year and enacted tax regulations. However, due to temporary differences between accounting and tax balance sheet accounts, the Financial Group has recognized a recoverable net deferred tax asset of Ps. 1,340 and Ps. 1,411 as of December 31, 2010 and 2009, respectively, as detailed below:

	2010			2009		
	Temporary	Deferred Effect		Temporary	Deferred Effect	
	Differences	ISR	PTU	Differences	ISR	PTU
Temporary Differences _ Assets						
Allowance for loan losses	Ps. 339	Ps. 119	Ps. —	Ps. 315	Ps. 110	Ps. —
Tax loss carryforwards of Uniteller and Banorte USA	11	4	—	—	—	—
Tax loss carryforwards	5	2	—	(72)	(25)	—
State tax on deferred assets	10	3	—	6	2	—
Surplus preventive allowances for credit risks over the net tax limit	5,526	1,548	552	4,757	1,332	476
Excess of tax over book value of foreclosed and fixed assets	1,361	374	60	1,132	308	52
PTU	798	239	80	775	232	77
Fees collected in advance	20	6	2	—	—	—
Non-deductible provisions	1,390	417	131	—	—	—
Other assets	46	13	—	1,422	427	135
Total assets	**Ps. 9,506**	**Ps. 2,725**	**Ps. 825**	**Ps. 8,335**	**Ps. 2,386**	**Ps. 740**

	2010			2009		
	Temporary Differences	Deferred Effect		Temporary Differences	Deferred Effect	
		ISR	PTU		ISR	PTU
Temporary Differences_ Liabilities						
Excess of book over tax value of fixed assets and expected expenses	Ps. 33	Ps. 10	Ps. —	Ps. 16	Ps. 4	Ps. —
Unrealized loss in available-for-sale securities	75	26	—	—	—	—
Unrealized capital gain from special allowance	170	51	—	125	38	—
ISR payable on UDI trusts	22	6	—	145	40	—
Portfolios acquired	2,126	617	110	2,302	655	111
Capitalizable projects expenses	706	211	71	528	159	53
Reversal of sales costs	8	3	—	16	4	—
Contribution to pension fund	2,000	560	200	1,500	420	150
Federal Home Loan Bank dividends	4	1	—	—	—	—
Intangible assets	64	22	—	—	—	—
Other	953	276	46	260	81	—
Total liabilities	**Ps. 6,161**	**Ps. 1,783**	**Ps. 427**	**Ps. 4,892**	**Ps. 1,401**	**Ps. 314**
Net accumulated asset	**Ps. 3,345**	**Ps. 942**	**Ps. 398**	**Ps. 3,443**	**Ps. 985**	**Ps. 426**
Deferred tax, net			**Ps. 1,340**			**Ps. 1,411**

As discussed in Note 27, as of January 1, 2010 and up to December 31, 2012, the applicable income tax rate is 30% and it will be 29% in 2013. Pursuant to the provisions of NIF D-4, "Incomes Taxes", and INIF 8, "Effects of the Business Flat Tax", based on financial forecasts, the Financial Group adjusted their balances based on the rates likely to be in effect at the time of their recovery. Additionally, they made forecasts for the IETU and compared it to ISR, and concluded that they will continue to pay ISR. Thus no change was made to the deferred tax calculations.

Banorte USA's deferred tax assets and liabilities are determined using the liability method. According to this method, the net asset of deferred taxes is determined based on the tax effects of temporary differences between the book and tax base of assets and liabilities. Due to the consolidation of Banorte USA, a net amount of Ps. 38 was added to deferred taxes determined at a rate of 35% as per the tax law of the USA.

18 - OTHER ASSETS

As of December 31, 2010 and 2009, other assets are as follows:

	2010	2009
Plan assets held for employee pension plans and savings fund	Ps. 5,303	Ps. 4,255
Other amortizable expenses	2,343	2,200
Accumulated amortization of other expenses	(188)	(93)
Goodwill	2,950	3,121
	Ps. 10,408	**Ps. 9,483**

As of December 31, 2010, the balance of the investments related to provisions for staff pensions and savings fund, is comprised of Ps. 3,827, which corresponds to the defined benefit pension plan, seniority premiums and medical expenses for retirees, Ps. 1,283 for the voluntary defined contribution plan "secure your future" and Ps. 193 for the savings fund. As of December 31, 2009, this balance is comprised of Ps. 3,115 for the defined benefit pension plan, seniority premiums and medical expenses for retirees and Ps. 1,140 for the voluntary defined contribution plan "secure your future" (see Note 23).

As of December 31, 2010, goodwill was Ps. 2,950 and was comprised of the following: Ps. 28 for the purchase of Banorte Generali, S.A. de C.V., AFORE; Ps. 2,682 for the purchase of INB and Ps. 240 for the purchase of Uniteller. As of December 31, 2009, the goodwill was Ps. 3,121 and was comprised as follows: Ps. 29 for the purchase of Banorte Generali, S.A. de C.V., AFORE; Ps. 2,838 for the purchase of INB; and Ps. 254 for the purchase of Uniteller. As mentioned in Note 4, goodwill is not amortized and is subject to annual impairment tests. No impairment to goodwill value was noted as of December 31, 2010 and 2009.

19 - DEPOSITS

Liquidity Coefficient

The "Investment regime for transactions in foreign currency and conditions to be fulfilled during the term of transactions in such currency", designed for credit institutions by Banco de México, establishes the mechanism for determining the liquidity coefficient of liabilities denominated in foreign currency.

In accordance with such regime, during 2010 and 2009 the Financial Group generated a liquidity requirement of USD 498,373 thousand and USD 755,917 thousand, respectively, and held investments in liquid assets of USD 1,069,131 thousand and USD 1,230,740 thousand, representing a surplus of USD 570,758 thousand and USD 474,823 thousand, respectively.

Deposits

The liabilities derived from traditional deposits are made up as follows:

	2010	2009
Immediately due and payable deposits		
Checking accounts earning no interest:		
Cash deposits	Ps. 65,583	Ps. 59,334
Checking accounts in US dollars for individual residents of the Mexican border	637	662
Demand deposits accounts	5,125	4,142
Checking accounts earning interest:		
Other bank checking deposit	34,178	35,395
Savings accounts	262	268
Checking accounts in US dollars for individual residents of the Mexican border	1,615	2,055
Demand deposits accounts	42,417	35,705
IPAB checking accounts	—	20
	Ps. 149,817	**Ps. 137,581**

	2010	2009
Time deposits		
General public:		
Fixed term deposits	Ps. 25,299	Ps. 25,711
Over the counter investments	43,677	49,156
Promissory note with interest payable at maturity (PRLV) primary market for individuals	61,835	57,819
PRLV primary market for business entities	1,644	1,195
Foreign residents deposits	28	83
Provision for interest	190	177
	132,673	**134,141**
Money market:		
Fixed-term deposits	2,648	459
Over the counter promissory notes	2,208	1,430
Provision for interest	1,491	1,297
	6,347	**3,186**
	139,020	**137,327**
Senior debt issued	**3,778**	**—**
	Ps. 292,615	**Ps. 274,908**

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The funding rates which the Financial Group uses as reference are: a) for Mexican pesos, Interbank Interest Rate (TIIE), Average Cost of Funds (CCP) and; b) for foreign currency, the London Interbank Offered Rate (LIBOR).

These liabilities incur interest depending on the type of instrument and average balance held in the investments. The average interest rates and their currency of reference are shown below:

Immediately due and payable deposits:

	2010				2009			
Foreign exchange	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**
Mexican pesos and UDIs	0.56%	0.62%	0.61%	0.57%	0.99%	0.73%	0.60%	0.59%
Foreign currency	0.03%	0.03%	0.03%	0.03%	0.05%	0.04%	0.03%	0.03%
Banorte USA (INB)								
Demand deposits accounts	0.18%	0.14%	0.07%	0.12%	0.19%	0.09%	0.12%	0.13%
Money market	0.94%	0.92%	0.78%	0.81%	1.47%	1.30%	1.06%	1.04%

Time deposits:

	2010				2009			
Foreign exchange	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**
General public								
Mexican pesos and UDIs	3.52%	3.55%	3.62%	3.37%	5.68%	4.45%	3.55%	3.50%
Foreign currency	0.84%	0.91%	0.80%	0.69%	0.91%	0.79%	0.90%	0.79%
Money market	7.66%	6.53%	7.06%	7.32%	8.59%	7.54%	5.72%	6.61%
Banorte USA (INB)	2.76%	2.76%	2.61%	2.39%	3.84%	3.56%	3.19%	2.95%

As of December 31, 2010 and 2009, the terms at which these deposits are traded are as follows:

	2010			
	From 1 to 179 days	**From 6 to 12 months**	**More than 1 year**	**Total**
General public				
Fixed-term deposits	Ps. 14,879	Ps. 6,062	Ps. 4,358	Ps. 25,299
Over the counter investments	43,614	63	—	43,677
PRLV primary market for individuals	61,345	433	57	61,835
PRLV primary market for business entities	1,610	32	2	1,644
Foreign resident deposits	20	2	6	28
Provision for interest	174	15	1	190
	121,642	**6,607**	**4,424**	**132,673**
Money market:				
Fixed-term deposits	—	—	2,648	2,648
Over the counter promissory notes	—	—	2,208	2,208
Provision for interest	—	4	1,487	1,491
	—	**4**	**6,343**	**6,347**
Senior debt issued	**—**	**—**	**3,778**	**3,778**
	Ps. 121,642	**Ps. 6,611**	**Ps. 14,545**	**Ps. 142,798**

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	2009			
	From 1 to 179 days	From 6 to 12 months	More than 1 year	Total
General public				
Fixed-term deposits	Ps. 15,740	Ps. 6,972	Ps. 2,999	Ps. 25,711
Over the counter investments	49,105	51	—	49,156
PRLV primary market for individuals	57,337	418	64	57,819
PRLV primary market for business entities	1,170	25	—	1,195
Foreign residents deposits	20	20	43	83
Provision for interest	162	13	2	177
	123,534	**7,499**	**3,108**	**134,141**
Money market:				
Fixed-term deposits	—	—	459	459
Over the counter promissory notes	—	—	1,430	1,430
Provision for interest	—	11	1,286	1,297
	—	**11**	**3,175**	**3,186**
	Ps. 123,534	**Ps. 7,510**	**Ps. 6,283**	**Ps. 137,327**

20 - INTERBANK AND OTHER LOANS

The loans received from other banks as of December 31, 2010 and 2009 are as follows:

	Mexican pesos		Denominated in US dollars		Total	
	2010	2009	2010	2009	2010	2009
Immediately due						
Domestic banks (Call money)	Ps. 4,837	Ps. 21	Ps. —	Ps. —	Ps. 4,837	Ps. 21
	4,837	**21**	**—**	**—**	**4,837**	**21**
Short-term:						
Banco de México	250	—	—	1,964	250	1,964
Commercial banking	326	204	321	220	647	424
Development banking	6,747	6,233	1,211	1,593	7,958	7,826
Public trusts	3,977	2,801	192	314	4,169	3,115
Provision for interest	87	54	3	2	90	56
	11,387	**9,292**	**1,727**	**4,093**	**13,114**	**13,385**
Long-term						
Commercial banking	1,524	895	1,284	1,439	2,808	2,334
Development banking	2,421	1,553	267	319	2,688	1,872
Public trusts	2,825	3,236	173	116	2,998	3,352
Provision for interest	—	—	2	4	2	4
	6,770	**5,684**	**1,726**	**1,878**	**8,496**	**7,562**
	Ps. 22,994	**Ps. 14,997**	**Ps. 3,453**	**Ps. 5,971**	**Ps. 26,447**	**Ps. 20,968**

These liabilities incur interest depending on the type of instrument and average balance of the loans.

The average interest rates are shown below:

Foreign exchange	2010 1Q	2010 2Q	2010 3Q	2010 4Q	2009 1Q	2009 2Q	2009 3Q	2009 4Q
Call money								
Mexican pesos and UDIs	4.44%	4.63%	4.43%	4.48%	7.52%	5.53%	4.53%	4.46%
Other bank loans								
Mexican pesos and UDIs	6.01%	5.55%	5.56%	5.59%	7.61%	6.51%	5.66%	5.48%
Foreign currency	1.30%	1.67%	1.79%	1.84%	3.00%	2.04%	1.30%	0.92%

Banorte USA liabilities accrue interest at an average rate of 4.09% and 1.91% as of December 2010 and 2009, respectively. Moreover, the Arrendadora y Factor Banorte, S.A. de C.V. loans accrue an average interest rate of 6.59% and 6.46% in Mexican pesos and 2.39% and 2.86% in U.S. dollars as of December 31, 2010 and 2009, respectively.

21 - SUNDRY CREDITORS AND OTHER PAYABLES

As of December 31, 2010 and 2009, the balance of sundry creditors and other payables is as follows:

	2010	2009
Cashier and certified checks and other negotiable instruments	Ps. 1,001	Ps. 796
Provision for employee retirement obligations	3,333	2,773
Provisions for other obligations	2,691	2,291
Other	2,846	3,108
	Ps. 9,871	**Ps. 8,968**

22 - EMPLOYEE RETIREMENT OBLIGATIONS

The Financial Group recognizes the liabilities for pension plans and seniority premium using the projected unit credit method, which considers the benefits accrued at the balance sheet date and the benefits generated during the year.

The amount of current and projected benefits as of December 31, 2010 and 2009, related to the defined benefit pension plan, seniority premiums and retiree medical coverage, determined by independent actuaries, is analyzed below:

	2010			
	Pension plan	Seniority premiums	Medical services	Total
Projected benefit obligation (PBO)	Ps. (778)	Ps. (174)	Ps. (1,782)	Ps. (2,734)
Fund market value	1,281	306	2,240	3,827
Funded status	**503**	**132**	**458**	**1,093**
Transition asset (obligation)	15	(7)	164	172
Unrecognized prior service cost	2	(2)	—	—
Unrecognized actuarial losses	277	7	564	848
Net projected asset	**Ps. 797**	**Ps. 130**	**Ps. 1,186**	**Ps. 2,113**

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	2009			
	Pension plan	Seniority premiums	Medical services	Total
Projected benefit obligation (PBO)	Ps. (725)	Ps. (149)	Ps. (1,633)	Ps. (2,507)
Fund market value	1,125	269	1,749	3,143
Funded status	**400**	**120**	**116**	**636**
Transition asset (obligation)	22	(10)	246	258
Unrecognized prior service cost	2	(3)	—	(1)
Unrecognized actuarial losses	217	4	488	709
Net projected asset	**Ps. 641**	**Ps. 111**	**Ps. 850**	**Ps. 1,602**

The Financial Group has a net prepayment (net prepaid asset) of Ps. 3 generated by transferring personnel from Sólida Administradora de Portafolios, S.A. de C.V. (Sólida) to Banorte. Moreover, as of December 31, 2010, a separate fund amounting to Ps. 3,827, (Ps. 3,143 in 2009) has been set aside to meet the above-mentioned obligations, in accordance with NIF D-3 and is recorded under "Other assets".

For the years ended December 31, 2010 and 2009, the net periodic pension cost is as follows:

	2010	2009
Service cost	Ps. 103	Ps. 95
Interest cost	227	197
Expected return on plan assets	(316)	(274)
Amortizations of unrecognized items:		
Transition obligation	86	86
Variations in assumptions	30	27
Net periodic pension cost	**Ps. 130**	**Ps. 131**

The rates used in the calculation of the projected benefit obligation and return on plan assets as of December 31, 2010 and 2009, are shown below:

Concept	2010 Nominal	2009 Nominal
Discount rate	8.75%	9.25%
Rate of wage increase	4.50%	4.50%
Rate of increase in costs and expenses of other postretirement benefits	n/a	5.57%
Long-term inflation rate	3.50%	3.50%
Expected long-term rate of return on plan assets of the Banorte Brokerage House	10.25%	10.25%
Expected long-term rate of return on plan assets	8.75%	10.00%

The liability for severance indemnities due to causes other than restructuring, which was also determined by independent actuaries, is comprised as follows:

Concept	2010	2009
Defined and projected benefit obligations	Ps. (171)	Ps. (158)
Transition obligation	41	62
Net projected liability	**Ps. (130)**	**Ps. (96)**

For the years ended December 31, 2010 and 2009, the net periodic pension cost is as follows:

Concept	2010	2009
Service cost	Ps. 26	Ps. 27
Interest cost	12	12
Transition obligation	21	21
Variations in assumptions	14	8
Net periodic pension cost	**Ps. 73**	**Ps. 68**

The balance of the employee retirement obligations presented in this Note refers to the Financial Group's defined benefit pension plan for those employees who remain enrolled.

The labor obligations derived from the defined contribution pension plan do not require an actuarial valuation as established in NIF D-3, because the cost of this plan is equivalent to the Financial Group's contributions made to the plan. Moreover, this pension plan maintains a fund as of December 31, 2010 and 2009, equivalent to Ps. 1,283 and Ps. 1,140, respectively, which is recorded under "Other assets" and is equivalent to the recorded plan liability.

23 - SUBORDINATED DEBENTURES

As of December 31, 2010 and 2009, the subordinated debentures in circulation are as follows:

	2010	2009
Preferred subordinated, nonconvertible debentures, maturing in April 2016, denominated in US dollars, at an interest rate of 6.135%, payable semiannually with a final principal payment at maturity (10-year term)	Ps. 4,940	Ps. 5,226
Non preferred subordinated nonconvertible debentures (Q BANORTE 08 debentures), maturing in February 2018, paying interest at the 28-day TIIE rate plus 0.60%.	3,000	3,000
Preferred subordinated nonconvertible debentures (Q BANORTE 08-2), maturing in June 2018, paying interest at the 28-day TIIE rate plus 0.77%.	2,750	2,750
Preferred subordinated nonconvertible debentures, BANORTE 09 maturing in March 2019, paying interest at the 28-day TIIE rate plus 2%, payable in 130 periods of 28 days each.	2,200	2,200
Nonpreferred subordinated nonconvertible debentures, maturing in April 2021, denominated in US dollars, at an interest rate of 6.862%, payable semiannually with a final principal payment at maturity (15-year term).	2,470	2,613
Preferred subordinated nonconvertible debentures, Q BANORTE 08-U maturing in February 2028, paying interest at a 4.95% annual rate.	2,024	1,941
Subordinated debentures, maturing in June 2034, denominated in US dollars, at a 3-months LIBOR interest rate plus 2.75%.	127	135
Preferred subordinated debentures maturing in April 2034, denominated in US dollars, at a 3-months LIBOR interest rate plus 2.72%.	127	135
Accrued interest	165	168
	Ps. 17,803	**Ps. 18,168**

The costs related to these debentures are amortized using the straight-line method over the term of the debt. The amortization charged to results was Ps. 6 and Ps. 8 in 2010 and 2009, respectively.

24 - TRANSACTIONS AND BALANCES WITH NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

The balances and transactions with subsidiaries and associated companies as of December 31, 2010, 2009 and 2008, are as follows:

	Revenues			Accounts receivable	
Institution	**2010**	**2009**	**2008**	**2010**	**2009**
Seguros Banorte Generali, S. A. de C. V.	Ps. 650	Ps. 598	Ps. 613	Ps. 29	Ps. 9

	Expenses			Accounts payable	
Institution	**2010**	**2009**	**2008**	**2010**	**2009**
Seguros Banorte Generali, S. A. de C. V.	Ps. 251	Ps. 101	Ps. 300	Ps. 19	Ps. 5

All balances and transactions with the subsidiaries indicated in Note 3 have been eliminated in consolidation.

Pursuant to article 73 of the LIC (Credit Institutions Law), the loans granted by Banorte to any related party cannot exceed 50% of the basic portion of their net capital. For the years ended December 31, 2010 and 2009, the amount of the loans granted to related parties is Ps. 8,772 and Ps. 7,362, respectively, representing 47.1% and 46.2%, respectively, of the limit established by the LIC.

Loan portfolio sales

Sale of loan portfolio packages between related parties (nominal values)

In February 2003 Banorte sold Ps. 1,925 of its proprietary portfolio (with interest) to its subsidiary Sólida at a price of Ps. 378. Of this transaction, Ps. 1,891 was related to past-due amounts and Ps. 64 to the performing portfolio. The transaction was recorded based on figures as of August 2002, and therefore the final amount affecting the February 2003 balance sheet was Ps. 1,856, considering the collections made since August 2002. In conjunction with the loan portfolio sold, Ps. 1,577 of the associated allowance for loan losses was transferred as well.

In official letter 601-II-323110 dated November 5, 2003, the Commission established the accounting criteria to be applied to this transaction and issued a series of rulings whereby Banorte must provide detailed information on the activities of this transaction throughout its duration, in the understanding that this transaction was a one-time event and not a recurring portfolio transfer procedure.

Pursuant to the foregoing, below is a summary of the activity of the loan portfolio sold to Sólida since August 2002 and for the years of 2009 and 2010:

	Mexican pesos			Foreign currency			Total		
Type of portfolio	Aug 02	Dec 09	Dec 10	Aug 02	Dec 09	Dec 10	Aug 02	Dec 09	Dec 10
Performing loan portfolio									
Commercial	Ps. 5	Ps. —	Ps. —	Ps. 5	Ps. —	Ps.	Ps. 10	Ps. —	Ps. —
Mortgage	54	27	20	—	—	—	54	27	20
Total	**59**	**27**	**20**	**5**	**—**	**—**	**64**	**27**	**20**
Past-due portfolio									
Commercial	405	361	331	293	110	104	698	471	435
Consumer	81	72	72	—	—	—	81	72	72
Mortgage	1,112	350	323	—	—	—	1,112	350	323
Total	**1,598**	**783**	**726**	**293**	**110**	**104**	**1,891**	**893**	**830**
Total portfolio	**Ps. 1,657**	**Ps. 810**	**Ps. 746**	**Ps. 298**	**Ps. 110**	**Ps. 104**	**Ps. 1,955**	**Ps. 920**	**Ps. 850**
Allowance for loan losses(1)									
Commercial	326	349	318	246	110	104	572	459	422
Consumer	77	72	72	—	—	—	77	72	72
Mortgage	669	336	313	—	—	—	669	336	313
Total allowance for loan losses	**Ps. 1,072**	**Ps. 757**	**Ps. 703**	**Ps. 246**	**Ps. 110**	**Ps. 104**	**Ps. 1,318**	**Ps. 867**	**Ps. 807**

(1) Allowances required based on the classification methodology applied in Banorte that maintained a 99.99% equity interest in Sólida during 2010 and 2009.

As of December 31, 2010 and 2009, the composition of the Banorte's loan portfolio, including the loan portfolio sold to Sólida, is as follows:

Type of portfolio	Mexican pesos		Foreign Currency		Total	
	Dec 10	Dec 09	Dec 10	Dec 09	Dec 10	Dec 09
Commercial loans	Ps. 148,786	Ps. 133,823	Ps. 13,330	Ps. 11,316	Ps. 162,116	Ps. 145,139
Consumer loans	27,637	25,525	—	—	27,637	25,525
Mortgage loans	54,013	47,378	—	—	54,013	47,378
Performing loan portfolio	**230,436**	**206,726**	**13,330**	**11,316**	**243,766**	**218,042**
Commercial loans	3,954	2,583	252	150	4,206	2,733
Consumer loans	1,348	2,014	—	—	1,348	2,014
Mortgage loans	1,025	1,151	—	—	1,025	1,151
Past-due portfolio	**6,327**	**5,748**	**252**	**150**	**6,579**	**5,898**
Total portfolio	**236,763**	**212,474**	**13,582**	**11,466**	**250,345**	**223,940**
Allowance for loan losses	8,131	7,425	297	384	8,428	7,809
Net portfolio	**Ps. 228,632**	**Ps. 205,049**	**Ps. 13,285**	**Ps. 11,082**	**Ps. 241,917**	**Ps. 216,131**
Allowance for loan losses					**128.10%**	**132.40%**
% of past-due portfolio					**2.63%**	**2.63%**

25 - INFORMATION BY SEGMENT

The main operations and balances per concept and/or business segment in the general balance sheet and the statement of income are comprised as follows:

a. The balances by service sector of the Financial Group, without considering the eliminations relative to the consolidation of the financial statements, are as follows:

	2010	2009	2008
Banking sector:			
Net income	Ps. 6,035	Ps. 5,132	Ps. 6,543
Stockholders' equity	44,316	40,348	35,526
Total portfolio	257,957	234,878	236,236
Past-due portfolio	6,523	6,051	4,836
Allowance for loan losses	(7,955)	(7,358)	(6,582)
Total net assets	564,386	548,560	562,433
Brokerage sector:			
Net income	403	203	183
Stockholders' equity	1,883	1,396	1,143
Portfolio balance	174,068	135,621	119,286
Total net assets	10,169	5,273	1,662
Savings sector:			
Net income	903	772	579
Stockholders' equity	5,244	4,727	4,216
Total net assets	40,993	32,026	27,789
Other finance companies sector:			
Net Income	500	425	336
Stockholders' equity	2,136	1,631	1,308
Total portfolio	15,884	13,461	13,913
Past-due portfolio	141	103	74
Allowance for loan losses	(289)	(177)	(79)
Total net assets	Ps. 16,456	Ps. 13,645	Ps. 14,322

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b. The trading results for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Valuation results		
Trading securities	Ps. 46	Ps. (17)
Repurchase or resale agreement	30	(156)
Derivative financial instruments	382	20
Total valuation results	**458**	**(153)**
Purchase-sale results		
Trading securities	455	318
Available for sale securities	214	23
Derivative financial instruments	(143)	180
Total securities purchase sale	**526**	**521**
Spot foreign currency	690	731
Foreign currency forwards	(1)	154
Foreign currency futures	(2)	(1)
Foreign currency valuation	3	(20)
Minted metals purchase sales	3	4
Minted metals valuation	12	8
Total foreign currency purchase sale	**705**	**876**
Total purchase sale results	**1,231**	**1,397**
Total trading results	**Ps. 1,689**	**Ps. 1,244**

c. The performing loan portfolio, grouped by economic sector and geographical location, is as follows:

	2010				
	Geographical location				
Economic sector	North	Central	West	South	Total
Agriculture	Ps. 2,473	Ps. 1,094	Ps. 741	Ps. 911	Ps. 5,219
Mining	354	176	19	19	568
Manufacturing	7,830	5,014	1,459	635	14,938
Construction	5,346	7,433	557	2,023	15,359
Public utilities	35	293	2	1	331
Commerce	12,157	10,412	3,493	6,103	32,165
Transportation	1,174	5,062	123	253	6,612
Financial services	8,302	9,233	198	1,300	19,033
Communal, social services	6,680	5,234	1,520	417	13,851
Business groups	9	364	6	5	384
Public administration and services	24,164	16,189	2,188	4,901	47,442
International organization services	2	—	—	—	2
INB	—	—	—	—	9,232
Credit card	—	—	—	—	11,159
Consumer	—	—	—	—	16,668
Mortgage	—	—	—	—	56,168
Other	—	—	—	—	105
Arrendadora y Factor Banorte	—	—	—	—	14,314
Performing loan portfolio	**Ps. 68,526**	**Ps. 60,504**	**Ps. 10,306**	**Ps. 16,568**	**Ps. 263,550**

	2009				
	Geographical location				
Economic sector	North	Central	West	South	Total
Agriculture	Ps. 2,314	Ps. 1,167	Ps. 581	Ps. 732	Ps. 4,794
Mining	347	18	14	13	392
Manufacturing	7,872	4,725	1,661	688	14,946
Construction	6,042	6,236	546	1,828	14,652
Public utilities	43	252	2	1	298
Commerce	10,543	7,241	3,307	6,031	27,122
Transportation	1,308	6,173	105	269	7,855
Financial services	8,975	11,280	130	1,473	21,858
Communal, social services	2,524	4,242	1,514	369	8,649
Business groups	12	457	2	6	477
Public administration and services	21,403	12,938	2,070	2,516	38,927
INB	—	—	—	—	14,100
Credit card	—	—	—	—	11,801
Consumer	—	—	—	—	13,726
Mortgage	—	—	—	—	47,351
Other	—	—	—	—	54
Arrendadora y Factor Banorte	—	—	—	—	11,952
Performing loan portfolio	**Ps. 61,383**	**Ps. 54,729**	**Ps. 9,932**	**Ps. 13,926**	**Ps. 238,954**

d. The past-due loan portfolio, grouped by economic sector and geographical location, is summarized as follows:

	2010				
	Geographical location				
Economic sector	North	Central	West	South	Total
Agriculture	Ps. 261	Ps. 125	Ps. 46	Ps. 24	Ps. 456
Mining	5	—	1	1	7
Manufacturing	107	250	63	38	458
Construction	297	104	12	21	434
Commerce	329	231	148	159	867
Transportation	17	1,318	8	11	1,354
Financial services	10	13	—	1	24
Communal, social services	45	50	44	30	169
Business groups	—	—	—	1	1
INB	—	—	—	—	505
Credit card	—	—	—	—	1,040
Consumer	—	—	—	—	236
Mortgage	—	—	—	—	971
Arrendadora y Factor Banorte	—	—	—	—	142
Past-due loan portfolio	**Ps. 1,071**	**Ps. 2,091**	**Ps. 322**	**Ps. 286**	**Ps. 6,664**

	2009				
	Geographical location				
Economic sector	North	Central	West	South	Total
Agriculture	Ps. 77	Ps. 129	Ps. 33	Ps. 20	Ps. 259
Mining	2	3	1	7	13
Manufacturing	121	175	73	46	415
Construction	89	105	12	27	233
Commerce	363	298	147	195	1,003
Transportation	41	27	13	19	100
Financial services	8	15	1	6	30
Communal, social services	74	49	47	37	207
Business groups	1	—	—	—	1
INB	—	—	—	—	1,047
Credit card	—	—	—	—	1,610
Consumer	—	—	—	—	332
Mortgage	—	—	—	—	801
Arrendadora y Factor Banorte	—	—	—	—	103
Past-due loan portfolio	**Ps. 776**	**Ps. 801**	**Ps. 327**	**Ps. 357**	**Ps. 6,154**

e. Deposit accounts grouped by product and geographical location are as follows:

	2010							
	Geographical location							
Product	Monterrey	Mexico City	West	Northwest	Southeast	Treasury and other	Foreign	Total
Non-interest bearing checking accounts	Ps. 14,964	Ps. 22,000	Ps. 6,992	Ps. 8,876	Ps. 7,873	Ps. 89	Ps. —	Ps. 60,794
Interest-bearing checking accounts	7,532	26,293	4,093	6,041	7,580	166	—	51,705
Savings accounts	1	1	—	—	—	—	—	2
Current account in pesos and preestablished	4,042	5,983	1,612	3,024	2,840	138	—	17,639
Non-interest bearing demand deposits, USD	1,611	818	212	1,177	266	-0	4,435	8,519
Interest bearing demand deposits, USD	2,258	1,398	465	2,038	218	-0	4,520	10,897
Savings accounts in USD	—	—	—	—	—	—	258	258
Over the counter promissory notes	12,623	26,581	6,843	7,551	9,881	1,754	—	65,233
Time deposits, USD	3,307	3,737	1,525	2,307	688	16	13,747	25,327
Money desk customers	17,416	15,940	5,076	3,745	4,001	150	—	46,328
Financial intermediaries	—	—	—	—	—	2,208	3,705	5,913
Total deposits	**Ps. 63,754**	**Ps. 102,751**	**Ps. 26,818**	**Ps. 34,759**	**Ps. 33,347**	**Ps. 4,521**	**Ps. 26,665**	**Ps. 292,615**

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	2009							
	Geographical location							
Product	Monterrey	Mexico City	West	Northwest	Southeast	Treasury and other	Foreign	Total
Non-interest bearing checking accounts	Ps. 13,209	Ps. 19,770	Ps. 5,845	Ps. 7,773	Ps. 7,963	Ps. 70	Ps. —	Ps. 54,630
Interest-bearing checking accounts	6,417	23,033	4,041	6,192	8,039	162	—	47,884
Savings accounts	1	1	—	—	—	—	—	2
Current account in pesos and preestablished	3,449	5,232	1,492	2,733	2,556	122	—	15,584
Non-interest bearing demand deposits, USD	834	848	199	1,085	221	—	3,694	6,881
Interest bearing demand deposits, USD	2,454	1,570	577	2,463	238	—	5,012	12,314
Savings accounts in USD	—	—	—	—	—	—	265	265
Over the counter promissory notes	11,362	25,040	6,358	7,245	9,009	1,474	—	60,488
Time deposits, USD	3,328	4,095	1,775	2,255	897	17	13,427	25,794
Money desk customers	19,366	14,858	6,953	4,588	2,877	127	—	48,769
Financial intermediaries	—	—	—	—	—	2,277	—	2,277
FOBAPROA checking accounts bearing interest	20	—	—	—	—	—	—	20
Total deposits	**Ps. 60,440**	**Ps. 94,447**	**Ps. 27,240**	**Ps. 34,334**	**Ps. 31,800**	**Ps. 4,249**	**Ps. 22,398**	**Ps. 274,908**

26 - TAX ENVIRONMENT

In 2010 and 2009 the Financial Group was subject to ISR and IETU.

Income tax

Income tax (ISR) is calculated considering as taxable or deductible certain inflation effects; as of until December 31, 2010 and 2009, the ISR rate was 30% and 28%, respectively. On December 7, 2009, the decree was published reforming, adding and repealing various provisions of the Income Tax Law that went into effect on January 1, 2010. Temporary provisions were established through which the income tax rate from 2011 to 2012 will be 30%; 29% for 2013 and 28% for 2014.

Book to tax reconciliation

The principal items affecting the determination of the current tax expense of the Financial Group were the annual adjustment for inflation, the nondeductible amount of the allowance for loan losses that was over 2.5% of the average loan portfolio and the valuation of financial instruments.

PTU

The Financial Group determine employee statutory profit sharing based on the criteria established in the guidelines set forth by the Mexican Constitution.

Business Flat Tax

Revenues, as well as deductions and certain tax credits, are determined based on cash flows generated for each period. The rate is 17.5% and 17.0% for 2010 and 2009, respectively. The Asset Tax Law was repealed upon enactment of LIETU; however, under certain circumstances, asset taxes paid in the ten years prior to the year in which ISR is paid, may be refunded, according to the terms of the law. As of December 31, 2010, the Financial Group has no recoverable asset taxes.

Based on financial projections, pursuant to the provisions in INIF-8, the Financial Group found that it will essentially pay ISR, therefore acknowledging only the deferred ISR.

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27 - STOCKHOLDERS' EQUITY

At the Stockholders' Ordinary General Meeting held on April 23, 2010, the resolution was adopted to transfer the profits of 2009 equal to Ps. 5,854 to the account "earnings from prior years".

At the Stockholders' Ordinary General Meetings held on February 15, 2010, April 23, 2010 and October 4, 2010, the resolution was adopted to declare cash dividends of Ps. 343 on each of said dates.

The Financial Group's shareholders' common stock as of December 31, 2010, 2009 and 2008 is comprised as follows:

	Number of shares with a nominal value of Ps. 3.50		
	2010	2009	2008
"O" Series	2,018,347,548	2,017,847,548	2,013,997,548

	Historical Amounts					
	2010		2009		2008	
"O" Series	Ps.	7,016	Ps.	7,000	Ps.	6,986
Restatement in Mexican pesos through December 2007		4,955		4,956		4,955
	Ps.	11,971	Ps.	11,956	Ps.	11,941

Restrictions on profits

Stockholders' equity distribution, except restated paid-in capital and tax retained earnings, will be subject to a tax payable by the Financial Group at the rate in effect when the dividend is distributed. Any tax paid on such distribution may be credited against the income tax payable of the year in which the tax on the dividend is paid and the two fiscal years following such payment against the year's tax and its partial payments.

The Financial Group's net profit is subject to the requirement that at least 5% of net income of each year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value. The legal reserve may not be distributed to the stockholders during the life of the Financial Group, except in the form of a stock dividend. As of December 31, 2010 and 2009, the legal reserve is Ps. 3,181 and Ps. 2,444, respectively, and represents 27% and 20% of paid-in capital, respectively.

Capitalization ratio (pertaining to Banorte, the Financial Group's main subsidiary)

The capitalization rules for financial institutions establish requirements for specific levels of net capital, as a percentage of assets subject to both market and credit risk.

The information as of December 31, 2010 sent to Banco de México to review is shown below.

- The capitalization ratio of Banorte as of December 31, 2010 was 16.12% of total risk (market, credit and operational), and 23.68% of credit risk, which in both cases exceed the current regulatory requirements.

- The amount of net capital, divided by basic and complementary capital, is detailed below (these figures may differ from those in the basic financial statements):

Net capital as of December 31, 2010

Stockholders' equity	**Ps.**	**44,306**
Subordinated debentures and capitalization instruments		**5,135**
Deduction of investment in securitized instruments		(446)
Deduction of investments in shares of financial entities		(6,124)
Deduction of investments in shares of non-financial entities		(3,238)
Deduction of intangibles and deferred expenses or costs		(264)
Basic capital		**39,369**
Debentures and capitalization instruments		12,413
Allowance for loan losses		1,285
Deduction of investment in securitized instruments		(446)
Complementary capital		**13,252**
Net capital	**Ps.**	**52,621**

Characteristics of the subordinated debentures:

Concept	Issuance amount		Maturity	Basic capital proportion	Complementary capital proportion
Complementary capital debentures 2006	Ps.	5,006	13/10/2016	0%	100%
Basic capital debentures 2006	Ps.	2,507	13/10/2021	100%	0%
Basic capital debentures 2008	Ps.	3,008	27/02/2018	87%	13%
Complementary capital debentures 2008	Ps.	2,056	15/02/2028	0%	100%
Complementary capital debentures 2008-2	Ps.	2,760	15/06/2018	0%	100%
Complementary capital debentures 2009	Ps.	2,211	18/03/2019	0%	100%

Assets subject to risk are detailed below:

Assets subject to market risk

Concept	Positions weighted by risk		Capital requirement	
Transactions in Mexican pesos with nominal interest rate	Ps.	47,037	Ps.	3,763
Transactions with debt instruments in Mexican pesos with variable interest rates		10,374		830
Transactions in Mexican pesos with real interest rates or denominated in UDIS		1,802		144
Transactions in UDIS or with yields referenced to the National Consumer Price Index (INPC)		2		—
Transactions in Mexican pesos with nominal interest rates		4,700		376
Exchange transactions		1,604		129
Total	**Ps.**	**65,519**	**Ps.**	**5,242**

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Assets subject to credit risk

Concept	Assets weighted by risk	Capital requirement
Group III (weighted at 10%)	Ps. 13	Ps. 1
Group III (weighted at 11.5%)	1	—
Group III (weighted at 20%)	11,451	916
Group III (weighted at 23%)	483	39
Group III (weighted at 50%)	2,226	178
Group III (weighted at 57.5%)	608	48
Group III (weighted at 100%)	150	12
Group IV (weighted at 20%)	2,851	228
Group V (weighted at 20%)	7,282	583
Group V (weighted at 50%)	3,723	298
Group V (weighted at 150%)	4,899	392
Group VI (weighted at 50%)	6,445	515
Group VI (weighted at 75%)	5,608	449
Group VI (weighted at 100%)	59,100	4,728
Group VII (weighted at 20%)	845	68
Group VII (weighted at 50%)	99	8
Group VII (weighted at 100%)	72,788	5,823
Group VII (weighted at 115%)	7,556	604
Group VII (weighted at 150%)	635	51
Group VIII (weighted at 125%)	1,948	156
Group IX (weighted at 100%)	19,387	1,551
Sum	**208,098**	**16,648**
For permanent shares, furniture and real property, and advance payments and deferred charges	14,086	1,127
Total	**Ps. 222,184**	**Ps. 17,775**

Assets subject to credit risk:

Concept	Assets weighted by risk	Capital requirement
Total	**Ps. 38,816**	**Ps. 3,105**

28 - FOREIGN CURRENCY POSITION

As of December 31, 2010 and 2009, the Financial Group holds certain assets and liabilities in foreign currency, mainly US dollars, converted to the exchange rate issued by Banco de México at Ps. 12.3496 and Ps. 13.0659 per USD 1.00, respectively, as shown below:

	Thousands of US dollars	
	2010	2009
Assets	5,543,911	5,497,623
Liabilities	5,234,040	5,166,587
Net asset position in US dollars	**309,871**	**331,036**
Net asset position in Mexican pesos	**Ps. 3,827**	**Ps. 4,325**

29 - POSITION IN UDIS

As of December 31, 2010 and 2009, the Financial Group holds certain assets and liabilities denominated in UDIS, converted to Mexican pesos based on the current equivalency of Ps. 4.526308 and Ps. 4.340166, per UDI, respectively, as shown below:

	Thousands of UDIS	
	2010	2009
Assets	365,531	207,824
Liabilities	454,251	544,676
Net liability position in UDIS	**(88,720)**	**(336,852)**
Net liability position in Mexican pesos	**Ps. (402)**	**Ps. (1,462)**

30 - EARNINGS PER SHARE

Earnings per share is the result of dividing the net income by the weighted average of the Financial Group's shares in circulation during the year.

Earnings per share for the years ended December 31, 2010, 2009 and 2008 are shown below:

	2010			2009	2008
	Net Income	Weighted share average	Earnings per share	Earnings per share	Earnings per share
Net income per share	Ps. 6,705,043,285	2,018,257,560	Ps. 3.3222	Ps. 2.9021	Ps. 3.4775

31 - RISK MANAGEMENT (unaudited)

Authorized bodies

To ensure adequate risk management of the Financial Group, as of 1997, the Financial Group's Board of Directors created the Risk Policy Committee (CPR), whose purpose is to manage the risks to which the Financial Group is exposed, and ensure that the performance of operations adheres to the established risk management objectives, guidelines, policies and procedures.

Furthermore, the CPR provides oversight on the global risk exposure limits approved by the Board of Directors, and also approves the specific risk limits for exposure to different types of risk.

The CPR is composed of regular members of the Board of Directors, the CEO of the Financial Group, the Managing of Comprehensive Risk Management, the Managing Director of Long Term Savings, and the Managing Director of the Brokerage House, as well as the Managing Director of Internal Audits, who has the right to speak but not to vote.

To adequately carry out its duties, the CPR performs the following functions, among others:

1. Propose for the approval of the Board of Directors:

   - The objectives, guidelines and policies for comprehensive risk management
   - The global limits for risk exposure
   - The mechanisms for implementing corrective measures
   - The special cases or circumstances in which the global and specific limits may be exceeded

2. Approve and review at least once a year:

- The specific limits for discretionary risks, as well as tolerance levels for nondiscretionary risks
- The methodology and procedures to identify, measure, oversee, limit, control, report and disclose the different kinds of risks to which the Financial Group is exposed
- The models, parameters and scenarios used to perform the valuation, measurement and control of risks proposed by the Comprehensive Risk Management Unit

3. Approve:

- The methodologies for identification, valuation, measurement and control of risks of the new operations, products and services which the Financial Group intends to introduce into the market
- The corrective measures proposed by the Comprehensive Risk Management Unit
- The manuals for comprehensive risk management

4. Appoint and remove the person responsible for the Comprehensive Risk Management Unit, who is ratified by the Board of Directors.

5. Inform the Board, at least every quarter, of the exposure to risk and its possible negative effects, as well as follow up on limits and tolerance levels.

6. Inform the Board of the corrective measures implemented.

32 - COMPREHENSIVE RISK MANAGEMENT UNIT (UAIR) (unaudited, regarding Banorte, the Financial Group's main subsidiary)

The function of the UAIR is to identify, measure, oversee, limit, control, report and disclose the different kinds of risk to which the Financial Group is exposed, and which is the responsibility of the Office of Risk Management (DGAR).

The DGAR reports to the CPR in compliance with the requirements set forth in the Commission's circular, the "General Risk Management Rules Applicable to Credit Financial Groups", in relation to the independence of the different business areas.

The DGAR focuses Comprehensive Risk Management efforts through six different departments:

- Operating and Credit Risk Management;
- Market Risk Management;
- Credit Management;
- Risk Policy Management;
- Consumer Loan Quality; and
- Risk Management Tools.

The Financial Group currently has methodologies for managing risk in its different phases, such as credit, market, liquidity and operating risk.

The primary objectives of the DGAR are summarized as follows:

- Provide the different business areas with clear rules that facilitate their understanding so as to minimize risks and ensure that they are within the parameters established and approved by the Board of Directors and the Risk Policy Committee.
- Establish mechanisms that provide for follow-up on risk-taking within the Financial Group, ensuring that they are preventive as much as possible, and supported by advanced systems and processes.
- Standardize risk measurement and control.
- Protect the Financial Group's capital against unexpected losses from market movements, credit losses and operating risks.
- Develop valuation methods for the different types of risks.

- Establish procedures for portfolio optimization and loan portfolio management.

The Financial Group has segmented risk assessment and management into the following headings:

Credit Risk: Volatility of revenues due to the creation of provisions for impairment of credits and potential credit losses due to nonpayment by a borrower or counterpart.

Market Risk: Volatility of revenues due to changes in the market, which affect the valuation of the positions from operations involving assets, liabilities or generating contingent liabilities, such as: interest rates, exchange rates, price indexes, etc.

Liquidity Risk: Potential loss derived from the impossibility of renewing debts or contracting others under normal conditions for the Financial Group, due to the anticipated or forced sale of assets at unusual discounts to meet its obligations.

Operating Risk: Loss resulting from lack of adaptation or failure in processes, personnel, internal systems or external events. This definition includes Technological Risk and Legal Risk. Technological Risk groups includes all potential losses from damage, interruption, alteration or failures derived from the use of or dependence on hardware, software, systems, applications, networks and any other information distribution channel, while Legal Risk involves the potential loss from penalties for noncompliance with legal and administrative regulations or the issuance of adverse final court rulings in relation to the operations performed by the Financial Group.

Credit risk

Risk that the customers, issuers or counterparts will not comply with their payment obligations; therefore, adequate risk management is essential to maintain a high quality loan portfolio.

The Financial Group credit risk management objectives are as follows:

- Improve the quality, diversification and composition of the loan portfolio to optimize the risk-return ratio.
- Provide senior management with reliable and timely information to support decision-making in credit matters.
- Provide the business departments with clear and sufficient tools to support credit placement and follow up.
- Support the creation of economic value for shareholders by means of efficient credit risk management.
- Define and constantly update the regulatory framework for credit risk management.
- Comply with the credit risk management reporting requirements established by the relevant authorities.
- Perform risk management in accordance with best practices; implementing models, methodologies, procedures and systems based on the latest international advances.

Individual credit risk

The Financial Group segments the loan portfolio into two large groups: the consumer and corporate portfolios.

Individual credit risk for the consumer portfolio is identified, measured and controlled by means of a parametric system (scoring) which includes models for each of the consumer products: mortgage, automotive, payroll credit, personal and credit card.

Individual risk for the corporate portfolio is identified, measured and controlled by means of the Target Markets, the Risk Acceptance Criteria and the Banorte Internal Risk Rating (CIR Banorte).

The Target Markets and Risk Acceptance Criteria are tools which, together with the Internal Risk Rating CIR, form part of the credit strategy of the Financial Group and support the estimate of the credit risk level.

The Target Markets are activities selected by region and economic activity - supported by economic studies and portfolio behavior analyses - in which the Financial Group has interest to place loans.

The Risk Acceptance Criteria are parameters which describe the risks identified by industries, facilitating an estimate of the risk involved for the Financial Group in granting a credit to a customer depending on the economic activity which it performs. The types of risks evaluated in the Risk Acceptance Criteria are the financial risk,

operating risk, market risk, company lifecycle risk, legal and regulatory risk, credit history and quality of management.

Early Warnings are a set of criteria based on information and indicators of the borrowers and their environment that have been set forth for timely prevention and identification of likely impairment in the loan portfolio, in order to take credit risk mitigating preventive actions in a timely manner.

The CIR Banorte is in line with the "General Regulations Applicable to the Classification Methodology for the Loan Portfolio of Credit Institutions" issued by the Commission on December 2, 2005. The CIR Banorte has been certified by the Commission and by an international external auditor since 2001.

The CIR Banorte is applied to a commercial portfolio equal to or exceeding an amount equivalent in Mexican pesos to four million UDIS at the classification date.

Portfolio credit risk

The Financial Group has designed a portfolio credit risk methodology which, while also including the best and most current international practices with regard to identification, measurement, control and follow up, has been adapted to function within the context of the Mexican financial system.

The credit risk methodology identifies the exposure of all the loan portfolios of the Financial Group, overseeing risk concentration levels based on risk classifications, geographical regions, economic activities, currencies and type of product, for the purpose of ascertaining the portfolio profile and taking actions to diversify it and maximize profit with the lowest possible risk.

The calculation of loan exposure involves the generation of the cash flow from each of the loans, both in terms of principal and interest, for their subsequent discount. This exposure is sensitive to market changes, and facilitates the performance of calculations under different economic scenarios.

Apart from considering loan exposure, the methodology takes into account the probability of default, the recovery level associated with each customer and the sorting of the borrowers based on the Merton model. The probability of default is the probability that a borrower will not comply with its debt obligation to the Financial Group on the terms and conditions originally agreed. The probability of default is based on the transition matrixes which the Financial Group calculates as of the migration of the borrowers to different risk classification levels. The recovery level is the percentage of the total exposure that is expected to be recovered if the borrower defaults on its obligations. The sorting of the borrowers based on the Merton model is intended to tie the future behavior of the borrower to credit and market factors on which, using statistical techniques, the borrower's "credit health" depends.

The primary results obtained are the expected loss and unexpected loss over a one-year time horizon. The expected loss is the median of the distribution of losses of the loan portfolio, which enables a measurement of the average loss expected in the following year due to noncompliance or variations in the credit status of the borrowers. The unexpected loss is an indicator of the loss expected under extreme circumstances, and is measured as the difference between the maximum loss based on the distribution of losses, at a specific confidence level, which in the case of the Financial Group is 95%, and the expected loss.

The results obtained are used as a tool for better decision-making in granting loans and portfolio diversification, in accordance with the global strategy of the Financial Group. The individual risk identification tools and the portfolio credit risk methodology are reviewed and updated periodically to incorporate new techniques that can support or strengthen them.

As of December 31, 2010, the total portfolio of the Financial Group is Ps. 249,495. The expected loss represents 2.2% and the unexpected loss represents 3.7% of the total operating portfolio. The average expected loss was 2.2% for the period between October and December 2010. As of December 31, 2009, the Financial Group's total operating portfolio is Ps. 223,019. The expected loss represents 2.4% and the unexpected loss represents 3.9% of the total operating portfolio. The average expected loss was 2.5% for the period between October and December 2009.

Credit risk of financial instruments

There are specific policies for the origination, analysis, authorization and management of financial instruments to identify, measure, keep track and control credit risk.

The origination policies define the type of financial instruments to operate and how to evaluate the credit quality of different types of issuers and counterparts. Credit quality is assigned by means of a rating obtained by an internal methodology, external rating evaluations or a combination of both. Additionally, there are maximum operating parameters depending on the type of issuer or counterpart, rating and operation type.

Analysis policies include the type of information and variables considered to analyze operations with financial instruments when they're presented for their authorization by the corresponding committee, including information about the issuer or counterpart, financial instrument, operation destination and market information.

The Credit Committee is the body that authorizes operation lines with financial instruments according to the authorization policies. The authorization request is submitted by the business area and the areas involved in the operation with all the relevant information to be analyzed and, if applicable, authorized by the Committee.

The financial instrument operating lines management policy contemplates the procedures for registration, instrumentation, regulation compliance, revision, consumer monitoring, line management and responsibility of the areas and bodies involved in operating financial instruments.

Concentrating loan risk with financial instruments is managed continuously on an individual level, monitoring maximum operation parameters per counter-party or issuer depending on the rating and type of operation. For portfolios there are economic and internal group risk diversification policies in place. Additionally, concentration is monitored by type of counter-party or issuer, size of the financial institutions and where they operate in order to get the right diversification and avoid unwanted concentrations.

Credit risk is measured by means of the rating associated with the issuer, issue or counterpart, which has an assigned degree of risk measured based on two elements:

1) The probability of delinquency by the issuer, issue or counterpart; expressed as a percentage between 0% and 100%. The higher the rating, the lower the probability of delinquency and vice versa.

2) The gravity of the loss with respect to the operation's total in the event of noncompliance, expressed as a percentage between 0% and 100%. The better the guarantees or credit structure, the lower the severity of the loss and vice versa.

In order to mitigate credit risk and reduce the gravity of the loss in case of noncompliance, the Financial Group and counter-parts entered into ISDA contracts settling agreements, which contemplate implementing credit lines and using collateral to mitigate losses due to noncompliance.

As of December 31, 2010, the investment in securities exposure to credit risk is Ps. 200,026, of which 99.2% has a rating greater than or equal to A-(mex) on the local scale. This places them in investment grade and the three main issuers other than the Federal Government, Semi-Private agencies and Domestic Financial Institutions represent 20% of the basic capital as of September 2010. Additionally, the investment exposure with the same issuer other than the Federal Government that represents a concentration greater than or equal to 5% of the net capital as of September 2010 has a rating of at least AA+(mex) and is made up of (term and weighted average interest rate): 6-month Bancomer stock certificates for Ps. 11,580 at 5.0%; 4-month Inbursa stock certificates and bonds for Ps. 9,772 at 4.8%; 5-year 8-month certificates of deposit of Pemex for Ps. 7,347 at 4.7%; and 26-year 5-month State and Municipal Governments securitized loan certificates for Ps. 4,085 at 4.9%.

For derivatives, the exposure is (Ps. 3,045), of which 99.9% is rated at least A-(mex) on the local scale, which places them at an investment grade and the three main counterparts other than the Federal Government, Semi-Private agencies and Domestic Financial Institutions represent 3% of the basic capital as of September 2010.

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As of December 31, 2009, the investment in securities exposure to credit risk is Ps. 213,274, of which 99.4% has a rating greater than or equal to A-(mex) on the local scale. This places them in investment grade and the three main issuers other than the Federal Government, Semi-Private agencies and Domestic Financial Institutions represent 23% of the basic capital as of September 2009. Additionally, the investment exposure with the same issuer other than the Federal Government that represents a concentration greater than or equal to 5% of the net capital as of September 2009 has a rating of at least AA+(mex) as is made up of (term and weighted average interest rate): 3-month Bancomer stock certificates for Ps. 14,001 at 4.8%; 5-month Pemex stock certificates and bonds for Ps. 8,445 at 6.2%; 3-month certificates of deposit of the Federal Mortgage Association for Ps. 5,012 at 4.8%; 27-year State and Municipal Governments securitized loan certificates for Ps. 4,321 at 5.3%; 4-month Banobras stock certificates and bonds for Ps. 4,043 at 4.8%; and 11-day Banco Inbursa promissory notes for Ps. 3,004 at 4.6%.

For derivatives, the exposure is (Ps. 2,669), of which 99.9% is rated at least A-(mex) on the local scale, which places them at an investment grade and the three main counterparts other than the Federal Government, Semi-Private agencies and Domestic Financial Institutions represent 5% of the basic capital as of September 2009.

Risk Diversification

In December 2005, the CNBV issued the “General Rules for Risk Diversification in Performing Asset and Liability Transactions Applicable to Credit Institutions”.

These regulations require that the Financial Group perform an analysis of the borrowers and/or loans they hold to determine the amount of their “Common Risk”. Also, the Financial Group must have the necessary documentation to support that a person or group of persons represents a common risk in accordance with the assumptions established under such rules.

In compliance with the risk diversification rules for asset and liability transactions, the following information is provided below:

Basic capital as of September 30, 2010 **Ps. 37,233**

I. Financing whose individual amount represents more than 10% of basic capital:

Credit transactions	
Number of financings	1
Amount of financings taken as a whole	4,437
% in relation to basic capital	12%
Money market transactions	
Number of financings	2
Amount of financings taken as a whole	8,753
% in relation to basic capital	24%
Overnight transactions	
Number of financings	1
Amount of financings taken as a whole	5,455
% in relation to basic capital	15%

II. Maximum amount of financing with the three largest debtors and common risk groups **Ps. 18,527**

Market risk

Value at risk

The exposure to market risk is determined through the calculation of the Value at Risk (“VaR”). The meaning of the VaR under this method is the potential day loss which could be generated in the valuation of the portfolios at a given date. This methodology is used both for the calculation of market risk and for the establishment and control of internal limits.

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The Financial Group applies the nonparametric historical simulation method to calculate the VaR, considering for such purpose a 99% confidence level, using the 500 immediate historical scenarios, multiplying the result by a security factor that fluctuates between 3 and 4 depending on the annual Back Testing results calculated on the previous quarter, considering 10 days to dispose of the risk portfolio in question. These measures ensure that unforeseen volatiles are considered in the main risk factors that affect such portfolios.

Such methodology is applied to all financial instrument portfolios within and beyond the scope of the Financial Group, including money market and treasury transactions, capital, foreign-exchange and derivatives held for trading and hedging purposes, which are exposed to variations in their value due to changes in the risk factors affecting their market valuation (domestic and foreign interest rates, exchange rates and indexes, among others).

The average VaR for the portfolio of financial instruments was Ps. 1,600 for the last quarter 2010.

	4Q09	1Q10	2Q10	3Q10	4Q10
VaR Banorte*	Ps. 2,584	Ps. 3,442	Ps. 2,677	Ps. 2,246	Ps. 1,600
Banorte net capital***	49,679	49,878	50,184	51,187	52,620
VaR / net capital Banorte	5.20%	6.90%	5.33%	4.39%	3.04%

* Quarterly Average
*** Sum of net capital at the close of the quarter

Also, the average of the VaR per risk factor for the Financial Group's portfolio of securities behaved as follows during the fourth quarter of 2010:

Risk factor	VaR
Domestic interest rate	Ps. 1,582
Foreign interest rate	300
Exchange rate	141
Total VaR	Ps. 1,600

The VaR for each of the risk factors presented is determined by simulating 500 historical scenarios of the variables comprising each of such factors, maintaining constant the variables that affect the other risk factors shown. By the same token, the consolidated VaR for the Financial Group considers the correlations of all the risk factors influencing the valuation of the portfolios, for which reason the arithmetical sum of the VaR Factor does not match.

Operations with derivative products

The one-day individual VaR that the Financial Group has for each type of trading and hedging derivatives for the fourth quarter of 2010 is:

Trading derivatives	4Q09	4Q10
Futures		
MEXDER rate futures	Ps. —	Ps. 13
Exchange rate derivatives		
Forwards	15	—
Options	—	1
Interest rate options		
TIIE	4	3
Libor	—	1
Swap options		
Libor	—	2
TIIE	2	5
Rate swaps (IRS) and exchange rate		
TIIE swaps	12	11
LIBOR swaps	2	2
Cross currency exchange rate swaps	207	12
Total trading derivatives	**Ps. 242**	**Ps. 50**

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Hedging derivatives	4Q09	4Q10
Swaps		
Cross currency exchange rate swaps for portfolio hedging in USD	Ps. 8	Ps. 2
Cross currency exchange rate swaps for hedging obligations in USD	145	86
Cross currency exchange rate swaps for hedging bonds in USD	304	220
TIIE swaps for hedging obligations in Mexican pesos	63	30
TIIE swaps for hedging promissory note in Mexican pesos	265	181
Rate operations for hedging portfolio at a fixed rate	59	14
Total hedging derivatives	**Ps. 844**	**Ps. 533**

To calculate the VaR for each of the derivatives listed, the non-parametric historic simulation method is applied to a 99% level of confidence and a one-day horizon. For instance, the Value at Risk for TIIE Swaps is Ps. 11. This means that under normal condition, 99 days out of every 100 the maximum potential loss is Ps. 11 in one day.

The trading and hedging derivatives totals are the arithmetic sum of the VaR of each without considering any correlation among them.

Investments in securities

The one-day individual VaR that the Financial Group has for each type of securities for the fourth quarter of 2010 was:

Trading Securities	4Q09	4Q10
Variable rate government bonds	Ps. 7	Ps. 11
Fixed rate government bonds	2	2
Bank bonds	3	—
Securitization certificates	37	20
CEDES	—	2
Capital	13	—
US treasury bonds	3	1
PEMEX eurobonds	28	29
UMS	12	6
Bank eurobonds	107	37
Private company eurobonds	11	8
Total	**Ps. 223**	**Ps. 116**

Securities at maturity	4Q09	4Q10
Variable rate government bonds	Ps. 92	Ps. 52
Fixed rate government bonds	4	1
Securitization certificates	42	41
CEDES	4	—
Bank bonds	—	1
PEMEX eurobonds	157	90
UMS	89	64
Zero coupon bank bonds	11	8
Private company eurobonds	4	—
Total	**Ps. 403**	**Ps. 257**

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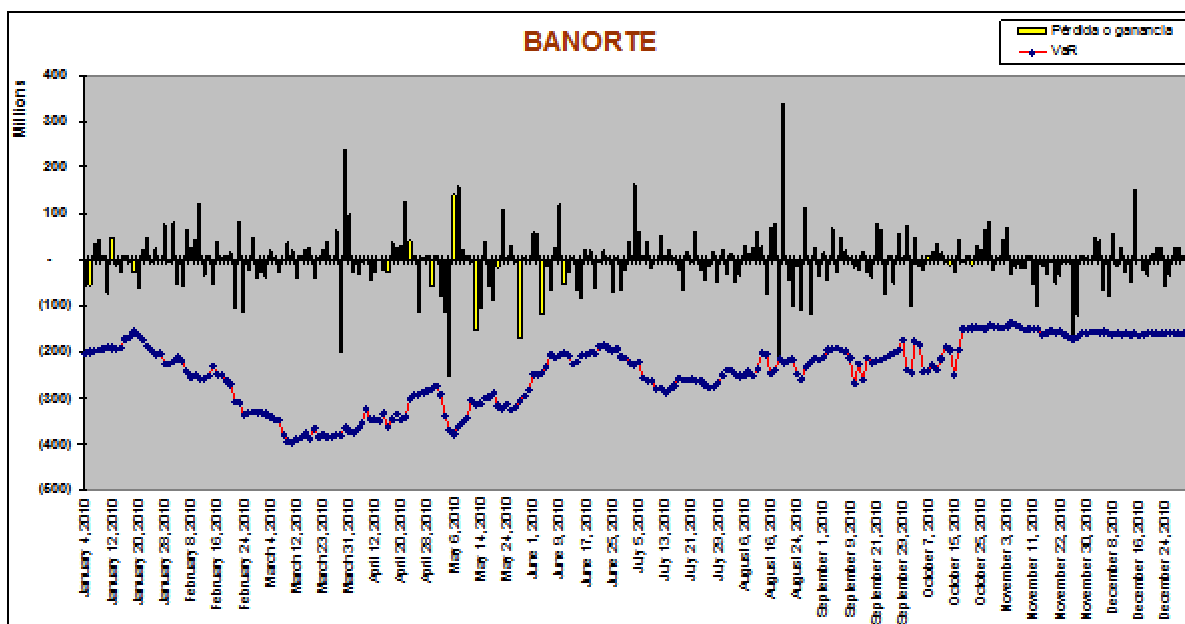
To calculate the VaR for each of the types of securities listed, the non-parametric historic simulation method is applied to a 99% level of confidence and a one-day horizon. For instance, the Value at Risk for trading UMS is Ps. 64. This means that under normal condition, 99 days out of every 100 the maximum potential loss is Ps. 64 in one day.

The trading and hedging derivatives totals are the arithmetic sum of the VaR of each without considering any correlation among them.

Backtesting analysis

To validate the effectiveness of the measurements of the calculation of the daily VaR as a measurement of market risk, the Backtesting analysis is updated each week. This analysis makes it possible to compare the estimated results through the VaR with the actual results generated.

The Backtesting results for the Financial Group during 2010 are as follows:



During 2010 there was only one excess event on November 25th.

Sensitivity analysis and tests under extreme conditions

To improve analysis and obtain the impact of any movements in risk factors, sensitivity analyses and tests under extreme conditions are performed periodically. These analyses foresee potential situations in which the Financial Group might suffer extraordinary losses from the valuation of the financial instruments in which it holds positions.

Sensitivity for derivatives transactions

Sensitivity analysis on derivative transactions is carried out as follows:

- Estimate gain or loss of the securities valuation in the event of:

- A parallel change of +100 basis points of domestic interest rates
- A parallel change of +100 basis points of foreign interest rates
- A 5% devaluation in the MXP/USD and MXP/EUR exchange rate.

The results may be gains or losses depending on the nature of the derivative.

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Trading derivatives	+100 bp domestic rates	+100 bp foreign rates	+5% Exchange rate
Futures			
MEXDER rate futures	Ps. (118)	Ps. —	Ps. —
Exchange rate derivatives			
Options	—	—	(2)
Forwards	—	—	(1)
Interest rate options			
TIIE	(10)	—	—
Libor	—	12	—
Swap options			
Libor		(38)	(1)
TIIE	(33)	—	—
Interest rate swaps (IRS) and exchange rate			
TIIE Swaps	(2)	—	—
LIBOR Swaps	—	28	(1)
Cross currency exchange rate Swaps	(47)	—	—
Total trading derivatives	**Ps. (210)**	**Ps. 2**	**Ps. (5)**

Hedging derivatives	+100 bp domestic rates	+100 BP foreign rates	+5% Exchange rate
Rate swaps and exchange rate			
Cross exchange rate Swaps for hedging obligations in USD	Ps. 25	Ps. (30)	Ps. 196
Cross exchange rate Swaps for hedging bonds in USD	(239)	400	(466)
TIIE Swaps for hedging obligations in Mexican pesos	168	—	—
TIIE Swaps for hedging promissory note in Mexican pesos	617	—	—
TIIE caps for fixed rate loan hedging	28	—	—
Total hedging derivatives	**Ps. 599**	**Ps. 370**	**Ps. (270)**

In the event of any of above scenarios, the losses or gains of the trading securities will directly impact the Financial Group's statements of income and capital hedging derivatives.

Based on the above analysis, it can be concluded that the trading derivatives portfolio is exposed mainly to increases in domestic interest rates and exchange rate devaluations. However, the hedging derivatives portfolio is exposed to foreign interest rate increases without considering the gain of the hedged liability.

Sensitivity for operations with securities

Sensitivity analysis on derivative transactions is carried out as follows:

- Estimate gain or loss of the securities valuation in the event of:

- A parallel change of +100 basis points of domestic interest rates
- A parallel change of +100 basis points of foreign interest rates
- A 5% devaluation in the MXP/USD and MXP/EUR exchange rate.
- A change of +5 basis points in government bonds surcharges
- A change of +50 basis points in sovereign risk
- A change of +10% in the IPC (Consumer Price Index)

The results may be gains or losses depending on the nature of the instrument.

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Trading Securities	+100 bp domestic rates	+100 bp foreign rates	+5% exchange rate	+5 bp rate spreads	+50 bp sovereign risk
Variable rate government bonds	Ps. (52)	Ps. —	Ps. —	Ps. (39)	Ps. —
Fixed rate government bonds	(14)	—	—	—	—
Securitization certificates	(4)	—	—	—	—
CEDES	(2)	—	—	—	—
US treasury bonds	—	(2)	1	—	—
PEMEX eurobonds	—	(51)	64	—	(22)
UMS	—	(4)	16	—	(2)
Bank eurobonds	—	(71)	90	—	—
Private company eurobonds	—	—	9	—	—
Total	**Ps. (72)**	**Ps. (128)**	**Ps. 180**	**Ps. (39)**	**Ps. (24)**

Securities held to maturity	+100 bp domestic rates	+100 bp foreign rates	+5% exchange rate	+5 bp rate spreads	+50 bp sovereign risk
Variable rate government bonds	Ps. (275)	Ps. —	Ps. —	Ps. (173)	Ps. —
Fixed rate government bonds	(6)	—	—	—	—
Securitization certificates	(25)	—	—	—	—
Bank bonds	(4)	—	—	—	—
PEMEX eurobonds	—	(183)	280	—	(93)
UMS	—	(116)	154	—	(59)
Zero coupon bank bonds	(2)	(49)	—	—	—
Private company eurobonds	—	—	—	—	—
Total	**Ps. (312)**	**Ps. (348)**	**Ps. 434**	**Ps. (173)**	**Ps. (152)**

In the event of any of above scenarios, the losses or gains of the operations with trading securities and securities held to maturity will directly impact the Financial Group's results.

In conclusion, trading securities and securities held to maturity are exposed to domestic interest rate increases, foreign rate increases, interest rate spreads and deterioration of the sovereign risk.

Liquidity and balance sheet risk

In order to provide a measurement of liquidity risk in the Financial Group and provide follow-up consistently, the Financial Group relies on the use of financial ratios, which include the Liquidity Ratio (Current Assets/Liquid Liabilities). Liquid assets include cash and cash equivalents, trading securities and available for sale securities. By the same token, liquid liabilities include immediate demand deposits, immediate demand interbank loans and short-term loans. The liquidity ratio at the end of the fourth quarter of 2010 is 82.7%, while the average during the quarter is 93.1%, as shown below:

	End of quarter				
	4Q09	1Q10	2Q10	3Q10	4Q10
Liquid assets	Ps. 91,931	Ps. 109,668	Ps. 141,019	Ps. 127,518	Ps. 132,713
Liquid liabilities	143,834	132,465	140,406	140,506	160,432
Liquidity ratio	63.9%	82.8%	100.4%	90.8%	82.7%

	Average				
	4Q09	1Q10	2Q10	3Q10	4Q10
Liquid assets	Ps. 92,729	Ps. 96,900	Ps. 123,044	Ps. 129,638	Ps. 125,871
Liquid liabilities	130,575	124,820	122,584	126,698	135,251
Liquidity ratio	71.0%	77.6%	100.4%	102.3%	93.1%

Average calculation considering the Liquidity Ratio's weekly estimates.

To quantify and follow up on the liquidity risk for its dollar portfolio, the Financial Group uses the criteria established by Banco de México for the determination of the Liquidity Ratio. It facilitates an evaluation of the differences between the flows of assets and liabilities in different time periods. The above promotes a healthier distribution of terms for these assets.

Also, to prevent concentration risks in relation to payment terms and dates for the Financial Group, gap analysis is performed to match the resources with the funding sources, which detects any concentration in a timely fashion. These analyses are performed separately by currency (Mexican pesos, foreign currency and UDIS).

Furthermore, balance sheet simulation analyses are prepared for the Financial Group, which provides either a systematic or dynamic evaluation of the future behavior of the balance sheet. The base scenario is used to prepare sensitivity analyses for movements in domestic, foreign and real interest rates. Also, tests are performed under extreme conditions to evaluate the result of extreme changes in interest, funding and exchange rates.

As an evaluation measure of the effectiveness of the simulation model, the projections are periodically compared with actual data. Using these tests, the assumptions and methodology used can be evaluated and, if necessary, adjusted.

The operation with derivatives allows a leveling of the differentials between assets and liabilities in different maturity gaps, minimizing the Liquidity Risk. Considering only the contractual obligations of the different types of hedging and trading swaps that the Financial Group operates, a maturity analysis is found below:

	Net position		
Gap	**Asset position**	**Liability position**	**Net**
1 month	Ps. —	Ps. (2)	Ps. (2)
3 months	—	—	—
6 months	1	—	1
1 year	1	(546)	(545)
2 years	2	(5)	(3)
3 years	—	(12)	(12)
4 years	1	(35)	(34)
5 years	1	(43)	(42)
7 years	460	(75)	385
10 years	86	(922)	(836)
15 years	12	—	12
20 years	429	(401)	28
> 20 years	657	(8)	649
Total	**Ps. 1,650**	**Ps. (2,049)**	**Ps. (399)**

Operational risk

In January 2003, the Financial Group established a formal operational risk department denominated "Operational Risk Management Department" as part of its Risk Management Strategy.

The Financial Group defines operational risk as the potential loss due to failures or deficiencies in internal controls because of operation processing and storing or in data transfer, and adverse administrative and judicial rulings, frauds or theft (this definition includes technology and legal risk).

Operational Risk Management's objectives are: a) to enable and support the organization to reach its institutional objectives through operational risk prevention and management; b) to ensure that the existing operational risks and the required controls are duly identified, evaluated and aligned with the organization's risk strategy; and c) to ensure that operational risks are duly quantified in order to assign the proper capital for operational risk.

Operational risk management's cornerstones

I. Policies, objectives and guidelines

The Financial Group has documented the operational risk policies, objectives, guidelines, methodologies and responsible areas.

The Operational Risk Department works closely with the Controllership Department to promote effective Internal Control that defines the proper procedures and controls the mitigation of Operational Risk. The Internal Audit Department follows up on compliance.

Regulations Control, as part of the Internal Control System, performs the following risk-mitigating activities: a) internal control validation; b) institutional regulations management and control; c) monitoring of operating process internal control by means of control indicator reports submitted by the process controllers in the various areas; d) money-laundering prevention process management; e) regulatory provisions controls and follow-up; and f) analysis and assessment of operating processes and projects with the participation of the directors in each process in order to insure proper internal control.

Quantitative and qualitative measuring tools

Operating Losses Database

To record operating loss events, a system has been developed internally known as the "Operating Loss and Events Capture System" (SCERO). This system enables the central information supplier areas to directly record such events online, which are classified by type of event in accordance with the following categories (in line with the Basle II Agreement proposals):

Types of events	Description
Internal fraud	Losses derived from actions intended to defraud, illegally seize ownership or evade the regulations, law or policies of the Institution (excluding diversity/discrimination events) involving at least one internal party.
External fraud	Losses derived from actions taken by third parties intended to defraud, illegally seize ownership or evade the law.
Labor relations and job safety	Losses derived from actions inconsistent with laws or employment, health or safety agreements, or which result in the payment of claims for damages to personnel or diversity/discrimination claims.
Customers, products and business practices	Losses derived from negligence or unintentional breaches which prevent compliance with professional obligations with customers (including trust and adaptation requirements or due to the nature or design of a product.
Natural disasters and other events	Losses due to damage or harm to physical assets due to natural disasters or other events.
Business incidences and system failures	Losses derived from incidences in the business and system failures.
Process execution, delivery and management	Losses derived from errors in transaction processing or in process management, as well as relations with counterparties and suppliers.

This historical database provides the statistics of the operating events experienced by the Financial Group in order to be able to determine the respective trends, frequency, impact and distribution. Furthermore, the database will serve to calculate capital requirements for advanced models in the future.

Legal and tax contingencies database

For the recording and follow-up of legal, administrative and tax issues that may arise from adverse unappealable ruling, an internal system called "Legal Risk Issues Monitoring System" (SMARL) was developed. This system enables the central data supplying areas to record such events directly and on-line, which are then classified by company, sector and legal issue, among others.

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As part of the Financial Group's Legal Risk management initiative, legal and tax contingencies are estimated by the attorneys that process the issues based on an internal methodology. This makes it possible to create the necessary book reserve to face such estimated contingencies.

Risk management model

The Financial Group and its subsidiaries had defined objectives, which are achieved through different plans, programs and projects. Compliance with such objectives may be adversely affected due to operating risks, for which reason a methodology must be in place to manage them within the organization. Consequently, operational risk management is now an institutional policy defined and supported by senior management.

To perform operational risk management, each of the operating risks involved in the processes must be identified in order to analyze them. In this regard, the risks identified by Regulations Control are recorded in a risk matrix and processed to eliminate or mitigate them (trying to reduce their severity or frequency) and to define the tolerance levels, as applicable. A new Operating Risk Management Model and the technology tool for its implementation are currently been developed.

II. Calculating capital requirement

Pursuant to the Operational Risk Capitalization Rules, the Financial Group has adopted a Basic Model, which is calculated and reported periodically to the authorities. Assets subject to operational risk are found in the corresponding note of the Rules.

III. Information and reporting

The information generated by the databases and the Management Model is processed regularly in order to report the main operating events detected, trends, identified risks (risk matrix) and the mitigating strategies to the Risk Policy Committee and the Board of Directors. The status of the principal initiatives for operating risk mitigation implemented by the different areas of the organization is also reported.

Technology risk

It is defined as the potential loss due to damage, interruption, alteration or failures in the use of or dependence on hardware, software, IT systems, applications, networks and any other data distribution channel for rendering services to customers. Technology risk forms an inherent part of operating risk, for which reason its management is performed throughout the entire organization.

To address operating risk associated with data integrity, the "Integrity Committee" was created. Its objectives include aligning data security and control efforts to a prevention approach, defining new strategies, policies, processes or procedures and solving data security issues that affect or may affect the Financial Group's assets.

The Financial Group performs the functions for technology risk management set forth by the Commission under the guidelines established by the institutional regulations and the Integrity Committee.

To address the operating risk caused by high impact external events, the Financial Group has a Business Continuity Plan (BCP) and Business Recovery Plan (BRP) based on a same-time data replication system at an alternate computer site. This guarantees the back-up and recovery of critical applications in the event of an operating contingency.

Legal risk

Legal risk is defined as the potential loss due to noncompliance with applicable legal and administrative provisions, adverse administrative and judicial rulings, and imposed penalties.

The legal risk must be measured as an inherent part of operating risk in order to understand and estimate its impact. Therefore, those legal issues which result in actual operating losses in the SMARL system are recorded in the SCERO in accordance with a predetermined classification.

Based on the statistics of the current legal issues and real loss events, the Financial Group can identify specific legal or operating risks, which are analyzed in order to eliminate or mitigate them in an attempt to reduce or limit their future occurrence or impact.

33 - MEMORANDUM ACCOUNTS

	2010	2009
Banks customers (current accounts)	Ps. 9	Ps. 4
Settlement of customer transactions	1	(80)
Customer valuables received in custody	172,922	134,480
Customer repurchase agreements	28,647	35,680
Managed trusts	4,348	4,641
	Ps. 205,927	**Ps. 174,725**
Other contingent assets and liabilities	Ps. 256	Ps. 273
Credit commitments	3,155	2,272
Deposits of assets	2,429	1,632
Assets in trusts or under mandate	124,723	112,942
Managed assets in custody	230,140	158,547
Investment banking transactions on account of third parties (net)	78,069	74,646
Collateral received by the institution	62,224	33,464
Collateral received and sold or given as a pledge by the entity	36,195	43,165
Past-due loan portfolio accrued but not charged interest	136	198
	Ps. 537,327	**Ps. 427,139**

34 - COMMITMENTS

As of December 31, 2010 and 2009, the Financial Group had the following contingent obligations and commitments:

- Other contingent obligations and opening of credits totaling Ps. 3,411 (Ps. 2,545 in 2009), which are recorded in memorandum accounts.

- Certain real property and operating equipment are leased. Total property lease payments for the periods ended December 31, 2010 and 2009, were Ps. 207 and Ps. 197, respectively.

35 - CONTINGENCIES

As of December 31, 2010, there are lawsuits filed against the Financial Group in civil and business court cases; however, the Financial Group's attorneys consider that the claims filed are unsubstantiated and, in the event of an adverse ruling, they would not significantly impact the Financial Group's consolidated financial position. A reserve of Ps. 118 is recorded for such contentious matters.

36 - SAVINGS PREVENTIVE AND PROTECTION MECHANISM

The objective of the Institute for the Protection of Bank Savings (IPAB) is to protect the deposits of small customers and thereby contribute to maintaining the financial system's stability and the proper functioning of the payments systems.

According to the Law of Bank Savings Protection (LPAB), the IPAB manages a bank savings protection system that guarantees the payment of bank deposits or loans or credits to Full Service Banking Institution up to an amount equivalent to 400 thousand UDIS per individual or business entity, regardless of the number or type of such obligations in the customer's favor and charged to a single bank.

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On July 30, 2007, general rules were issued for addressing joint accounts or those in which there is more than one account holder, referred to in art.14 of the LPAB, as well as the rules banks must observe for classifying information relative to transactions associated with guaranteed obligations.

The IPAB plays a major role in the implementation of the LPAB resolutions methods and the Law of Credit Institutions (LIC) as timely and adequate mechanisms for salvaging and liquidating Full Service Banking Institutions in financial trouble that may affect their solvency. The purpose is to provide maximum protection to the public while minimizing the negative impact that salvaging an institution may have on others in the banking system.

During 2010 and 2009, the amount of contributions to the IPAB payable by Banorte for fees amounted to Ps. 1,084 and Ps. 1,073, respectively.

37 — NEW ACCOUNTING PRINCIPLES

Modification of the consumer and mortgage loan rating methodology.

On October 25, 2010 the Commission issued a resolution to the General Provisions for Banking Institutions modifying the applicable non-revolving consumer and housing mortgage loan rating so that the allowance for loan losses will be calculated on the basis of expected rather than incurred loss. This modification will become effective on March 1, 2011. The Financial Group considers that the initial impact from entry into force of this amendment is approximately Ps. 600 increase in the reserve requirement. This will be recognized in stockholders' equity no later than March 31, 2011, in the prior year's results.

38 — DIFFERENCES BETWEEN MEXICAN BANKING GAAP AND MEXICAN FINANCIAL REPORTING STANDARDS

The Financial Group's consolidated financial statements are prepared in accordance with the Accounting Practices established by the Commission ("Mexican Banking GAAP"), which differ in certain respects from Mexican Financial Reporting Standards ("MFRS").

The principal differences and the effect on consolidated net income and consolidated stockholders' equity are presented below with an explanation of the adjustments. This information is not required by Mexican Banking GAAP.

Reconciliation of stockholders' equity:

	December 31, 2010	December 31, 2009
Stockholders' equity under Mexican Banking GAAP	Ps. 50,227	Ps. 44,974
Adjustments:		
Loan loss reserves (See B)	—	(198)
Loan origination fees and costs (See A)	277	275
Reserve for foreclosed assets (See C)	143	45
Insurance and postretirement activities (See A)	2,231	1,857
Purchased loan portfolio (See A)	86	(163)
Securitizations (See D)	(222)	(179)
Investment valuation (See A)	—	7
Total adjustments	2,515	1,644
Tax effect on adjustments (See F)	(783)	(439)
Noncontrolling interest attributable to adjustments (See G)	(777)	(645)
Stockholders' equity under MFRS	Ps. 51,182	Ps. 45,534

Reconciliation of net income:

	Year ended December 31,	
	2010	2009
Net income under Mexican Banking GAAP	Ps. 6,705	Ps. 5,854
Adjustments:		
Loan loss reserves (See B)	198	(101)
Loan origination fees and costs (See A)	2	126
Reserve for foreclosed assets (See C)	99	90
Insurance and postretirement activities (See A)	374	119
Derivatives (See A)	—	75
Purchased loan portfolio (See A)	249	220
Securitizations (See D)	(43)	152
Repurchase agreements (See A)	—	24
Investment valuation (See A)	(7)	19
Change in credit card loan rating methodology (E)	—	(1,102)
Total adjustments	872	(378)
Tax effect on adjustments (See F)	(311)	157
Noncontrolling interest attributable to adjustments (See G)	(150)	(31)
Net income under MFRS	Ps. 7,116	Ps. 5,602

Explanation of reconciling items:

A) General

This difference between Mexican Banking GAAP and MFRS is explained further in Note 39, as the accounting treatment under MFRS and U.S. GAAP are the same for this item.

B) Loan loss reserves

Mexican Banking GAAP establishes rules for loan portfolio ratings and general methodologies for the rating and constitution of preventive allowances for loan losses for each type of loan and allows credit institutions to rate and develop preventive allowances based on internal methodologies, previously authorized by the Commission.

According to Circular B-6, “Loan Portfolio”, additional reserves may be recorded to cover risks that are not foreseen by the existing loan portfolio rating methodologies. Before doing so, the Financial Group must report the following to the Commission: a) the origin of the estimates; b) the methodology applied; c) the amount of the estimates; and d) the period over which they are considered to be necessary. Prior to 2007, specific provisions were calculated when it was determined to be probable that the Financial Group would not recover the full contractual principal and interest on a loan (impaired loan).

Under Mexican Banking GAAP debtor support program allowances were canceled during the first quarter of 2007 as they did not meet the requirements mentioned above and additional allowances related to UDI Trusts are recorded in accordance with accounting circulars prescribed by the Commission. Under MFRS, additional reserves are not recorded and reserves for debtor support programs must be established and additional allowances related to UDI Trusts allowances must be reversed.

As disclosed in Note 10, on June 30, 2010 the Federal Government through the SHCP and Banking Institutions signed an agreement for the early termination of the mortgage loan debtors support programs (punto final and UDI trusts) As a result of signing the agreement, the Financial Group reduced its reserve to Ps. 57 related to such obligation. Under MFRS additional reserves for debtor programs were cancelled.

C) Reserve for foreclosed assets

Under Mexican Banking GAAP, reserves for foreclosed assets are required based on their nature and number of months outstanding. Under MFRS, these assets are recognized at the lower of the corresponding loan's book value or the fair value of the foreclosed asset. Potential impairment should also be evaluated and recognized, as necessary, on these assets.

D) Securitizations

Under Mexican Banking GAAP, the Financial Group accounts for its securitization transactions as disclosed in Note 4. If it has transferred a financial asset, MFRS requires the Financial Group to assess whether it has transferred substantially all the risks and rewards of ownership of the transferred asset. If it has retained substantially all such risks and rewards, it continues to recognize the transferred asset. If it has transferred substantially all such risks and rewards, it derecognizes the transferred asset. If the Financial Group concludes that it has neither transferred nor retained substantially all the risks and rewards of ownership of the transferred asset, it assesses whether it has retained control over the transferred asset. If it has retained control, it continues to recognize the transferred asset to the extent of its continuing involvement in the transferred asset. If it has not retained control, it derecognizes the transferred asset.

Under MRFS, the securitization transactions entered into by the Financial Group, were evaluated under the "transfer of risks and rewards" approach, concluding that all of such risks and rewards were not transferred, thus, the adjustment represents the reinstatement of the assets and liabilities to the Financial Group's balance sheet.

E) Change in credit card loan rating methodology

As disclosed in Note 11, in 2009, the cumulative effect of the change in consumer loan rating methodology for credit card operations was charged against retained earnings with the Commission's expressed authorization. MFRS requires such changes to be recorded in current earnings.

F) Income taxes

MFRS differences as described above, to the extent taxable, are reflected in the MFRS deferred tax balances.

G) Non-controlling interest

The effects of the MFRS differences as described in this Note reflect the amounts assigned to the noncontrolling interests.

39 — DIFFERENCES BETWEEN MEXICAN BANKING GAAP AND U.S. GAAP

The Financial Group's consolidated financial statements are prepared in accordance with Mexican Banking GAAP, which differ in certain significant respects from accounting principles generally accepted in the United States of America ("U.S. GAAP"). Through December 31, 2007, the Mexican Banking GAAP consolidated financial statements include the effects of inflation as provided for under NIF B-10, "Effects of Inflation", whereas financial statements prepared under U.S. GAAP are presented on a historical cost basis. The application of NIF B-10 represented a comprehensive measure of the effects of price level changes in the inflationary Mexican economy and, as such, was considered a more meaningful presentation than historical cost-based financial reporting for both Mexican and U.S. accounting purposes. Beginning on January 1, 2008, and through December 31, 2010, in accordance with NIF B-10, "Effects of Inflation", the Financial Group discontinued the recognition of inflation in its financial statements under Mexican Banking GAAP as the cumulative inflation for the preceding three years was less than 26%. Notwithstanding the prior comments, the following reconciliation to U.S. GAAP through December 31, 2007 does not include the reversal of the adjustments required under NIF B-10, as permitted by the rules and regulations of the Securities and Exchange Commission (the "SEC").

The principal differences as they relate to the Financial Group between Mexican Banking GAAP and U.S. GAAP and the effect on consolidated stockholders' equity and consolidated net income are presented below, with an explanation of the adjustments.

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Reconciliation of stockholders' equity:

	December 31, 2010	December 31, 2009
Stockholders' equity under Mexican Banking GAAP	Ps. 50,227	Ps. 44,974
U.S. GAAP adjustments:		
Loan loss reserves (See A)	2,868	3,034
Loan origination fees and costs (See B)	277	275
Purchased loan portfolio (See C)	86	(163)
Reserve for foreclosed assets (See E)	143	45
Insurance and postretirement activities (See F)	2,231	1,857
Business combinations (See G)	81	969
Employee retirement obligations (See H)	(1,062)	(1,029)
Securitizations (See J)	(26)	(22)
Other adjustments (See K)	423	322
Fair value measurements (See L)	(51)	(63)
IFC transaction (See M)	(4,244)	(3,651)
Income taxes (See N)	(1,602)	(1,617)
Total U.S. GAAP adjustments	(876)	(43)
Tax effect on U.S. GAAP adjustments (See N)	(1,751)	(1,794)
Noncontrolling interest attributable to U.S. GAAP adjustments (See O)	(762)	(689)
Stockholders' equity under U.S. GAAP	Ps. 46,838	Ps. 42,448

Reconciliation of net income:

	Years ended December 31, 2010	2009	2008
Net income under Mexican Banking GAAP	Ps. 6,705	Ps. 5,854	Ps. 7,014
U.S. GAAP adjustments:			
Loan loss reserves (See A)	(166)	1,668	225
Loan origination fees and costs (See B)	2	126	4
Purchased loan portfolio (See C)	249	220	278
Derivatives (See D)	—	75	(93)
Reserve for foreclosed assets (See E)	99	90	(210)
Insurance and postretirement activities (See F)	374	119	286
Business combinations (See G)	1	29	(318)
Employee retirement obligations (See H)	88	129	55
Capitalized costs (See I)	—	—	68
Securitizations (See J)	(4)	114	(134)
Other adjustments (See K)	(129)	(413)	(814)
Fair value measurements (See L)	12	74	(137)
Income taxes (See N)	15	(3)	11
Total U.S. GAAP adjustments	541	2,228	(779)
Tax effect on U.S. GAAP adjustments (See N)	(167)	(825)	362
Noncontrolling interest attributable to U.S. GAAP adjustments (See O)	(130)	(183)	(121)
Net income under U.S. GAAP	Ps. 6,949	Ps. 7,074	Ps. 6,476

A rollforward of the Financial Group's U.S. GAAP stockholders' equity balance is as follows:

	2010	2009
Balance at the beginning of the year	Ps. 42,448	Ps. 38,789
Net income under U.S. GAAP	6,949	7,074
Dividends declared	(1,029)	(364)
Issuance (repurchase) of shares	69	(451)
Acquisition of the 30% non-controlling interest of INB	—	(811)
Other comprehensive loss	(1,599)	(1,789)
Balance at the end of the year	Ps. 46,838	Ps. 42,448

I Explanation of reconciling items:

A) Loan loss reserves

Mexican Banking GAAP establishes rules for loan portfolio ratings and general methodologies for the rating and constitution of preventive allowances for loan losses for each type of loan and allows credit institutions to rate and develop preventive allowances based on internal methodologies, previously authorized by the Commission.

The Financial Group assigns an individual risk category to each commercial loan based on the borrower's financial and operating risk level, its credit experience and the nature and value of the loans' collateral. A loan loss reserve is determined for each loan based on a prescribed range of reserves associated to each risk category. In the case of the consumer and mortgage loan portfolio, the risk rating procedure and the establishment of loan reserves considers the accounting periods reporting past-due, the probability of noncompliance, and the severity of the loss in proportion to its amount and the nature of loan guarantees.

The U.S. GAAP methodology for recognition of loan losses is provided by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 450, "Contingencies", (previously SFAS No. 5, "Accounting for Contingencies"), and ASC 310 "Receivables" (previously SFAS No. 114, "Accounting by Creditors for Impairment of a Loan"), which establish that an estimated loss should be accrued when, based on information available prior to the issuance of the financial statements, it is probable that a loan has been impaired at the date of the financial statements and the amount of the loss can be reasonably estimated.

For larger non-homogeneous loans, the Financial Group assesses for impairment all individual loans with an outstanding balance greater than 4 million UDI or its equivalent in Mexican Pesos. Under U.S. GAAP, estimated losses on impaired loans, which are individually assessed, are required to be measured at the present value of expected future cash flows discounted at the loan's effective rate, the loan's observable market price or at the fair value of the collateral if the loan is collateral dependent.

To calculate the allowance required for smaller-balance impaired loans and unimpaired loans, historical loss ratios are determined by analyzing historical trends. These ratios are determined by loan type to obtain loss estimates for homogeneous groups of clients. Such historical ratios are updated to incorporate the most recent data reflective of current economic conditions, in conjunction with industry performance trends, geographic or obligor concentrations within each portfolio segment, and any other pertinent information, resulting in the estimation of the allowance for loan losses.

Under Mexican Banking GAAP, loans may be charged-off when collection efforts have been exhausted or when they have been fully provisioned. On the other hand for U.S. GAAP, loans (or portions of particular loans) should be written-off in the period that they are deemed uncollectible.

On August 12, 2009, the Commission issued a resolution modifying the "General Provisions applicable to Banking Institutions", which modifies the consumer loan rating methodology to show the expected loss in these operations based on the current environment.

This new methodology requires separating the consumer loan portfolio into two groups: those that refer to credit card operations and those that do not. The consumer loan portfolio that does not include credit card operations will consider the number of unpaid billing periods established by the Financial Group as well as the probability of noncompliance and the severity of the loss according as percentages established by the Commission. If this portfolio has collateral or means of payment in favor of the Financial Group, the covered balance will be considered to have zero unpaid periods for the provisioning purposes.

Regarding credit card loans, such portfolio shall be provisioned and rated on a loan-by-loan basis taking into consideration the probability of noncompliance, the severity of the loss and the exposure to noncompliance. The probability of noncompliance is determined using a formula which considers the number of delinquent payments before the calculation date, the number of payments not made in the previous six months, the percentage represented by the payment made with regards to the total payable balance, and the percentage represented by the payment made in relation to the account's authorized credit limit. The percentage to be utilized to determine the amount of loss reserves for each credit, results from multiplying the severity of the loss by the probability of noncompliance. The amount of the reserves to record results from multiplying the percentage referred to, by the exposure to noncompliance. Exposure to noncompliance is determined by applying a formula that considers both the total balance of the creditor's debt and its credit limit. In the case of inactive accounts, a provision equivalent to 2.68% of the credit limit shall be constituted. The resulting effect of applying the revised consumer loan rating method for credit card operations is shown in Note 11. Given that the methodology remained unchanged for purposes of U.S. GAAP, the adjustment related to the loan loss reserve for credit cards increased when compared to 2008.

U.S. GAAP loan loss reserves are as follows:

Loan loss reserves	2010	2009	2008
Loan loss reserves for ASC 310	Ps. 1,986	Ps. 388	Ps. 523
Loan loss reserves for ASC 450	3,391	4,113	4,728
Total loan loss reserves US GAAP	5,377	4,501	5,251
Mexican Banking GAAP loan loss reserves	8,245	7,535	6,617
Stockholders' equity adjustment	2,868	3,034	1,366
Net Income adjustment	Ps. (166)	Ps. 1,668	Ps. 225

Roll forward of loan loss reserves:

	2010	2009	2008
Beginning of the year	Ps. 4,501	Ps. 5,251	Ps. 2,572
Charge-offs net of recoveries	(6,329)	(7,560)	(4,002)
Charges to income of the year	7,205	6,810	6,681
End of the year	Ps. 5,377	Ps. 4,501	Ps. 5,251

Ratios:

Loan loss reserves for ASC 310	December 31, 2010	December 31, 2009	December 31, 2008	Percentage 2010	Percentage 2009	Percentage 2008
Total reserves	Ps. 1,986	Ps. 388	Ps. 523			
Total balances of impaired loans	Ps. 977	Ps. 387	Ps. 153	203.23%	100.26%	341.83%
Total balances of outstanding loans	Ps. 4,731	Ps. 7,596	Ps. 1,256	41.98%	5.11%	41.64%

Loan loss reserves for ASC 450	December 31, 2010	December 31, 2009	December 31, 2008	Percentage 2010	Percentage 2009	Percentage 2008
Total reserves	Ps. 3,391	Ps. 4,113	Ps. 4,728			
Total balances of impaired loans	Ps. 3,653	Ps. 4,717	Ps. 4,548	92.82%	87.22%	103.96%
Total balances of outstanding loans (1)	Ps. 265,483	Ps. 237,512	Ps. 243,990	1.28%	1.73%	1.94%

(1) The Financial Group has also recorded loan loss reserves in accordance with ASC 450 related to items such as guarantees and other off-balance sheet liabilities. Such balances, which are not included in the total balance of outstanding loans, amounted to Ps. 3,155, Ps. 2,272 and Ps. 2,793 as of December 31, 2010, 2009 and 2008, respectively.

Government Sponsored Programs

Mexican banks have participated in a number of debtor relief programs that began in 1995, which caused the Mexican banks to reduce their claims to the outstanding balances of loans meeting certain criterion in accordance with program guidelines. In connection with government sponsored restructurings, Mexican banks had the option of accounting for the full amounts of the loss on the date of the refinancing or deferring the loss and amortizing this loss in the statement of income in subsequent periods. For individual loan restructurings, the Financial Group generally charges off any difference in the carrying amount of the original loan and the restructured loan.

For U.S. GAAP purposes, discounts available for clients as stated in these programs were written-off as the Financial Group estimated that would be the expected reduction on the future cash flows.

B) Loan origination fees and costs

Under Mexican Banking GAAP, fees charged in connection with the issuance of loans are recorded as a deferred credit, which is amortized into interest income over the loan's term, using the straight line method. Until December 31, 2006, loan origination fees were recognized on a cash basis. This change in accounting principle was applied retrospectively. Costs and expenses associated with the initial granting of the loan are recorded as a deferred charge to be amortized as interest expense over the same period in which the fee income is recognized. This applies only to those costs and expenses that are considered incremental. Until December 31, 2007 loan origination costs were expensed as incurred. This change was applied prospectively given the practical impossibility of determining them for prior years. In addition, annual credit card fees, the fees for unused credit lines, as well as the associated costs and expenses, are amortized in 12 months. Under U.S. GAAP, as required by ASC 310 "Receivables" (previously SFAS No. 91 "Accounting for Nonrefudable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases"), loan origination fees are deferred and recognized over the life of the loan as an adjustment of yield (interest income). Likewise, direct loan origination costs defined in the following paragraph are deferred and recognized as a reduction in the yield of the loan. Loan origination fees and related direct loan origination costs for a given loan are offset and only the net amount is deferred and amortized.

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Direct loan origination costs of a completed loan include (a) incremental direct costs of loan origination incurred in transactions with independent third parties for that loan and (b) certain costs directly related to specified activities performed by the lender for that loan. Those activities include evaluating the prospective borrower's financial condition; evaluating and recording guarantees, collateral, and other security arrangements; negotiating loan terms; preparing and processing loan documents; and closing the transaction.

Credit card fees and costs are recognized on a straight-line basis over the period the cardholder is entitled to use the card.

C) Purchased loan portfolio

As discussed below, prior to December 31, 2004 Mexican Banking GAAP had no specific rules covering the accounting treatment of loan portfolios purchases. As collections on the purchased loan portfolios were received, the Financial Group recognized the amounts recovered as investment income. In addition, the Financial Group amortized the cost of the investment based on the percentage of amounts recovered to the acquisition cost of the portfolio acquired, as adjusted by financial projections. Unamortized amounts, if any, were written off when the collection process had ceased.

In 2005, the Financial Group adopted the guidance found in ASC 310 "Receivables" (previously SOP 03-3 "Accounting for Certain Loans or Debt Securities Acquired in a Transfer") for its Mexican Banking GAAP financial statements and applied it prospectively to all existing portfolios held. U.S. GAAP addressed accounting for differences between contractual cash flows and cash flows expected to be collected from an investor's initial investment (the amount paid to the seller plus any fees paid or less any fees received) in loans or debt securities (loans) acquired in a transfer if those differences are attributable, at least in part, to credit quality. For U.S. GAAP purposes, in 2004 the Financial Group early adopted this guidance and began to apply its requirements for all portfolios purchased after December 31, 2003.

In 2007, the Financial Group adopted the Commission's new Circular B-11, "Collection Rights"; therefore under Mexican Banking GAAP purchased portfolios are valued using one of the following methods: cash basis method, interest method and cost recovery method, established in such circular.

Under U.S. GAAP, ASC 310 "Receivables" (previously APB 6, "Amortization of Discounts on Certain Acquired Loans"), addressed the accounting and reporting by purchasers of loans in fiscal years beginning on or before December 15, 2004. This accounting was utilized for all portfolios purchased prior to December 31, 2003. At the time of acquisition, the sum of the acquisition amount of the loan and the discount to be amortized should not exceed the undiscounted future cash collections that are both reasonably estimable and probable. If these criteria are not satisfied, the loan should be accounted for using the cost-recovery method.

The loan portfolios (generally consisting of troubled loans) purchased at a discount would represent a purchase of a loan portfolio where it is not probable that the undiscounted future cash collections will be sufficient to recover the face amount of the loan and contractual interest. Consequently, under U.S. GAAP, at the time of acquisition, the sum of the acquisition amount of the loan and the discount to be amortized should not exceed the undiscounted future cash collections that are both reasonably estimable and probable. The discount on an acquired loan should be amortized over the period in which the payments are probable of collection only if the amounts and timing of collections, whether characterized as interest or principal, are reasonably estimable and the ultimate collectability of the acquisition amount of the loan and the discount is probable. If these criteria are not satisfied, the loan should be accounted for using the cost-recovery method. Application of the cost-recovery method requires that any amounts received be applied first against the recorded amount of the loan; when that amount has been reduced to zero, any additional amounts received are recognized as income.

Under Mexican Banking GAAP, origination costs and other fees are capitalized as part of the original investment, while for U.S. GAAP purposes those costs are expensed as incurred.

The Financial Group's portfolio disclosures and U.S. GAAP methodology applied are disclosed in the following table:

Portfolio	Stockholders' equity December 31, 2010	Stockholders' equity December 31, 2009	Net income Year ended December 31, 2010	Net income Year ended December 31, 2009	Net income Year ended December 31, 2008	Methodology applied under U.S. GAAP
Bancrecer I	Ps. (106)	Ps. (131)	Ps. 25	Ps. 21	Ps. 13	Cost-recovery method
Serfin Santander	14	(57)	71	3	10	Cost-recovery method
Meseta	34	33	1	48	23	Cost-recovery method
Bancrecer II	(2)	(2)	—	—	—	Cost-recovery method
Goldman Sachs	(96)	(147)	51	39	42	Cost-recovery method
Cremi	(34)	(41)	7	8	13	Cost-recovery method
Banorte Sólida	(104)	(128)	24	23	46	Cost-recovery method
Bancomer I	(134)	(153)	19	(17)	(27)	Cost-recovery method
Bancomer II	—	1	(1)	(8)	(2)	Interest method
Banco Unión	20	10	10	4	(5)	Interest method
Bital I	6	(17)	23	30	19	Interest method
Bancomer III	13	36	(23)	2	6	Interest method
Bancomer IV	288	243	45	68	71	Interest method
Bital II	17	13	4	(1)	(6)	Interest method
Banamex Hipotecario	69	80	(11)	(1)	20	Interest method
GMAC Banorte	10	14	(4)	(10)	7	Interest method
Serfin Comercial I	7	10	(3)	(6)	27	Interest method
Serfin Hipotecario	87	73	14	14	17	Interest method
Vipesa	(3)	—	(3)	3	4	Interest method
	Ps. 86	Ps. (163)	Ps. 249	Ps. 220	Ps. 278	

D) Derivatives

Beginning in 2007, under Mexican Banking GAAP, trading instruments are carried at fair value in the balance sheet, and changes in fair value are recognized in current earnings. The Financial Group accounts the hedge instruments as follows:

- For fair value hedges, the transactions are recorded as follows: the fair value of the derivative instrument is recorded in the balance sheet, and changes in the fair value of both the derivative instrument and the hedged item are recognized in current earnings.

- For cash flow hedges, the transactions are recorded as follows: the fair value of the derivative instrument is recorded in the balance sheet and changes in the effective portion are temporarily recognized as a component of other comprehensive income in stockholders' equity and subsequently reclassified to current earnings when affected by the hedged item. The ineffective portion of the gain or loss on the hedging instrument is recognized in current earnings.

Under Mexican Banking GAAP, through December 31, 2008, the Financial Group was not required to bifurcate its embedded derivatives related to service contracts and purchase and sale transactions from their host contracts and record them at their fair value for financial statement purposes.

Through December 31, 2008, under Mexican Banking GAAP, the designation of a derivative instrument as a hedge of a net position ("macro hedging") was allowed. However, macro hedging is not permitted under U.S. GAAP.

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ASC 815, "Derivatives and Hedging" (previously SFAS 133, "Accounting for Derivative Instruments and Hedging Activities"), of U.S. GAAP provides that:

- Derivative financial instruments considered to be an effective hedge from an economic perspective that have not been designated as a hedge for accounting purposes are recognized in the balance sheet at fair value with changes in the fair value recognized in earnings concurrently with the change in fair value of the underlying assets and liabilities.

- For all derivative instruments that qualify as fair value hedges for accounting purposes, of existing assets, liabilities or firm commitments, the change in fair value of the derivative should be accounted for in the statement of income and be fully or partially offset in the statement of income by the change in fair value of the underlying hedged item; and

- For all derivative contracts that qualify as hedges of future cash flows for accounting purposes, the change in the fair value of the derivative should be initially recorded in other comprehensive income in stockholders' equity. Once the effects of the underlying hedged transaction are recognized in earnings, the corresponding amount in OCI is reclassified to the statement of income to offset the effect of the hedged transaction. All derivative instruments that qualify as hedges are subject to periodic effectiveness testing. Effectiveness is the derivative instrument's ability to generate offsetting changes in the fair value or cash flows of the underlying hedged item. The ineffective portion of the change in fair value for a hedged derivative is immediately recognized in earnings, regardless of whether the hedged derivative is designated as a cash flow or fair value hedge.

Under U.S. GAAP, prior to January 1, 2007, the Financial Group's derivative contracts are not accounted for as hedges for accounting purposes and are recognized in the balance sheet at fair value with changes in the fair value recognized in earnings concurrently with the change in fair value of the underlying assets and liabilities.

Under U.S. GAAP, certain embedded terms included in host contracts that affect some or all of the cash flows or the value of other exchanges required by the contract in a manner similar to a derivative instrument must be separated from the host contract and accounted for at fair value.

E) Reserve for foreclosed assets

Under Mexican Banking GAAP, assets repossessed or received as payment in kind are recorded at the value at which they were judicially repossessed by order of the courts. If the book value of the loan to be foreclosed on the date of foreclosure is lower than the value of the repossessed asset as judicially determined, the value of the asset is adjusted to the book value of the loan. Foreclosed assets are subsequently valued based on standard provisions established by the Commission depending on the nature of the foreclosed asset and the number of months outstanding.

Until December 31, 2006, in accordance with Mexican Banking GAAP foreclosed assets were considered to be monetary assets, while for U.S. GAAP these were treated as non-monetary assets. As a result of the change in the accounting for foreclosed assets under Mexican Banking GAAP, in 2007 the Financial Group no longer calculated REPOMO related to these assets as they were considered to be non-monetary assets.

Under U.S. GAAP, as required by ASC 310 "Receivables" (previously SFAS No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings"), assets repossessed or received as payment in kind are reported at the time of foreclosure or physical possession at their fair value less estimated costs to sell. Subsequent impairment adjustments should be recognized if the fair value of these assets decreases below the value measured when repossessed or received, determined on an asset by asset basis. Those assets not eligible for being considered as 'available-for-sale' are depreciated based on their useful life and are subject to impairment tests.

F) Insurance and postretirement activities

According to the accounting practices prescribed by the Mexican National Insurance and Surety Commission (Mexican Insurance GAAP), commissions and costs at the origination of each policy are charged to income as incurred. In addition, for life insurance policies, any amount received from individuals is considered as premium income. As required by U.S. GAAP, commissions and costs at origination are capitalized and amortized over the life of the policy using the effective interest method (deferred acquisition costs). Furthermore, premiums received in excess for life insurance policies are recorded as premium income.

Also, under the accounting practices prescribed by the National System of Saving for the Retirement Commission, the direct costs associated with the reception of new clients for the administration of the bills of retirement is recognized in income as incurred. Under U.S. GAAP the costs are capitalized and amortized over the time in which the service is rendered.

Accumulated deferred acquisition costs (DAC) as of December 31, 2010, 2009 and 2008 under U.S. GAAP are as follows:

	December 31, 2010	December 31, 2009	December 31, 2008
Life	Ps. 24	Ps. 22	Ps. 20
P&C	316	287	255
Health	28	58	197
Afore	1,640	1,351	1,397
Total accumulated DAC	Ps. 2,008	Ps. 1,718	Ps. 1,869
DAC - net amount charged to net income	Ps. 290	Ps. (151)	Ps. 371

Under Mexican Insurance GAAP, certain reserves (disaster) are calculated using internal models previously approved by the Mexican National Insurance and Surety Commission. Generally pension reserves are based on the present value of benefits to be paid together with fees suggested by this Commission. U.S. GAAP establishes the use of a fee that allows policy benefits to be covered through premiums collected for pension reserves. Under U.S. GAAP, provisions for disaster reserves are based on actuarial calculations for losses incurred using the experience of the Financial Group.

The Financial Group recorded a reserve for catastrophic events under Mexican GAAP as a liability which is not allowed by U.S. GAAP.

Loss reserves and unearned premiums:

	December 31, 2010	December 31, 2009
Life	Ps. 23	Ps. 68
P&C	(348)	(267)
Health	(38)	(125)
LAE	(161)	(107)
Afore	(343)	(308)
Pensions	739	696
Total	(128)	(43)
Catastrophic reserve:		
P&C	320	252
	320	252
Reinsurance activities	30	(70)
Total reserves	Ps. 222	Ps. 139

Summary:

	December 31,	
	2010	2009
DAC	Ps. 2,008	Ps. 1,718
Total reserves	222	139
Total adjustments	Ps. 2,230	Ps. 1,857

G) Business combinations

Through December 31, 2004, under Mexican Banking GAAP the excess of the purchase price over the adjusted book value of net assets acquired was recorded as goodwill (negative goodwill if book value exceeded the purchase price). Effective January 1, 2005, NIF B-7, which substantially conforms to the accounting established by U.S. GAAP, except as it relates to transactions between shareholders, requires the excess of the purchase price over the book value of assets and liabilities acquired to be allocated to the fair value of separately identifiable assets and liabilities acquired.

Under U.S. GAAP, ASC 805, "Business Combinations" (previously SFAS No. 141), requires the excess purchase price over the book value of assets and liabilities acquired to be allocated to the fair value of separately identifiable assets and liabilities acquired. Retail depositor relationships associated with an acquisition of a financial institution by a bank, termed the core deposit intangible, are identified and valued separately. In addition, any negative goodwill (excess of fair value over cost) is first allocated to reduce long-lived assets acquired and if any negative goodwill remains that amount is recognized as an extraordinary gain. The Financial Group's U.S. GAAP stockholders' equity and net income balances have been adjusted for differences generated by the balances of both intangible and fixed assets resulting from the Bancrecer acquisition in 2001.

The Financial Group's subsidiary Banorte, through its wholly-owned subsidiary Banorte USA acquired 70% of the outstanding common stock of INB on November 16, 2006. The total purchase price including acquisition costs, exceeded the estimated fair value of tangible net assets acquired by approximately USD 176 million, of which approximately USD 16 million was assigned to an identifiable intangible asset with the remaining balance recorded by the Financial Group as goodwill. The identifiable intangible asset represents the future benefit associated with the acquisition of the core deposits and is being amortized over a period that approximates the expected attribution of the deposits. Factors that contributed to a purchase price resulting in goodwill include INB's historical record of earnings, capable management, and the Financial Group's ability to enter the US market, which are expected to complement and create synergies with the Financial Group's existing service locations. The results of operations of INB are included in the consolidated earnings of the Financial Group as of the effective date of the acquisition. Certain differences related to Banorte USA, which prepares its financial information in accordance with U.S. GAAP are included in the reconciliation within the corresponding U.S. GAAP adjustments. The goodwill recorded in the acquisition of INB is being accounted for in accordance with ASC 350, "Intangibles — Goodwill and Other" (previously SFAS No. 142 "Goodwill and Other Intangible Assets"). Accordingly, goodwill will not be amortized; rather it is being tested annually for impairment. In addition, goodwill is not deductible for tax purposes.

In conjunction with the acquisition of 70% of the outstanding shares of INB, Banorte entered into a stock option agreement with INB shareholders. The agreement granted Banorte, or its assignees, an irrevocable option to purchase the remaining 30% of the outstanding shares of INB (hereinafter referred to as the "Call Option"). In addition, the agreement granted INB shareholders the option to require Banorte, or its assignees to purchase the remaining 30% of the outstanding shares of INB (hereinafter referred to as the "Put Right"). If Banorte or the INB shareholders exercise the Call Option or the Put Right, each party must purchase or sell the entire 30% of the remaining share of INB. In conformity with recommendations made by the Commission, the Financial Group recognized a liability for the obligation represented by the Put Right at the acquisition date. In subsequent periods, the obligation was revised based on the contractual amount established in the purchase agreement with changes in the value recognized in goodwill. Under U.S. GAAP, the Put Right was recognized as a free standing financial instrument under the premises of ASC 480 "Distinguishing Liabilities from Equity" (previously SFAS No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity"), and was recorded at the acquisition date at its estimated fair market value, with corresponding changes in fair value recognized in current earnings.

In April 2009 the Financial Group exercised its call option acquiring the remaining 30% of INB's shares and as of December 31, 2010 and 2009 is the 100% owner. For purposes of Mexican Banking GAAP this resulted in cancelling the value of the call option that had been recorded upon initial recognition. Under U.S. GAAP, the acquisition of the remaining 30% of the shares of INB, was treated as an equity transaction with no further valuation of the assets or liabilities of INB Financial Corp, and thus no recording of additional goodwill.

H) Employee retirement obligations

Under Mexican Banking GAAP NIF D-3 requires the recognition of a severance indemnity liability calculated based on actuarial computations. Similar recognition criteria under U.S. GAAP are established in ASC 712 "Compensation — Nonretirement Postemployment Benefits" (previously SFAS No. 112, "Employers' Accounting for Postemployment Benefits"), which requires that a liability for certain termination benefits provided under an ongoing benefit arrangement such as these statutorily mandated severance indemnities, be recognized when the likelihood of future settlement is probable and the liability can be reasonably estimated. Prior to 2008, Mexican Banking GAAP allowed for the Financial Group to amortize the transition obligation related to the adoption of NIF D-3 over the expected service life of the employees. Beginning in 2008, an amendment to NIF D-3 requires the amortization of the unrecognized transition as of January 1, 2008 over the lesser of the expected remaining service period of employees or over five years. However, U.S. GAAP required the Financial Group to recognize such effect upon initial adoption and does not permit an entity to reduce the accrued liability by any unrecognized items, which results in a difference in the amount recorded under the two accounting principles.

Under Mexican Banking GAAP, pension and seniority premium obligations are determined in accordance with NIF D-3. For U.S. GAAP, such costs are accounted for in accordance with ASC 715 "Compensation — Retirement Benefits" (previously SFAS No. 87, "Employers' Accounting for Pension"), whereby the liability is measured, similar to Mexican Banking GAAP, using the projected unit credit method at net discount rates. Those requirements became effective on January 1, 1989 whereas NIF D-3 became effective on January 1, 1993. Therefore, a difference between Mexican Banking GAAP and U.S. GAAP exists due to the accounting for the transition obligation at different implementation dates.

Postretirement benefits are accounted for under U.S. GAAP in accordance with ASC 715 "Compensation — Retirement Benefits" (previously SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions"), which applies to all post-retirement benefits, such as life insurance provided outside a pension plan or other postretirement health care and welfare benefits expected to be provided by an employer to current and former employees. The cost of postretirement benefits is recognized over the employees' service periods and actuarial assumptions are used to project the cost of health care benefits and the present value of those benefits. For Mexican Banking GAAP purposes as required by NIF D-3, the Financial Group accounts for such benefits in a manner similar to U.S. GAAP. The requirements in ASC 715 became effective on January 1, 1993 whereas NIF D-3 became effective on January 1, 2003. Therefore, a difference between Mexican Banking GAAP and U.S. GAAP exists due to the accounting for the transition obligation at different implementation dates.

The Financial Group has adopted the provisions of ASC 715 "Compensation — Retirement Benefits" (SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans"). This statement requires the Financial Group to (1) fully recognize, as an asset or liability, the overfunded or underfunded status of defined pension and other postretirement benefit plans; (2) recognize changes in the funded status through other comprehensive income in the year in which the changes occur; and (3) measure the funded status of defined pension and other postretirement benefit plans as of the date of the its fiscal year-end.

I) Capitalized costs

Under Mexican Banking GAAP, prior to the issuance of NIF C-8, "Intangible Assets", all expenses incurred in the preoperating or development stages were capitalized. Upon adoption of NIF C-8, research costs and preoperating costs should be expensed as a period cost, unless they can be classified as development costs to be amortized on a straight-line basis after operations commence for a period not exceeding 20 years. Under U.S. GAAP, in accordance with ASC 730, "Accounting for Research and Development", and ASC 340, "Other Assets and Deferred Cost" (previously SFAS No. 2, "Accounting for Research and Development Costs," and SOP 98-5, "Reporting on the Costs of Start-Up Activities"), such research and preoperating expenses are expensed as incurred.

Under Mexican Banking GAAP, the Financial Group has capitalized certain significant costs related to implementation projects. For U.S. GAAP purposes, the Financial Group follows the guidance established by ASC 350 "Intangibles — Goodwill and Other" (previously SOP 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use"). This standard establishes that computer software costs incurred in the preliminary project stage should be expensed as incurred. Once the capitalization criteria of the standard have been met, external direct costs of materials and services consumed in developing or obtaining internal-use computer software; payroll and payroll-related costs for employees who are directly associated with and who devote time to the internal-use computer software project (to the extent of the time spent directly on the project); and interest costs incurred when developing computer software for internal use should be capitalized. Generally, training costs and data conversion costs should be expensed as incurred. As the U.S. GAAP standard is more stringent, the reconciling item represents an adjustment for items that have been capitalized for Mexican Banking GAAP purposes that do not qualify for capitalization under U.S. GAAP.

J) Securitizations

Mortgage Loan Securitization

During December 2006, the Financial Group securitized mortgage loans in the amount of Ps. 2,147, by transferring such loans to a qualifying special purpose entity (the "Trust") created specifically for purposes of this transaction. The Trust issued certificates that trade on the Mexican Stock Exchange and guarantees its holders with a specific rate of return. The Financial Group received a subordinated certificate from the Trust, which entitles the Financial Group to retain the excess cash flows in the Trust, after reimbursing the holders of the certificates, which was recorded at its nominal value and classified as an available-for-sale security. Under Mexican Banking GAAP, this securitization was accounted for as a sale and as a result of recognizing the retained interest represented by the subordinated certificate at nominal value no gain or loss on the sale was recognized. As of January 2007, subsequent increases or decreases in the fair value of the subordinated certificate are reflected by an adjustment, net of taxes, being charged or credited to the other comprehensive income portion of stockholders' equity, which conforms to the accounting established by U.S. GAAP.

Under US GAAP, the securitization met the criteria established by ASC 860 for sale accounting and the securitized loans were derecognized by the Financial Group as of the date of sale. The Financial Group allocated the previous book carrying amount between the loans sold and the subordinated certificate (the retained interest) in proportion to their relative fair values on the date of transfer. The Financial Group recognized a gain on the sale of Ps. 358 by comparing the net sale proceeds (after transaction costs) to the allocated book value of the loans sold. The subordinated certificate was recorded at its relative book value at the date of sale and has been classified as an available-for-sale security under ASC 320. Subsequent increases or decreases in the fair value of the subordinated certificate are reflected by an adjustment, net of taxes, being charged or credited to the other comprehensive income portion of stockholders' equity.

State and Municipal Government Loans Securitization

During November 2007, the Financial Group securitized state and municipal government loans in the amount of Ps. 5,599 by transferring such loans to a qualifying special purpose entity (the "Trust") created specifically for purposes of this transaction. The Trust issued certificates that trade on the Mexican Stock Exchange and guarantees its holders with a specific rate of return. The Financial Group retained the 100% of the securitization certificates issued by the Trust and immediately subsequent to the securitization sold them under repurchase agreements. The Financial Group received a subordinated certificate from the Trust, which entitles the Financial Group to retain the excess cash flows in the Trust, after reimbursing the holders of the certificates, which was recorded at its fair value and classified as a trading security. Under Mexican Banking GAAP, this securitization was accounted for as a sale and generated a gain, resulting from the difference between the fair value of the assets received and the carrying value of the transferred assets.

For U.S. GAAP purposes, given that the Financial Group repurchased 100% of the certificates issued by the Trust, the transactions did not meet the sales criteria established by ASC 860 and as a result were accounted for as secured borrowings.

For Mexican Banking GAAP, through December 2008, both subordinated certificates were presented as part of the "Investments in securities" line item in the Consolidated Balance Sheet. In 2009, the Financial Group reclassified them to the "Receivables generated by securitizations" line item, due to a change in the Commissions' accounting criteria

K) Other adjustments

These include the following:

	Stockholders' equity December 31,		Net income Year ended December 31,		
	2010	2009	2010	2009	2008
1) Non-accrual loans	Ps. 428	Ps. 326	Ps. 102	Ps. 157	Ps. 142
2) Guarantees	(5)	(11)	6	(18)	29
3) Repurchase agreements	—	—	—	24	46
4) Investment valuation	—	7	(237)	(629)	(1,121)
5) Equity method investments	—	—	—	53	90
	Ps. 423	Ps. 322	Ps. (129)	Ps. (413)	Ps. (814)

These other adjustments are related to the following differences between Mexican Banking GAAP and U.S. GAAP:

1) Under Mexican Banking GAAP, the recognition of interest income is suspended when certain of the Financial Group's loans become past due based on criteria established by the Commission. Under U.S. GAAP, the accrual of interest is generally discontinued when, in the opinion of management, there is an indication that the borrower may be unable to make payments as they become due. As a general practice, this occurs when loans are 90 days or more overdue. Any accrued but uncollected interest is reversed against interest income at that time.

2) For U.S. GAAP purposes, guarantees are accounted for under ASC 460 "Guarantees", which requires that an entity recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. For Mexican Banking GAAP purposes, the Financial Group does not record the fair value of such guarantees in its consolidated financial statements.

3) The repurchase and resale agreements are transactions by which the purchaser acquires ownership of financial instruments for a sum of money and is obligated to transfer instruments of the same kind to the seller of the securities within the agreed term and in exchange for the same price, plus a premium. Under Mexican Banking GAAP repurchase transactions are recorded according to their economic substance, which is financing with collateral, by which the Financial Group, acting as the purchaser, gives cash as financing in exchange for financial assets as guarantee in the event of noncompliance. Prior to September, 2008, repurchase and resale agreements represented the temporary purchase or sale of certain financial instruments in exchange for a specified premium to be paid or received and with the obligation to resell or repurchase the underlying securities and were recorded as sales and purchases of securities, respectively. A net asset or liability was recorded at the fair value of the commitment to subsequently repurchase or resell the securities, respectively. Under U.S. GAAP, repurchase and reverse repurchase agreements are transfer transactions subject to specific provisions and conditions that must be met in order for a transaction to qualify as a sale rather than a secured borrowing, In most cases, banks in the U.S. enter into repurchase and reverse repurchase transactions that qualify as secured borrowings. Accordingly, the Financial Group's assets subject to a repurchase agreement would not be derecognized. Due to changes in Mexican Banking GAAP effective October 2008, repurchase and reverse repurchase agreements are accounted for as secured borrowings, as is also required under U.S. GAAP.

4) Until December 31, 2008, the investment valuation adjustment was related to a difference in the income recognition for available-for-sale and held-to-maturity securities. For U.S. GAAP purposes, the premiums and discounts of such securities are accounted for based on the interest method. Under Mexican Banking GAAP, the Financial Group recognized income based on the straight line method. Additionally, under Mexican Banking GAAP, the Financial Group recognizes the effect of exchange rate fluctuations of its securities available for sale within income of the year. Under U.S. GAAP, this impact is recognized in other comprehensive income. As disclosed in Note 4, due to changes in Mexican Banking GAAP effective January 2009, the investment valuation related to available-for-sale and held-to-maturity securities substantially conforms to U.S. GAAP requirements.

5) Until December 31, 2008, under Mexican Banking GAAP, investments in associated companies in which the Financial Group had more than a 10% ownership, were accounted for by the equity method. For U.S. GAAP purposes, investments in associated companies in which the Financial Group has a 20% to 50% ownership, but not a controlling interest, are accounted for by the equity method. Investments in which the Financial Group has less than a 20% ownership are generally accounted for under the cost method, unless it can demonstrate that it has significant influence.

L) Fair value measurements

For purposes of U.S. GAAP, the Financial Group applies the accounting provisions of ASC 820 "Fair Value Measurements and Disclosure" (previously SFAS No. 157, Fair Value Measurements). U.S. GAAP establishes a framework for measuring fair value and expands disclosures about fair value measurements and clarifies the definition of exchange price as the price between market participants in an orderly transaction to sell an asset or transfer a liability in the market in which the reporting entity would transact for the asset or liability, that is, the principal or most advantageous market for the asset or liability. The changes to existing practice resulting from the application of this statement relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. This guidance was effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years for financial assets and liabilities. On October 10, 2008, the FASB issued guidance included in ASC 820 (Staff Position ("FSP") FAS No. 157-3 "Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active"), which was effective upon issuance. The provisions of ASC 820 were deferred until fiscal years beginning after November 15, 2008 for nonfinancial assets and liabilities. The effect of adopting ASC 820 as it relates to the Financial Group's financial assets and liabilities is included in the reconciliation between Mexican Banking GAAP and U.S. GAAP. There was no impact to the Financial Group's U.S. GAAP balances as a result of adopting this standard related to its nonfinancial assets and liabilities.

The Financial Group applied the following hierarchy for fair value.

Level 1. - Assets and liabilities for which an identical instrument is negotiated in an active market, such as publicly negotiated instruments or futures contracts (highly liquid and actively traded).

Level 2. - Assets and liabilities valued using information observable in the market for similar instruments; prices quoted in inactive markets; or other observable assumptions that can be evidenced with available information in the market for substantially the entire terms of the asset and liability.

Level 3. - Assets and liabilities whose significant valuation assumptions are not readily observable in the market; instruments valued using the best information available, some of which is developed internally, considering the risk premium that a market participant would need.

The Financial Group considers the primary or the best market where the transaction can take place and the assumptions that a market participant would use to value the asset or liability. When possible, the Financial Group uses active markets and observable market prices for identical assets and liabilities. When the identical assets and liabilities are not negotiated in active markets, the Financial Group uses observable market information for similar assets and liabilities. However, certain assets and liabilities are not actively negotiated in observable markets, so the Financial Group has to use alternate valuation methods to measure fair value.

Many over the counter ("OTC") contracts have bid and ask prices that can be observed in the marketplace. Bid prices reflect the highest price that a party is willing to pay for an asset. Ask prices represent the lowest price that a party is willing to accept for an asset. For financial instruments whose inputs are based on bid-ask prices, the Financial Group does not require that the fair value estimate always be a predetermined point in the bid-ask range. The Financial Group's policy is to allow for mid-market pricing and adjusting to the point within the bid-ask range that meets the Financial Group's best estimate of fair value. For offsetting positions in the same financial instrument, the same price within the bid-ask spread is used to measure both the long and short positions.

Fair value for many OTC contracts is derived using pricing models. Pricing models take into account the contract terms (including maturity) as well as multiple inputs, including, where applicable, commodity prices, equity prices, interest rate yield curves, credit curves, correlation, and creditworthiness of the counterparty, option volatility and currency rates. In accordance with U.S. GAAP, the impact of the Financial Group's own credit spreads is also considered when measuring the fair value of liabilities, including OTC derivatives contracts. Where appropriate, valuation adjustments are made to account for various factors such as liquidity risk (bid-ask adjustments), credit quality and model uncertainty. These adjustments are subject to judgment, are applied on a consistent basis and are based upon observable inputs where available. The Financial Group generally subjects all valuations and models to a review process initially and on a periodic basis thereafter.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Financial Group's own assumptions are set to reflect those that the Financial Group believes market participants would use in pricing the asset or liability at the measurement date.

Certain assets are measured at fair value on a non recurring basis. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. These include property, furniture and fixtures, foreclosed assets and goodwill that are written down to fair value when they are determined to be impaired. As mentioned in Note 4, the Financial Group has established guidelines to identify and, if applicable, record losses derived from the impairment or decrease in value of long-lived tangible or intangible assets, including goodwill. No impairment to property, furniture, fixtures, foreclosed assets or goodwill was identified for the years ended December 31, 2010 and 2009. As a result no fair value adjustments to these assets were recorded and the related fair value disclosures were not necessary.

As of December 31, 2010 and 2009, the Financial Group did not have any liabilities measured on a non recurring basis; as such, no disclosure was necessary.

Below is a description of the valuation methods used for the instruments measured at fair value on a recurring basis, including the general classification of such instruments according to their fair value hierarchy.

Investments in securities

When reference prices are available in an active market and the financial instruments are negotiated in liquid organized markets, they are considered Level 1 in the fair value hierarchy. If market price is not available or is available solely in inactive markets, fair value is estimated using valuation methods, prices established for other instruments with similar characteristics or using discounted cash flows that include assumptions prepared by management. This type of securities is classified in Level 2, and in the event the model includes assumptions prepared by management, the securities are classified in Level 3, following the fair value hierarchy.

Derivative financial instruments

Derivatives quoted on stock exchanges whose fair value is based on quoted market prices are classified in fair value hierarchy Level 1. However, for those derivative contracts quoted over the counter, their fair value is based on widely accepted valuation methods in the market using observable inputs that can be evidenced with information available in the market. Such derivatives are classified in fair value hierarchy Level 2.

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The following fair value hierarchy table presents information regarding the Financial Group's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2010 and 2009:

	Fair value measurements as of December 31, 2010			
	Quoted prices In active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	December 31, 2010 Fair value
Trading securities	Ps. 66,181	Ps. —	Ps. —	Ps. 66,181
Available for sale securities	4,415	7,873	—	12,288
Derivative asset position	—	8,059	—	8,059
Derivative liability position	—	(10,737)	—	(10,737)
Securitization receivables	—	—	950	950
IFC Transaction	—	—	4,244	4,244
Total	Ps. 70,596	Ps. 5,195	Ps. 5,194	Ps. 80,985

	Fair value measurements as of December 31, 2009			
	Quoted prices In active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	December 31, 2009 Fair value
Trading securities	Ps. 24,459	Ps. —	Ps. —	Ps. 24,459
Available for sale securities	5,098	6,603		11,701
Derivative asset position	—	5,880	—	5,880
Derivative liability position	—	(8,375)	—	(8,375)
Securitization receivables	—	—	432	432
IFC Transaction	—	—	3,651	3,651
Total	Ps. 29,557	Ps. 4,108	Ps. 4,083	Ps. 37,748

	Fair value measurements using significant unobservable inputs (Level 3) Securities
Beginning balance	Ps. 4,083
Total gains or losses (realized/unrealized)	
Included in earnings (or changes in net assets)	518
Included in other comprehensive income	593
Ending balance	Ps. 5,194

The definition of fair value under U.S. GAAP, which is based on an exit price notion, differs from the definition established by Mexican Banking GAAP, which is based on a settlement price notion. Therefore, the Financial Group has included a reconciling item in U.S. GAAP reconciliation as a result of adopting this accounting pronouncement.

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M) IFC transaction

At the Banorte Extraordinary Stockholders' Meeting held on October 23, 2009 both an increase in its ordinary shareholders' equity and a modification to its corporate bylaws in order to complete the capitalization of the IFC to become a Banorte stockholder with an investment of USD 150 million were approved, which was settled in November 2009 by turning over to the IFC 3,370,657,357 ordinary nominative "O" Series shares with a nominal value of Ps. 0.10 (ten cents). The IFC liquidated this operation with USD 82.3 million in cash and the capitalization of a credit of USD 67.7 million. Banorte, the IFC and the Financial Group executed a series of agreements in which the IFC is compelled to maintain its share in Banorte for at least five years. After five years the IFC may sell its share to the Financial Group, which will have to purchase it with shares of its own or cash, depending on the Financial Group's choice and convenience.

For US GAAP purposes, the redeemable shares held by the IFC that allow them to exchange their shares in Banorte for cash or shares of the Financial Group (to be determined by the Financial Group if the IFC excercises their option) has been classified outside the permanent equity in accordance with ASC 480 "Distinguishing Liabilities from Equity", (previously SFAS No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity") which requires securities with redemption features that are not solely within the control of the issuer to be classified outside of permanent equity. The initial carrying amount of the redeemable equity security should be its fair value at date of issue. The Financial Group has elected to recognize changes in the redemption value immediately as they occur and adjust the carrying value of the security to equal the redemption value at the end of each reporting period.

Under Mexican Banking GAAP, NIF C-12 "Financial Instruments with Characteristics of Liability, Equity, or Both" requires the Financial Group to record the noncontrolling interest held by the IFC at the original transaction value within stockholders' equity since the IFC is exposed to the same risks and rewards as any other shareholder of Banorte and given that the intention of the Financial Group is to redeem the IFC's noncontrolling interest in exchange of the Financial Group's own shares in the event that the IFC exercises its option. Any future transactions between the Financial Group and the IFC as it relates to this matter will be accounted for directly in stockholders' equity as it is between common shareholders.

N) Income taxes

Under Mexican Banking GAAP as required by NIF D-4, "Income Taxes", income tax and employee statutory profit sharing (PTU) are charged to results as they are incurred and the Financial Group recognizes deferred income tax assets and liabilities for the future consequences of temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax basis, measured using enacted rates. The effects of changes in the statutory rates are accounted for in the period in which the enactment occurs. The Financial Group recognizes the benefits related to tax loss carryforwards and asset tax credit carryforwards when such amounts are realized. Deferred tax assets are recognized only when it is highly probable that sufficient future taxable income will be generated to recover such deferred tax assets. Under Mexican Banking GAAP the Financial Group did not recognize deferred tax assets in the acquisition of Bancrecer as their potential utilization was not considered to be highly probable at the acquisition date.

PTU arises from temporary differences between the accounting result and income for PTU purposes and is recognized only when it can be reasonably assumed that such difference will generate a liability or benefit, and there is no indication that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized.

Under U.S. GAAP, as required by ASC 740, "Income Taxes" (previously SFAS No. 109 "Accounting for Income Taxes"), the Financial Group recognizes deferred income tax and PTU assets and liabilities for the future consequences of temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax or PTU bases, measured using enacted rates. The effects of changes in the statutory rates are accounted for in the period when the enactment occurs. Deferred income tax assets are also recognized for the estimated future effects of tax loss carryforwards and asset tax credit carryforwards. Deferred income tax assets are reduced by any benefits that, in the opinion of management, more likely than not that the tax assets will be realized. Under U.S. GAAP the Financial Group recognized deferred tax asset related to Bancrecer's acquisition as their realization was considered to be more likely than not.

U.S. GAAP differences as described above, to the extent taxable are reflected in the U.S. GAAP deferred tax balances.

O) Noncontrolling interest

The effects of the U.S. GAAP differences as described in this Note reflect the amounts assigned to the noncontrolling interests.

II Consolidation:

Under Mexican Banking GAAP, the Financial Group's consolidated financial statements include all subsidiaries under the control of financial holding companies, except those in the insurance and pension sector. The determination of which companies are deemed to be within the insurance and pension sector is not based solely on the application of a conceptual framework. The SHCP has the right to determine if a company is or is not within the insurance and pension sector, and therefore could be required to consolidate.

Under U.S. GAAP, the basic principle is that when a Financial Group has a controlling financial interest (either through a majority voting interest or through the existence of other control factors) of an entity, such entity's financial statements should be consolidated, irrespective of whether the activities of the subsidiary are nonhomogeneous with those of the parent.

No adjustments to consolidated net income or consolidated stockholders' equity result due to the different consolidation principles disclosed above.

III Additional disclosures:

A) Earnings per common share ("EPS") in accordance with U.S. GAAP

In accordance with U.S. GAAP, EPS is based on the provisions of ASC 260, "Earnings per Share" (previously SFAS No. 128), and is calculated using the weighted-average number of common shares outstanding during each period. Basic and diluted earnings per share are based upon, 2,018,257,560, 2,017,132,134, and 2,016,959,232 weighted-average shares outstanding for 2010, 2009 and 2008, respectively. Potentially dilutive common shares for all periods presented are not significant. Basic and diluted net income per common share computed in accordance with U.S. GAAP is presented below:

	Year ended December 31,		
	2010	2009	2008
Basic and diluted earnings per share attributable to controlling interest	Ps. 3.4776	Ps. 3.5423	Ps. 3.2379

B) Subsequent events

The Financial Group's consolidated financial statements have been approved by the Board of Directors at their January 25, 2011 meeting in accordance with the responsibility assigned to them. The Financial Group has evaluated events subsequent to December 31, 2010 to assess the need for potential recognition or disclosure in the accompanying consolidated financial statements. Such events were evaluated through January 25, 2011, the date the Financial Group's Mexican Banking GAAP consolidated financial statements were available to be issued.

In an official letter UBVA/012/2011 dated March 8, 2011, the SHCP having previously obtained a positive opinion from the Commission and Banco de México, authorized the merger of the Financial Group as the merging and subsisting entity with IXE Grupo Financiero as the merged and absorbed entity, in accordance with Article 10 of the Law Regulating Financial Groups. The merger is subject to the terms and conditions established by the shareholders of each entity as presented to the SHCP.

C) Cash flow information

Beginning in 2009, an amendment to Mexican Banking GAAP requires the presentation of a cash flow statement on a prospective basis instead of a statement of changes in financial position. Prior to such date Mexican Banking GAAP established the presentation requirements related to the statement of changes in financial position. The statement of changes in financial position presents the sources and uses of funds during the period measured as the differences, in constant pesos, between the beginning and ending balances of balance sheet items adjusted by the excess (shortfall) in restatement of capital. The monetary effect and the effect of changes in exchange rates are considered cash items in the determination of resources generated from operations due to the fact that they affect the purchasing power of the entity. The following price-level adjusted consolidated statement of cash flows presented for the years ended December 31, 2010, 2009 and 2008, includes the impact of U.S. GAAP adjustments in conformity with recommendations established by the American Institute of Certified Public Accountants, SEC Regulations and International Practices Task Force Committees.

Grupo Financiero Banorte, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2010, 2009 and 2008
(In millions of Mexican pesos)

	2010	2009	2008
Cash flows from operating activities:			
Net income under U.S. GAAP	Ps. 6,949	Ps. 7,074	Ps. 6,476
Unrealized investment (income) loss	(52)	350	1,171
Allowance for loan losses	7,056	6,616	6,625
Depreciation and amortization	1,191	953	1,450
Deferred income taxes and employee profit sharing	67	(518)	(290)
Other provisions	597	(961)	(354)
Equity in earnings of subsidiaries and associated companies	(83)	(131)	(125)
Allowance for doubtful accounts	164	182	59
Periodic pension cost	206	160	199
Loss (gain) on sale of property	8	(8)	—
Loss on sale of foreclosed assets	85	31	273
Loss (gain) on sale of trading securities	455	280	(116)
Loss (gain) on sale of available for sale securities	157	23	(53)
Amortization of purchased portfolios	588	566	680
Insurance and postretirement reserves	(375)	(117)	(286)
Amortization of debt issuance fees and costs	(2)	(126)	(4)
Income recognition of purchased portfolios	(249)	(221)	(278)
Other non-cash items	923	535	(2,014)
Changes in operating assets and liabilities:			
Trading securities	(16,232)	(23,015)	(1,455)
Trading derivative financial instruments	181	(82)	2,435
Decrease (increase) in settlement accounts payable	1,357	182	(649)
(Increase) decrease in settlement accounts receivable	(1,804)	63	1,262
Decrease (increase) in other accounts receivable	1,759	(1,769)	(4,286)
Increase in other accounts payable	6,087	3,756	5,709
(Increase) decrease in deferred charges	(1,216)	623	(1,560)
(Decrease) increase in deferred credits	(174)	4	242
Net cash provided by (used in) operating activities	7,643	(5,550)	15,111

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	2010	2009	2008
Cash flows from investing activities:			
Proceeds from sale of property, furniture and equipment	305	259	123
Acquisitions of property, furniture and equipment	(2,364)	(1,467)	(1,345)
Proceeds from sale of foreclosed assets	596	636	758
Treasury transactions - held to maturity securities	17,408	31,284	(219,851)
Treasury transactions - available for sale securities	(7,056)	(5,365)	(4,430)
Granting of loans	(32,462)	(8,698)	(48,294)
Purchased credit portfolios	(553)	(391)	(302)
Repurchase agreements — purchases	4,566	5,454	(90)
Other investing activities	123	129	753
Net cash (used in) provided by investing activities	(19,437)	21,841	(272,678)
Cash flows from financing activities:			
(Repayments of) proceeds from subordinated liabilities	(298)	(2,481)	10,343
Issuance (repurchase) of shares	70	(451)	103
Dividends paid	(1,029)	(364)	(949)
Deposits received	19,005	15,361	53,319
Repayments of bank debt and other loans	5,483	(15,636)	9,037
Repurchase agreements — sales	(6,883)	(7,087)	196,368
Net cash provided by (used in) financing activities	16,348	(10,658)	268,221
Effects of exchange rates on cash	(1,032)	(738)	2,026
Net increase in cash and cash equivalents	3,522	4,895	12,680
Cash and cash equivalents at the beginning of the year	59,291	54,396	41,716
Cash and cash equivalents at the end of the year	62,813	59,291	54,396
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Income taxes	Ps. 2,811	Ps. 2,649	Ps. 4,013
Interest	Ps. 37,356	Ps. 38,934	Ps. 44,630
Supplemental schedule of non-cash investing activities:			
Transfers from loans to foreclosed assets	198	523	542
Transfers from purchased credit portfolio to foreclosed assets	488	327	233
Transfers (from) to foreclosed assets from (to) loans and purchased credit portfolio, net	Ps. (686)	Ps. (850)	Ps. (775)

Cash and cash equivalents include all cash balances and highly liquid instruments purchased with an original maturity of three months or less. In addition, the Financial Group maintains a minimum capital requirement as required by the Commission (regulatory monetary fund), which is included as a cash equivalent.

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D) New accounting pronouncements

On June 12, 2009, the FASB issued ASC 860-10 (previously SFAS No. 166, Accounting for Transfers of Financial Assets — an amendment of FASB Statement No. 140), which eliminates the concept of a qualifying special purpose entity ("QSPE") and modifies the derecognition provisions of a previously issued accounting standard. ASC 860-10 also requires additional disclosures which focus on the transferor's continuing involvement with the transferred assets and the related risks retained. ASC 860-10 is effective for financial asset transfers occurring after the beginning of an entity's first fiscal year that begins after November 15, 2009. The adoption of FASB ASC 860-10 (SFAS No. 166) had no effect on the Financial Group's consolidated financial statements.

On June 12, 2009, the FASB issued ASC 810-10 (previously SFAS No. 167, Amendments to FASB Interpretation No. 46 (R)), which amends the consolidation guidance that applies to variable interest entities. The new guidance requires an entity to carefully reconsider its previous consolidation conclusions, including (1) whether an entity is a variable interest entity (VIE), (2) whether the enterprise is the VIE's primary beneficiary, and (3) what type of financial statement disclosures are required. ASC 810-10 is effective as of the beginning of the first fiscal year that begins after November 15, 2009. The amendments to the consolidation guidance affect all entities and enterprises currently within the scope of ASC 810-10, as well as qualifying special-purpose entities that are currently outside the scope of ASC 810-10 (FIN 46(R)). The adoption of FASB ASC 810-10 (SFAS No. 167) had no effect on the Financial Group's consolidated financial statements.

In October 2009, the FASB issued Accounting Standards Update (ASU) 2009-13, which contains new guidance on accounting for revenue arrangements with multiple deliverables. When vendor specific objective evidence or third party evidence for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price method. The new guidance includes new disclosure requirements on how the application of the relative selling price method affects the timing and amount of revenue recognition. The guidance in the ASU will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning after June 15, 2010. The adoption of FASB ASU 2009-13 had no effect on the Financial Group's consolidated financial statements.

On January 21, 2010, the FASB issued ASU 2010-06. The ASU amends ASC 820, Fair Value Measurements and Disclosures (SFAS No. 157) to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. It also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. This ASU amends guidance on employers' disclosures about postretirement benefit plan assets under ASC 715, Compensation — Retirement Benefits, to require that disclosures be provided by classes of assets instead of by major categories of assets. The guidance in the ASU is effective for the first reporting period (including interim periods) beginning after December 15, 2009, except for the requirement to provide the Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. In the period of initial adoption, entities will not be required to provide the amended disclosures for any previous periods presented for comparative purposes. However, those disclosures are required for periods ending after initial adoption. The adoption of FASB ASU 2010-06 (SFAS No. 157) had no effect on the Financial Group's consolidated financial statements.

In March 2010, the FASB issued ASU 2010-11 - Derivatives and Hedging (Topic 815): Scope Exception Related to Embedded Credit Derivatives which is included in the Certification under ASC 815. This update clarifies the type of embedded credit derivative that is exempt from embedded derivative bifurcation requirements. Only an embedded credit derivative that is related to the subordination of one financial instrument to another qualifies for the exemption. This guidance became effective for the fiscal years beginning January 1, 2010. Accordingly, the adoption of FASB ASU 2010-11 had no effect on the Financial Group's consolidated financial statements.

In April 2010, the FASB issued ASU 2010-13 - Compensation-Stock Compensation (Topic 718): Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades, a consensus of the FASB Emerging Issues Task Force (ASU 2010-13. The amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning on

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or after December 15, 2010. Earlier application is permitted. The Company is currently evaluating the effects of adopting the guidance in the ASU.

E) International Financial Reporting Standards

In January 2009, the Commission published amendments to the Mexican Securities Law, including the obligation to prepare and present financial statements using International Financial Reporting Standards ("IFRS") beginning in 2012, with early adoption permitted. Financial institutions such as the Financial Group are prohibited from presenting IFRS for purposes of their local filings and must continue to present their basic financial statements in accordance with Mexican Banking GAAP. However, the Financial Group's equity method investor Gruma, S.A.B. de C.V. ("Gruma") is required to comply with the changes to the Mexican Securities Law and has disclosed in public documents that they intend to early adopt IFRS beginning in 2011. The Financial Group is in the process of assessing the impacts of IFRS on its financial information for purposes of providing such information to Gruma for their future filings.

DOC 2 Header

Exhibit 1

Translation for Reference Purposes Only

GRUMA, S.A.B. DE C.V.
BYLAWS

NAME, PURPOSE, DOMICILE, DURATION AND NATIONALITY

ARTICLE FIRST. NAME. The Company's legal name is: "GRUMA", which shall always be followed by the words SOCIEDAD ANÓNIMA BURSÁTIL DE CAPITAL VARIABLE (PUBLICLY-HELD STOCK COMPANY) or by its abbreviation "S. A. B. DE C.V."

ARTICLE SECOND. PURPOSE. The Company's purpose is to: (a) purchase, sell, import, export, as well as to manufacture and assemble all kinds of goods or trade products; (b) purchase, sale, manage, negotiate, subscribe, issue, amortize, encumber, and transfer by any legal means, shares or partnership interests, unsecured debt, mortgages or of any other type, securities, derivative financial instruments and any kind of credit instruments; (c) create, organize and manage all types of businesses; (d) grant guaranties, endorsements, sureties, bonds, pledges, mortgages, trust funds and any other credit operation, either real or personal, on its own behalf or on behalf of third parties with which the Company has share, financial or commercial relationships; (e) purchase, sell, encumber, rent or lease, whether as lessor or as lessee, all types of personal property and real estate as may be necessary and/or convenient to achieve the Company's purposes; (f) provide and receive all types of administrative or technical consulting and advisory services to or from any individual or corporation, whether Mexican or foreign; (g) establish branches, agencies or representative offices and to act as intermediary, commission agent, representative, distributor or warehouse depositor for all types of Mexican or foreign businesses; (h) register, acquire, hold, market and transfer brand names, trademarks, patents, copyrights, inventions, processes, and any other type of industrial property, as well as all types of concessions, rights and licenses; (i) grant and take loans; (j) subscribe, issue and negotiate, all types of credit instruments with the intervention of any institution and/or authority, as may be required by the applicable legal regulations; (k) carry out all types of businesses and financial, commercial and industrial transactions which are directly or indirectly related to the Company's purposes; and (l) carry out any actions and enter into contracts permitted by applicable legal regulations, which may be necessary or convenient to achieve the Company's purposes.

ARTICLE THIRD. DOMICILE. The Company's domicile is Monterrey, Nuevo León, México; and the Company may establish agencies or branches anywhere in the Mexican Republic or abroad and subject itself to conventional domiciles in all contracts executed by the same.

ARTICLE FOURTH. DURATION. The duration of the Company shall be 99 (ninety nine) years, commencing on December 24 (twenty four), 1971 (nineteen seventy one).

ARTICLE FIFTH. NATIONALITY. The Company is of Mexican nationality. All foreign nationals whom at the time of incorporation of the Company or at any other time thereafter acquires a stock participation or an interest in said Company shall be considered, due to that fact, as Mexican, regarding said participation or interest, as well as in respect to the property, rights, concessions, participations or interests owned by the Company, or to the rights and duties derived from any agreements entered into by the Company, and said foreign national agrees not to invoke therefore the protection of their governments, under the penalty to forfeit, in favor of the Mexican Nation, any participation or interest they would have acquired.

CAPITAL STOCK, SHARES AND SHAREHOLDERS

ARTICLE SIXTH. CAPITAL STOCK. The Company's capital stock is variable; the fixed and non-redeemable fully subscribed and paid portion of the capital stock is represented by 565'174,609 (FIVE HUNDRED SIXTY FIVE MILLION ONE HUNDRED SEVENTY FOUR THOUSAND AND SIX HUNDRED NINE) Class I, Series "B", common nominative shares, with no par value; which shares amount to the sum of $7,004'909,811.09 (SEVEN BILLION, FOUR MILLION, NINE HUNDRED NINE THOUSAND AND EIGHT HUNDRED ELEVEN PESOS 09/100 MEXICAN CURRENCY), the variable part of the capital stock shall be represented by Class II, Series "B" common shares with no par value

All of the shares shall confer the same rights and obligations to their holders within each one of its Series and Classes. Shares may have all other features determined by the General Shareholders' Meeting that approves their issuance thereof, according to the applicable legal regulations. Only the shares which value is fully paid are to be released.

The Company shall only recognize as shareholders those persons or entities registered in the ledger referred to in Article Eighth of these Bylaws.

The corporate entities controlled by the Company may not directly or indirectly be shareholders of said Company, nor of any other corporate entity holding the majority of the shares of the Company.

ARTICLE SEVENTH. SHARE CERTIFICATES REPRESENTATIVE OF THE CAPITAL STOCK. Share certificates representing the capital stock may include one or more shares and shall be signed by 2 (two) members of the Board of Directors. Share certificates shall bare the provisions of Articles Fifth and Eleventh hereof as well as to satisfy all the requirements set forth in Article 125 of the Ley General de Sociedades Mercantiles ("Mexican Corporate Law").

While the definitive certificates representing the shares issued by the Company are delivered to their holders, provisional share certificates may be issued which shall be exchanged in time for the definitive share certificates.

Upon request and at the expense of its holder, provisional and definitive share certificates may be exchanged for certificates of different denominations.

In the event of loss, theft or destruction of the provisional or definitive share certificates, such certificates will be replaced at holder's expense, in accordance with the procedure set forth in the General Law of Negotiable Instruments and Credit Operations.

If the capital stock consists of share certificates representing more than one share, and for any reason whatsoever the original certificate has to be divided, any 2 (two) Directors shall sign the new divided share certificates issued to be exchanged for the original divided share certificate. Any Director who signs a new share certificate shall be responsible for receiving and for the cancellation of the old divided share certificate and the issuance of new certificates representing an identical number, class, and series of shares as the original divided certificate. The ownership of the shares shall be transferred by endorsing the corresponding share certificate or title or by any other legal mean.

ARTICLE EIGHTH. REGISTRATION OF SHAREHOLDERS. The Company shall keep a Stock Ledger, which may be kept by the Secretary of the Board of Directors, by any securities depository institution or by any credit institution. All information demanded by Article 128 of the Mexican Corporate Law shall be recorded in said registry. Only those persons listed in the Company's Stock Ledger will be recognized as shareholders by the Company, and upon request of the relevant holder, all annotations in respect to any transfer, limitation, lien and encumbrance of the shares must be recorded in said Stock Ledger.

ARTICLE NINTH. MODIFICATIONS TO THE CAPITAL STOCK. In the event of increments or reductions of the capital stock, and the amortization of shares with distributable earnings, exception made for transactions by Company to purchase or sell the Company's own shares in market, in accordance to the dispositions of Article Tenth hereof, the following procedure shall be observed:

The increments or reductions of the fixed part of the capital stock as well as the amortization of shares with distributable earnings, representing the same portion of the capital stock must be approved by the General Extraordinary Shareholders' Meeting.

The increments or reductions of the variable part of the capital stock, as well as the amortization of shares with distributable earnings representing the same part of the capital stock, should be approved by the General Ordinary Shareholders' Meeting, and all corresponding minutes taken therein should be formalized before a Civil Law Notary, without having to register the Notarial deed containing the registration of the corresponding resolution before the Public Registry of Property and Commerce.

The shareholders of the variable portion of the capital stock of the Company shall not have the right to redeem shares referred in Article 220 of the Mexican Corporate Law.

Any increments or reductions of the capital stock should be recorded in the registry kept by the Company for said purpose.

The Company may issue unsubscribed shares kept in the treasury to be subscribed thereafter by the investor public through public offering according to the applicable legal regulations or to the conditions set forth by the General Extraordinary Shareholders' Meeting ordering said issuance.

The Company may make, at any time, a private offer of its shares according to the dates, terms, conditions and exemptions provided by the Ley del Mercado de Valores ("Mexican Securities Law") and any other applicable legal regulations.

The capital stock may be incremented also by capitalizing Stockholders' equity accounts referred to in Article 116 of the Mexican Corporate Law or by capitalizing debts. In increments based upon the capitalization of Stockholders' equity accounts, all shares shall be entitled to receive the proportional part of the shares issued to represent the relevant capital stock increment.

Shareholders shall have the preemptive right to subscribe all new shares issued in the event of an increment of the capital stock, proportionate to the number of shares that they own at the time such increment is resolved. Such right must be exercised within the time period determined to that effect by the Shareholders' Meeting that resolved such increase of capital stock, however under no circumstance shall such period be less than 15 (fifteen) days from the day following the publication of the corresponding resolution in the Federal Official Gazette or in one of the newspapers of greater circulation of the Company's domicile. In the event that after the expiration of the term set forth for the shareholders to exercise their preemptive right mentioned in the prior paragraph, there remain unsubscribed shares, these may be offered for their subscription and payment at the conditions and terms determined by the Meeting that had approved the capital stock increase, or pursuant to the terms set forth by the Board of Directors or the delegates designated by the Meeting for such purposes.

Without affecting the foregoing in any manner whatsoever, the preemptive right to subscribe shall not apply regarding capital increases through public offerings or by placing shares owned by the Company that has been previously acquired by the same.

The capital stock may be reduced (i) to absorb losses; (ii) to reimburse capital contributions to shareholders, (iii) due to the release granted to stockholder of non-paid exhibits, (iv) by repurchasing shares according to the applicable legal regulations and to the Bylaws of the Company.

The reductions of capital stock to absorb losses shall be made on a strict proportionate basis among the shareholders, without the need of canceling the corresponding shares since they do not have a nominal value. In the event of reductions of the capital stock for reimbursement to the shareholders, such reimbursement shall be made on a proportionate basis among them, in the understanding that the price of the reimbursement may not be less than the book value of the shares pursuant to the last statement of financial position that had been approved by the Ordinary Shareholders' Meeting.

The General Shareholders' Meeting may decree the amortization of the Company's shares with distributable earnings without reducing the capital stock, complying with the provisions of the Mexican Corporate Law and other applicable legal regulations for the Company. The amortized shares shall be voided and the corresponding certificates shall be cancelled.

ARTICLE TENTH. TRANSACTIONS WITH COMPANY'S OWN SHARES. The Corporation may repurchase shares representing its capital stock or credit instruments representing said

shares pursuant to the terms, conditions and exceptions established by the applicable legal regulations, without the application of the prohibition established in the first paragraph of Article 134 of the Mexican Corporate Law and provided that:

I. The repurchase takes place in any Mexican stock market where the shares of the Company are traded.

II. The repurchase takes place at the prevailing market price, exception made for public offerings or biddings authorized by the Comisión Nacional Bancaria y de Valores (Mexican Banking and Securities Commission).

III. That the repurchase be charged to the Stockholders' equity being able to keep them in the power of the Company without having to reduce the capital stock or that the repurchase be charged to the capital stock converting them into treasury shares, in which case no resolution from the Shareholders' Meeting shall be required.

IV. The General Ordinary Shareholders' Meeting expressly resolves, for each fiscal year, the maximum amount of monetary resources that may be used for the repurchase of the Company's stock or of the credit instruments representing said shares, with the only limitation that the aggregate of such amount of resources under no circumstance shall be greater than the balance of the total net earnings of the Company, including retained earnings.

V. The Corporation has no pending obligations derived from debt instruments recorded in the Mexican Securities Registry, and

VI. The percentages referred thereto in Article 54 of the Mexican Securities Law are not exceeded and the requisites to keep the listing in the stock market where the shares operate are met.

The Company shares owned by the Company or, in its case, the treasury shares referred to in this Article, without affecting the provisions established by the Mexican Corporate Law, may be placed among the investor public pursuant to the applicable legal regulations, without requiring the resolution of any Shareholders' Meeting or of the Board of Directors

The Company shares or credit instruments representing said shares owned by the Company may not be represented, nor voted in the Shareholders' Meeting nor any economic or corporate rights of any kind may be exerted therefrom.

ARTICLE ELEVENTH. REQUIREMENTS FOR THE PURCHASE AND SALE OF COMPANY'S SHARES. The prior written approval from the Board of Directors of the Company as provided in this Article shall be required for any Person (as such term is defined below) that individually or jointly with any Related Party (as such term is defined below), intends to acquire common Shares (as such term is defined below), or rights over common Shares by any means or under any title, directly or indirectly, whether in a single event or in a set of consecutive events, regardless of the lapse of time between them, which consequence or effect be the following:

a) That its shareholdings, individually or jointly with the Shares previously held, being acquired or intended to be acquired in the future be equal or greater than 5% (five percent) of the total common Shares.

b) The ownership rights over common Shares, individually or jointly with any Shares previously held, being acquired or intended to be acquired, be equal or greater than 5% (five percent) of the total common Shares.

Such prior approval from the Company' Board of Directors must be obtained each time the shareholdings thresholds are intended to be exceeded as provided hereto, in a percentage equal to or greater than 5% (five percent) (and multiples thereof) of common Shares or ownership rights therefrom, except for Persons who directly or indirectly are deemed to be Competitor (as such term is defined below) of the Company or of any of its Subsidiaries (as this term is defined bellow), in which case the Person in question must obtain the prior approval of the Board of Directors for future acquisitions where a limit of 2% (two percent) (or multiples thereof) of common Shares is intended to be exceeded.

For the purposes hereof, the Person in question shall comply with the following:

I. Approval of the Board of Directors:

1 (one) The Person in question shall submit a written authorization request to the Board of Directors. Such request must be indubitably delivered to the domicile of the Company and addressed to the Chairman of the Board of Directors, with carbon copy to the Secretary and to their respective Alternates of the same Board. The mentioned application shall set forth and enumerate the following:

(a) the number, class or series of Shares that the Person in question or any Related Party thereto (i) owns or co-owns, whether directly or indirectly through any Person or through any relative by consanguinity, affinity or adoption, within the fifth degree or spouse under civil or common law marriage or by means of an intermediary, or (ii) in respect to which such Person has, Shares or enjoys any right, be it as a result of an agreement or by any other cause.

(b) the number, class or series of Shares which the Person in question or any Related Party thereto intends to acquire, be it directly or through any Person in which it should have an interest or participation, either in its capital stock or in the direction, management or operation or otherwise, through any relative by consanguinity, affinity or adoption, within the fifth degree or spouse under civil or common law marriage or by means of an intermediary.

(c) the number and class or series of Shares in respect to which such Person intends to acquire or share any right, be it as a result of an agreement or by any other legal means.

(d) (i) the Shares percentage referred to in the previous paragraph (a) represent the total Shares issued by the Company; (ii) the Shares percentage referred to in the previous paragraph (a) represent the class or series pertaining to the same; (iii) the Shares percentage referred to in the previous paragraphs (b) and (c) represent the total Shares issued by the Company, and; (iv) the Shares percentage referred to in the previous paragraphs (b) and (c) represent the class or series pertaining to the same.

(e) the identity and nationality of the Person or group of Persons intending to acquire the Shares, provided that if any of such Persons is a corporate entity, trust or its equivalent or any other means, enterprise, corporation or form of economic or commercial association, the

identity and nationality of the partners or shareholders, settlors and trustees or their equivalent, members of the technical committee or their equivalent, successors, members or limited partners must also be identified, including the nationality and identity of the Person or Persons that Control (as such term is defined below) directly or indirectly such corporate entity, trust or its equivalent or any other means, enterprise, corporation or form of economic or commercial association thereto, until the Persons maintaining any right, interest or participation of any nature with such corporate entity, trust or any other equivalent or any other means, entity, corporation or form of economic or commercial association can be identified, including the documents evidencing economic solvency and good standing of such Person or Group of Persons.

(f) the reasons and purposes behind such acquisition of Shares, in particular mentioning if the purpose is to acquire directly or indirectly (i) additional Shares to those referred in the approval application, (ii) a Significant Participation (as this term is defined bellow) or; (iii) the Control of the Company.

(g) if such Person is, directly or indirectly, a Competitor of the Company or of any other Subsidiary or Affiliate (as these terms are defined bellow) thereof and if such Person has the authority to legally acquire the Shares pursuant to the terms of these Corporate Bylaws and the applicable legal regulations. Furthermore, the application must indicate if the Person intending to acquire the Shares has any relative by consanguinity, affinity or adoption, within the fifth degree or spouse under civil or common law marriage that may be considered a Competitor of the Company or of any Subsidiary or Affiliate thereof or has an economic relationship with a Competitor or any interest or participation, be it in the capital stock or in the direction, management or operation of a Competitor, directly or through any Person or any relative by consanguinity, affinity or adoption, within the fifth degree or spouse under civil or common law marriage.

(h) the origin of the funds intended to be used to pay the price of the Shares, subject matter of the application. In the event, the funds come from any financing arrangement, the identity and nationality of the one providing such funds should be specified and a document issued by such funding Person accrediting and explaining the conditions of the financing arrangement should be delivered along with the authorization request.

(i) if the Person in question is a part of any economic group formed by one or more Related Parties which as such, in a single event or in a set of consecutive events, intends to acquire Shares or rights over the same or, if applicable, if such economic group is the owner of Shares or of rights over the same.

(j) if the Person in question has received resources as a loan or for any other concept, from a Related Party or if such Person has provided funds as a loan or under any other capacity to a Related Party for the purpose of paying the price of the Shares.

(k) the identity and nationality of the financial institution that would act as broker, assuming that the relevant transaction is to be carried through tender offer.

(l) the address for receiving notices of the petitioner.

2 (two). Within the 10 (ten) business days, following the date in which the request for authorization, referred to in the above mentioned section 1 (one), had been received, the Chairman or Secretary, or in absence of the latter, his Alternate, shall convene the Board of Directors for a meeting to discuss and resolve the aforementioned authorization request. For the purposes herein, the notices for the meetings of the Board of Directors shall be made in writing and they should be delivered by the Chairman or Secretary, or in absence of the latter by his alternate, by certified mail, private courier service, telegram or fax to each one of the Proprietary Directors and their Alternates, at least 45 (forty five) days prior to the date set forth for the meeting, to their domiciles or to the addresses given in writing by the Directors for all matters referred to in this Article of the Corporate Bylaws. The Alternate Directors may only discuss and vote in cases where the Proprietary Directors are not present in the meeting convened upon. The notices must contain the time, date and place of the meeting and the relevant agenda.

For the purposes of this Article of the Corporate Bylaws, the resolutions taken without a meeting of the Board of Directors shall not be valid.

3 (three) In order for the Board to validly hold a meeting, at least the majority of the Directors or their respective alternates shall be in attendance and its decision and resolutions, to be valid, shall be adopted by the favorable vote of the majority of the Directors in attendance. The Chairman of the Board shall have a deciding vote, in the event of a tie.

The Meetings of the Board of Directors convened to resolve over the above-mentioned authorization request shall consider and adopt resolutions solely with regards to the authorization request referred to in this section 1 (one).

4 (four). The Board of Directors shall resolve over each submitted request for authorization within 60 (sixty) calendar days following the submission date.

The Board of Directors may request from the Person intending to acquire the Shares in question, the additional documents or clarifications deemed necessary to decide over the submitted authorization request, including the documents evidencing the veracity of the information referred to in paragraphs "a" to "l" of the above section 1 (one) of this Article. Assuming that the Board of Directors requests the abovementioned clarification or documents, the 60 (sixty) day term referred to in the first paragraph of this section 4 (four) shall be considered as of the date the aforementioned Person furnishes or delivers, as the case may be, the documents or clarification requested by the Board of Directors through its Chairman, Secretary or his or her alternate.

Assuming that jointly, coordinated or by agreement, one or more Persons are intending to acquire Shares, regardless of the legal act originating the same, shall be deemed as a single Person for the purposes of this Article of the Corporate Bylaws.

In the same manner, for the purposes of this Article, it shall be understood as Shares belonging to the same Person, the Shares held by a Person plus the Shares: (i) held by any consanguinity, affinity or adoption relative, within the fifth degree, or by any spouse under a civil or common law marriage of the Person holding such Shares, or; (ii) Shares held by an entity, trust or its equivalent, means, enterprise or economic or commercial association,

whenever such entity, trust or its equivalent, means, enterprise or economic or commercial association is Controlled by the abovementioned Person or; (iii) Shares held by any Related Party (related) to such Person.

In the assessment of the authorization request referred to in this Article, the Board of Directors shall take into account those factors deemed appropriate, considering the interests of the Company and of its shareholders, including issues of financial nature, market, business and the moral and economic standards of the potential buyers, whether the intended transaction represents a conflict of interests or not, if it leads to a change of Control of the Company or to an acquisition of a Significant Participation of the common Shares, if the reports and/or authorizations requests, referred to in this Article, were submitted on time, among others factors.

The Board of Directors may deny the authorization request referred to in this Article, among other reasons in connection to with the items provided by the preceding paragraph, for the following reasons:

(a) Due to petitioner lack of economic solvency or good standing;

(b) When financing is required to carry out the requested transaction;

(c) When it refers to a Competitor of the Company or of its Subsidiaries;

(d) When the petitioner's interests are contrary to the ones of the Company or of its Shareholders;

(e) Due to the object, cause, motive or purpose of the requested acquisition;

(f) Due to the existence of economic, family or similar ties with other shareholders of the Company or with competitors of the same or of its Subsidiaries;

(g) When it entails transactions with Related Parties;

(h) If the funds required to carry out the intended transaction are of unknown or doubtful origin;

(i) When the information furnished in the authorization request or any complementary information thereof should prove deficient, doubtful, non verifiable, erroneous, incomplete or be imprecise or incorrect, among others;

(j) When it entails the acquisition of a Significant Participation or its purpose is a change of Control of the Company.

(k) The failure to submit the information and/or notices provided in the last paragraph of section II of this Article.

The request for authorization shall be deemed denied if the Board Meeting has been convened upon the terms provided hereof, but said Board Meeting was unable to convene for any reason whatsoever.

5 (five). In case the Board of Directors approves the proposed acquisition of Shares and such acquisition should entail the acquisition of a Significant Participation without such acquisition exceeding half of the common Shares, then the Person intending to acquire the relevant Shares must make a public tender offer, at a price payable in cash, for the percentage of Shares equivalent to the percentage of common voting Shares that said Person is intending to acquire or by 10% (ten percent) of the Shares, whichever is greater, pursuant to the terms and conditions of the Mexican Securities Law.

The public tender offer referred to in this section five (5) must be made simultaneously in Mexico's and United State's stock markets, as long as the stock of the Company continues to be traded in said countries.

Effective from the time the public tender offer is made and until the conclusion of the same, the Company, as well as its Directors and senior officers shall refrain from making or closing transactions which, in detriment to the minority investors, are aimed to hinder the development of said offer.

Notwithstanding the foregoing, the Board of Directors shall, within 10 (ten) business days following the commencement of the public tender offer, prepare, under the advise of the Corporate Governance Committee and disclose to the investor public through SEDI (Electronic Information Carriage and Disclosure System, as authorized to the applicable Stock Exchange by the Mexican Banking and Securities Commission, or whichever system substitutes SEDI for this purposes), its opinion in connection with the public tender offer. If the Board of Directors should face a situation where it may create a conflict of interest or when more than one offer is made at conditions not directly comparable to those contained in the opinion, then the opinion may be coupled with another opinion issued by an independent expert retained for such purposes by the Company at the request of the Corporate Governance Committee.

Directors who may also be shareholders of the Company shall disclose to Bolsa de Valores, S.A. de C.V. (Mexican Stock Exchange), to be circulated through SEDI network (Electronic Information Carriage and Disclosure System, as authorized to the applicable Stock Exchange by the Mexican Banking and Securities Commission, or whichever system substitutes SEDI for this purposes), not later than the beginning of the last business day of the public tender offer period, which decision they will take as to their Shares in connection with the public tender offer.

The shareholders, in the event of any public tender offer, shall have the right to hear more competitive offers.

6 (six). An approval of the Board of Directors will not be necessary for any Person that wishes to acquire, directly or indirectly, a participation of more than 50% (fifty percent) of the common Shares or the Control of the Company, in which case, the Person shall make a public tender offer for 100% (one hundred percent) minus 1 (one) of the common Shares issued by the Company, according to the provisions of the Mexican Securities Law and other applicable legal regulations. Nevertheless, if in such public tender offer, the Person making the tender offer is not able to acquire at least half plus 1 (one) of the total of the Shares representing the capital stock, said Person must obtain approval from the Board of Directors upon the terms provided hereto.

The public tender offer referred to in this section six (6) must be made simultaneously in Mexico's and US stock markets, as long as the stock of the Company continues to be traded in said countries.

Effective from the time the public tender offer is made and until the conclusion of the same, the Company, as well as its Directors and senior officers shall refrain from making or closing

transactions which, in detriment to the minority investors, are aimed to hinder the development of said offer.

Notwithstanding the foregoing, the Board of Directors shall, within 10 (ten) business days following the commencement of the public tender offer, prepare, under the advise of the Corporate Governance Committee and disclose to the investor public through SEDI (Electronic Information Carriage and Disclosure System, as authorized to the applicable Stock Exchange by the Mexican Banking and Securities Commission, or whichever system substitutes SEDI for this purposes), its opinion in connection with the public tender offer. If the Board of Directors should face a situation where it may create a conflict of interest or when more than one offer is made at conditions not directly comparable to those contained in the opinion, then the opinion may be coupled with another opinion issued by an independent expert retained for such purposes by the Company at the request of the Corporate Governance Committee.

Directors who may also be shareholders of the Company shall disclose to Bolsa de Valores, S.A. de C.V. (Mexican Stock Exchange), to be circulated through SEDI network (Electronic Information Carriage and Disclosure System, as authorized to the applicable Stock Exchange by the Mexican Banking and Securities Commission, or whichever system substitutes SEDI for this purposes), not later than the beginning of the last business day of the public tender offer period, which decision they will take as to their Shares in connection with the public tender offer.

The shareholders, in the event of any public tender offer, shall have the right to hear more competitive offers.

7 (seven). Any Person performing a Share acquisition approved by the Board of Directors, shall not be registered in the Stock Ledger of the Company but until such time when the public tender offer referred to in sections five (5) and six (6) above has been concluded. Consequently, such Person shall not be able to exercise the corporate nor the economic rights corresponding to the Shares which acquisition has been approved, but until such time when the tender offer has been concluded.

In case of Persons who are already shareholders of the Company and therefore, are registered in the Stock Ledger of the Company, the Share acquisition approved by the Board of Directors shall not be registered in the Stock Ledger of the Company but until such time when the public tender offer had been concluded and, consequently, such Persons shall not be able to exercise the corporate nor the economic rights corresponding to the Shares acquired by the authorization given by the Board of Directors until they are entered in the Stock Ledger.

II. General Provisions:

If the terms contained in this Article are not met, then the Person or Persons in question may not, directly or indirectly exercise corporate or economic rights vested into the Shares acquired without the appropriate approval, and such Shares shall not be taken into account for the purposes of computing quorum at Shareholders' Meetings and the Company shall refrain from recording the Shares acquired in breach of the terms established by these

Bylaws in the Company's Stock Ledger referred to in the Mexican Corporate Law, and any Registry kept by any securities depository institution shall have no effect whatsoever, and thus, the certificates or listings referred to in the first paragraph of Article 290 of the Mexican Securities Law shall not be proof of ownership of Shares nor will they evidence the right to attend the Shareholders' Meetings nor will they entitle exercise of any action whatsoever, including those of procedural nature.

The Persons that obtained the approval of the Board of Directors to acquire Shares as provided under this Article, shall be bound to inform of such situation to said collegiate body, through a written notice addressed and delivered to the same under the terms set forth in the first paragraph of section one (1) of this Article within 5 (five) calendar days following the date the authorized acts and operations are carried out.

The approvals granted by the Board of Directors pursuant to this Article shall cease to be effective automatically and without the need of any statement if the approved transactions are not carried out within a maximum term of sixty (60) calendar-days following the notice of the corresponding approval to the interested party, unless the Board of Directors, prior petition of said person, extends the aforementioned term.

Holders of Shares reaching (or in its case, exceeding) the percentages referred hereunder, shall provide written notice of such circumstance to the Company, which notice shall be addressed and delivered under the terms set forth in the first paragraph of section one (1) of this Article, within a term of five (5) business days after obtaining, reaching or exceeding Ownership: (i) non competitors: each 2% (two percent) of common Shares; (ii) Competitors: each 1% (one percent) of common Shares.

III. Exceptions:

The provisions of this Article of the Corporate Bylaws shall not be applicable to:

(a) acquisitions or transfers of Shares made by succession, either with or without will, or

(b) acquisitions of Shares by: (i) the Person who directly or indirectly has the authority or possibility of appointing the majority of the Directors of the Company's Board of Directors; (ii) any company, trust or similar form of venture, means, entity, corporation or economic or mercantile association, which may be under the Control of the Person referred to in section (i) above; (iii) the heirs of the Person referred to in section (i) above; (iv) the Person referred to in section (i) above when such Person should be repurchasing the Shares of any corporation, trust or similar form of venture, means, entity, corporation or economic or mercantile association referred to in section (ii) above, and; (v) the Company or trusts created by the Company.

(c) Such Person(s) that as of December 4th (fourth), 2003 (two thousand three) hold(s), directly or indirectly, 20% (twenty percent) or more of the Shares representing the Company's capital stock.

(d) Any other exception contained in the Mexican Securities Law and other applicable legal regulations.

IV. Definitions:

For the purposes of the foregoing Article, the terms indicated below shall have the meanings assigned thereto:

"Shares" and/or "common Shares" means the shares of stock representative of the capital stock of the Company, of any class or series or any certificate, security or instrument issued under such shares or which otherwise confer rights upon such shares or which may be convertible into such shares, and specifically including ordinary participation certificates (CPO's) representing shares of stock of the Company.

"Affiliate" means any Person Controlling, under Control of or under common Control of any Person.

"Competitor" means any Person devoted, directly or indirectly to (i) the business of production and/or marketing of corn or wheat flour, and/or (ii) any other activity carried by the Company or by any of its Subsidiaries or Affiliates.

"Control", "Controlling" or "Controlled" means the capacity of a person or group of persons to carry out any of the following activities: (a) to directly or indirectly impose decisions in General Shareholders' Meetings, Partners' Meetings or any equivalent entities, or appoint destitute the majority of the Directors, managers, or their equivalent, of a corporate entity; (b) to hold the rights that directly or indirectly allow voting regarding more than 50% (fifty percent) of the capital stock of a corporate entity; (c) to directly or indirectly direct the management strategies or main policies of a corporate entity, whether this be through the ownership of securities, by contract or by any other means.

"Significant Participation" means the direct or indirect ownership or holding of 30% (thirty percent) or more of the common voting Shares.

"Person" means any natural person, corporate entity, trust or similar form of venture, vehicle, entity, corporation or economic or commercial association or any Subsidiaries or Affiliates of any of the former or, as determined by the Board of Directors, any group of Persons who may be acting jointly, by an arrangement or in a coordinated manner under the terms of this Article.

"Related Party" means the ones that regarding the Company, fall in any one of the following assumptions: (a) Controlling persons having a significant influence in a corporate entity belonging to the corporate group or consortium to which the issuer belongs, as well as the Directors or managers and the senior officers of the companies comprising said group or consortium; (b) persons with management authority in a corporate entity that is a part of a corporate group or consortium to which the issuer belongs; (c) the spouse, concubine, concubinary and blood and non-blood related persons up to the fourth degree or by affinity up to the third degree with individuals that fall in any of the assumptions indicated in the aforementioned sections (a) and (b), as well as partners and co-owners keeping business relationship with the individuals mentioned in said sections; (d) corporate entities that are part of a corporate group or consortium to which the issuer belongs; (e) the corporate entities over

which any one of the persons referred to in the foregoing sections (a) to (c) have control or significant influence.

"Subsidiary" means any company in respect to which a Person should be the owner of the majority of the shares of stock representative of its capital stock or in respect to which a Person should have the right to appoint the majority of the Directors of its Board of Directors or otherwise the Sole Director.

The foregoing covenant shall be filed with the Public Registry of Commerce of the corporate domicile of the Company and shall be inserted accordingly in the certificates of the shares of stock of the Company, so that third parties may be warned of the foregoing provisions.

ARTICLE TWELFTH. PENALTIES. As provided for in Article 2117 of the Código Civil Federal ("Federal Civil Code"), any Person acquiring Shares in violation to the terms of Article Eleventh of these Corporate Bylaws, shall be obligated to pay to the Company, as penalty, an amount equal to the Market Value of the entirety of the Shares such party had purchased without obtaining the approval referred to in said Article of these Corporate Bylaws or the Market Value of the shares representing 5% (five percent) of the capital stock, whichever is greater. In the event of gratuitous transfers of Shares made in violation to the terms of Article Eleventh hereof, the amount payable as penalty shall be of an amount equal to the Market Value of the Shares subject matter of the transfer or the Market Value of shares representing 5% (five percent) of the capital stock, whichever is greater.

The term "Market Value" means and/or be understood as the quoted value on closing of operations of the Mexican Stock Exchange on the day of the transaction in which the percentage of shares requiring approval according to said Article had been exceeded.

ARTICLE TWELFTH BIS. SHAREHOLDERS AGREEMENT. The Company acknowledges in its bylaws the existence of the Shareholders Agreement entered by and among Mr. Roberto Gonzalez Barrera, Gruma, S.A. de C.V. (currently, Gruma, S.A.B. de C.V.), Archer-Daniels-Midland Company (''ADM'') and its subsidiary ADM Bioproductos, S.A. de C.V. (''ADM Bioproductos'', and jointly with ADM, the ''Strategic Partner'', which are and have been a strategic partner of the Company) dated August 21 (twenty-one) of 1996 (nineteen ninety-six) and its amendments dated September 13 (thirteen) of 1996 (nineteen ninety-six) and August 18 (eighteen) of 1999 (nineteen ninety-nine) (collectively, the ''Shareholders Agreement''), as such agreement has been disclosed in the past in a consistent and repetitive manner to the investors at large. Pursuant to such agreement, among others, there are established certain rights and obligations of the Strategic Partner and certain restrictions to the percentages of capital stock representing its equity share in the Company, likewise, it sets forth the option to exercise certain rights of first refusal in favor of the Controlling Shareholder (as such term is defined in the Shareholders Agreement) or the person designated by such Controlling Shareholder (which could be the Company itself), in order to acquire from the Strategic Partner the shares of Gruma S.A.B. de C.V. that it intends to transfer to any third party, in accordance with the terms and conditions set forth in the Shareholders Agreement.

The Company has been designated by the Controlling Shareholder, and therefore, it has acquired from the Controlling Shareholder the option to exercise the right of first refusal to acquire from the Strategic Partner, the shares of Gruma, S.A.B. de C.V. that it intends to

transfer to any third party. Therefore, the Company has the option to acquire its own shares at the First Refusal Price determined in accordance with the provisions of the Shareholders Agreement in the event of Transfer (as such term is defined in the Shareholders Agreement), to be exercised during the First Refusal Period that is determined as provided in the Shareholders Agreement.

MANAGEMENT AND DIRECTION

ARTICLE THIRTEENTH. THE MANAGEMENT OF THE COMPANY. The Company's Management shall be entrusted to a Board of Directors and a Chief Executive Officer, whom shall have the authorities and attributions established in these Bylaws and the applicable legal regulations.

ARTICLE FOURTEENTH. INTEGRATION OF THE BOARD OF DIRECTORS. The Board of Directors shall be composed of at least 5 (five) and not more than 21 (twenty one) Proprietary Directors, as determined by the Shareholders' Meeting, of which at least 25% of the members shall be Independent Directors. Each Proprietary Director will have an appointed corresponding Alternate, in the understanding that the Alternate Directors of such Proprietary Independent Directors must also meet the same requirements. In the same manner, the Board of Directors or the General Shareholders' Meeting shall appoint a Secretary that will not be a part of said corporate entity who shall be subject to the obligations and responsibilities imposed to said officers by applicable legal regulations.

Directors shall remain in office for a year with a possibility of reelection. Directors shall remain in office even though their term for which they were designated had concluded or due to their resignation, for up to 30 (thirty) calendar days, if no designation of their substitute has been made, or when the substitute has not taken office, without being subject to the dispositions of Article 154 of the Mexican Corporate Law. In the absence of any of the Directors, and provided no Alternate Director has been designated, the Board of Directors may designate Provisional Directors without the intervention of the Shareholders' Meeting, whom shall ratify the referred appointment or designate other alternate Directors in the Shareholders Meeting following such event.

Anyone who has served as external auditor of the Company or of any of the corporate entities integrating the business group or consortium to which the Company belongs, may not be Director of the Company during the 12 (twelve) months immediately presiding the date of their appointment. In the same manner, such persons whose positions as Directors had been revoked may not serve as Directors of the Company during the 12 (twelve month) period following the date their positions were revoked.

Independent Directors shall be those Directors that comply with the independence requirements established by the Mexican Securities Law and other applicable legal regulations for the Company.

The General Shareholders' Meeting designating or ratifying the Directors, or in its case, the one informing or disclosing such designations or ratifications shall qualify the independence of Independent Directors whom shall be elected by their experience, capacity and professional

prestige, considering also that according to their characteristics they are able to perform their duties without any conflict of interest and without being subject to personal, patrimonial or economic interests.

Independent Directors that during their office term cease to have such character should inform the Board of Directors not later than the date following the Board Meeting carried out after said requirements cease to exist.

ARTICLE FIFTEENTH. COMPENSATION OF DIRECTORS. Upon taking office, the Members of the Board of Directors shall receive the compensation indicated by the General Shareholders' Meeting. In the same manner, the Meeting may set forth additional compensation for the members of the Committees of the Board of Directors.

ARTICLE SIXTEENTH. CHAIRMAN OF THE BOARD OF DIRECTORS. The General Shareholders' Meeting, upon designating the members of the Board of Directors or the Board itself in its first meeting immediately following said Shareholders' Meeting, shall designate one of its members to act as Chairman.

The Chairman of the Board of Directors shall be, due to such designation, the representative of said Board and shall have authority to execute the resolutions of the Board of Directors, without the need of a special resolution of any sort. To exert his authority as Chairman of the Board of Directors, he shall have the powers of attorney enumerated in sections I to V of Article Eighteenth of these Corporate Bylaws.

In the same manner, the Chairman of the Board of Directors shall propose said Board or said Shareholders' Meeting, the members that shall integrate the Corporate Governance and the Audit Committees, as it corresponds.

ARTICLE SEVENTEENTH. MEETINGS OF THE BOARD OF DIRECTORS. The Board of Directors must meet at least 4 (four) times during each fiscal year.

The Chairman of the Board of Directors or the Chairman of the Corporate Governance and Audit Committees, as well as 25% (twenty five percent) of the Company's Directors may convene a Board Meeting and insert in the agenda the issues they deem convenient.

The notices for the Meetings of the Board of Directors should be sent to Directors by email, regular mail, fax, or by any other communication means, to the last address that said Directors had informed to the Company, at least 5 (five) working days prior to the date of the Meeting.

The Company's External Auditor may be convened to the Meetings of the Board of Directors, to be heard but without voting rights, refraining to attend such issues relevant to the agenda where auditor has a conflict of interest or that may compromise his independence

In the same manner, the Chief Executive Officer and any other Company's senior officers may be convened to the Meetings of the Board of Directors, but without voting rights.

The validity of the Meetings of the Board of Directors requires the attendance of the majority of its members. The meetings of the Board of Directors shall be presided by its Chairman. If the Chairman is not present at the meeting, it shall be presided by its corresponding alternate and in absence of both, by the Board member designated by the majority of the remaining members of this Board. In the same manner, the person that has been designated as such by the Board of Directors or by the Shareholders' Meeting shall act as Secretary. If absent, he shall be substituted by the Alternate Secretary and in the absence of both, by the person designated therein by the majority of votes of the Directors.

The Board of Directors shall adopt its resolutions through the majority of the votes of the attending members. The Chairman of the Board shall have the tie breaking vote in case of a tie. The minutes of each meeting of the Board of Directors shall be registered in the relevant Book and shall be signed by the Chairman and by the Secretary.

Resolutions taken outside the meeting of the Board of Directors by unanimous vote of its members shall have, for all legal effects, the same validity as if they were adopted in a Board meeting, provided that they are confirmed in writing.

In the same manner, any Director may postpone a Board meeting when said Director had not been convened for such meeting or if the notice was not made in time or, in its case, if the Director did not receive the information delivered to the other Directors. Said postponement shall be for up to 3 (three) calendar days, being the Board of Directors being able to meet without the need of a new notice, provided the deficiency has been remedied.

ARTICLE EIGHTEENTH. AUTHORITIES OF THE BOARD OF DIRECTORS. The Board of Directors shall have all the authority to manage and administrate the Company, pursuant to the provisions of these Corporate Bylaws and of the applicable legal regulations, in the same manner, the Board may establish the measures, procedures and other actions deemed necessary or convenient in order to comply with the legal dispositions binding the Company, being able to perform all actions that directly or indirectly are related to the corporate object, in which case the Board shall have:

I. GENERAL POWER FOR COLLECTION AND LITIGATION, with all the general and special powers requiring special power or special clause, without any limitation whatsoever, with the ampleness of the first paragraph of Article 2554 and of Article 2587 of the Federal Civil Code and the corresponding Articles in the Civil Codes of all States of the Mexican Republic, including, but not limited to the authority to promote and dismiss any legal action including the "amparo" proceeding, to settle or compromise or subject to any arbitration proceedings the Company's rights and legal proceeding, accept reductions of amounts due and grant additional time for compliance, intervene as a bidder in auctions, formulate and present questionnaires, to file complaints and accusations for any felony directly or indirectly committed in detriment of the Company, as well as granting pardons, to recuse judges, magistrates or any other public servant, jurisdictional body or Labor Board in individual or collective matters, and in general, to represent the Company in any and all administrative or judicial disputes before any and all authorities and before any individuals.

II.- GENERAL POWER OF ATTORNEY FOR ACTS OF ADMINISTRATION, being empowered to enter into any kind of agreements, contracts or any other legal acts, whether

civil, mercantile, administrative or of any other nature, pursuant to the terms of the second paragraph of Article 2554 and Article 2587 of the Federal Civil Code and the correlative Articles in the Civil Codes of the States of the Mexican Republic.

III.- GUARANTEE AND SURETYSHIP POWER OF ATTORNEY, pursuant to the terms of Articles 9 and 85 of the General Law of Negotiable Instruments and Credit Operations, being empowered to grant, accept, draw, subscribe, issue, endorse, guarantee and negotiate in any manner, all kinds of contracts and credit instruments on behalf of the Company.

IV.- GENERAL POWER OF ATTORNEY FOR ACTS OF OWNERSHIP, being empowered to sell, mortgage, pledge, or put in a in trust, and in general dispose of and encumber in any manner and under any legal title, the assets of the Company, both those that constitute Fixed Assets as well as the Current Assets, with all legal authorities of ownership pursuant to the terms of the third paragraph of Article 2554 of the Federal Civil Code and the correlative Articles in the Civil Codes of the States of the Mexican Republic.

V.- Regarding the aforementioned Powers, the Board of Directors shall have the right to delegate them and grant General or Special Powers of Attorney and to revoke those previously granted.

ARTICLE NINETEENTH. DUTIES OF THE BOARD OF DIRECTORS. The Board of Directors shall have the following responsibilities:

I. To set general strategies for the conduction of the business of the Company and the ones of the corporate entities controlled by said Company.

II. To oversee the performance and conduction of business of the Company and of the corporate entities controlled by said Company, considering the relevance that these corporate entities have in the Company's legal, administrative and financial situation, as the performance of the senior officers.

III. To approve, after obtaining the opinion of the corresponding Committee:

a) the policies and guidelines for the use or enjoyment of the Company's assets and of the corporate entities controlled by the same, by any related party;

b) every individual transaction entered into by the Company with a related party, or corporate entities controlled by said Company.

No approval from the Board of Directors shall be required for any of the transactions indicated bellow, provided that they conform to the policies and guidelines approved by the Board of Directors to that effect:

1. Transactions which amount are not relevant for the Company or for the corporate entities controlled by the same.

2. Transactions executed between the Company and the corporate entities controlled by the same or those where the Company has a significant influence or between any of these corporate entities, provided that:

(i) they fall under their ordinary or habitual course of business

(ii) they are deemed as done within price market or supported by assessments made by specialized external agents.

3. Transactions carried out with employees provided these are under the same conditions as with any other client or as a result from labor benefits of general nature.

c) Transactions executed either simultaneously or consecutively, that due to their characteristics may be considered as one sole transaction intended to be performed by the Company or by the corporate entities controlled by the same within the term of a fiscal year, when they are unusual or non-habitual or that its amount represent, based upon figures corresponding to the previous approved trimester, on any of the following assumptions:

1. The purchase or sale of property which value is greater than or equal to 5% (five percent) of the Company's consolidated assets.

2. The granting of warranties or taking on debt for an amount greater than or equal to 5% (five percent) of the Company's consolidated assets.

Debt security or banking instruments investments are excluded therefrom, provided they are carried out pursuant to the policies approved by the Board of Directors for said effect.

d) Appointment, election, and in its case, destitution of the Chief Executive Officer of the Company and his integral compensation, as the designation of integral compensation policies for all other senior officers.

e) Policies to grant muttums, loans or any other kind of credits or guaranties to any related party.

f) Dispensations granted to allow Directors, senior officers or persons with managing power to take business opportunities favorable to them or to any third parties, that correspond to the Company or to the corporate entities controlled by the same or over which the Company has a significant influence.

g) Internal control and internal audit guidelines of the Company and of the corporate entities controlled by the same.

h) Company's accounting policies conforming to the accounting principles accepted or issued by the Mexican Banking and Securities Commission through general dispositions.

i) Company's financial statements.

j) The hiring of the firm providing external audit services and, in its case, any services additional or supplemental to the external audit.

When the determinations of the Board of Directors are not according with the opinions furnished by the corresponding Committee, said Committee should instruct the Chief Executive Officer to reveal such circumstance to the investor public through the stock market where the Company's shares or where the credit instruments representing said shares are traded, conforming to the terms and conditions established by the internal regulations of said stock market.

IV. To submit before the General Shareholders' Meeting held at the closing of the fiscal year:

a) The reports referred to in Article 43 of the Mexican Securities Law.

b) The report prepared by the Chief Executive Officer pursuant to the provisions of Section XI of Article 44 of the aforementioned Law, along with the opinion of the external auditor.

c) The opinion issued by the Board of Directors over the contents of the Chief Executive Officer's report referred to in the previous section.

d) The report referred to in section b) of Article 172 of the Mexican Corporate Law containing the main policies, accounting principles and information criteria, considered to prepare the financial report.

e) The report regarding any transaction and activity where the Company had intervened, pursuant to the provisions of the Mexican Securities Law.

V. To follow up the main risks encountered by the Company and by the corporate entities controlled by the same, identified by the information submitted by the Committees, the Chief Executive Officer and the firm providing the external auditing services, as well as the accounting systems, internal control, and internal auditing, registration, files or information, both regarding the Company as the corporate entities controlled by the same, which may be carried out through the Committee exercising such auditing duties.

VI. To approve the information and communication policies with shareholders and the market, as well as with the Directors and senior officers to comply with the provisions hereof.

VII. To determine the relevant actions to remedy any known irregularity and to implement the corresponding corrective measures.

VIII. To establish the terms and conditions to be followed by the Chief Executive Officer while exerting any authority derived from the power of attorney for acts of ownership.

IX. To instruct the Chief Executive Officer, to reveal to the investor public, any relevant information when known.

X. Any other responsibilities set forth by the Mexican Securities Law, by any other applicable legal regulations, or provided by these Bylaws.

ARTICLE TWENTIETH. DUTIES OF THE DIRECTORS. The members of the Board of Directors, and in its case, the Secretary of the Board of Directors, when exerting their duties and authorities, shall comply with the duty of diligence and loyalty before the Company and the corporate entities controlled by said Company or those where the Company has a significant influence according to the terms of the Mexican Securities Law.

ARTICLE TWENTY-FIRST. LIABILITIES OF THE DIRECTORS. Members of the Board of Directors failing to comply with duty of diligence and loyalty, and/or those incurring in illegal acts, actions or omissions, pursuant to the terms of the Mexican Securities Law, shall be jointly liable for any damages caused to the Company and to the corporate entities controlled by said Company or to those where the Company has a significant influence. Directors found guilty of incurring in illegal acts, actions or omissions, and/or those who fail to comply with loyalty duties pursuant to the terms of the Mexican Securities Law shall be removed from their offices.

Liability for damages caused to the Company or to the corporate entities controlled by said Company or to those companies where the Company has a significant influence incurred by the members of the Board of Directors caused by breaches to their duty of diligence may be

limited by the terms and conditions determined by the General Shareholders' Meeting unless arising from willful misconduct, bad faith or illegal acts according to applicable legal regulations.

In the same manner, the Company may settle payment for indemnifications and may purchase, in favor of the members of the Board, insurance policies, surety bonds or bails covering the indemnification amount for damages caused by their performance to the Company or to the corporate entities controlled by said Company or to those where the Company has a significant influence, exception made for those acts arising from willful misconduct or made in bad faith, or that are illegal according to the corresponding applicable legal regulations, in which case, it shall be not legal to stipulate said indemnifications or contracting insurance policies, surety bonds or bail bonds payable to them.

The Company, however, may never agree to any benefits or exemption clauses that limit, release from, substitute or compensate the obligations for the liability derived from the breach of their duty of loyalty or illegal acts, actions or omissions, nor shall contract in favor of any person whatsoever, insurance policies, surety bonds or bails covering the indemnification amount for any damages caused thereof.

To guarantee their performance, and only upon request of the General Shareholders' Meeting, proprietary and alternate Directors, members of the Audit Committee and members of the Corporate Governance Committee shall deposit in the treasury of the Company the amount in Mexican currency determined by said Meeting or they shall contract a surety bond for said amount, payable to the Company when taking office. The deposit or bond may not be withdrawn until the performance of the relevant Director or Directors has been approved by the General Shareholders' Meeting of the Company. In absence of the express indication from the General Shareholders' Meeting, it shall be understood that the Meeting has released the board members of the Company from guaranteeing their performance therein.

ARTICLE TWENTY-SECOND. CIVIL LIABILITY SUIT. Liability derived from the acts referred to in Articles Twenty-First and Twenty-Eighth hereof shall be, exclusively, in favor of the Company or in favor of the corporate entities controlled by said Company or in favor of those companies where the Company has a significant influence enduring the patrimonial damage. The liability suit may be exerted: (i) by the Company, or (ii) by the Company's shareholders that jointly or individually are holders of 5% (five percent) or more of the shares representing the capital stock of the Company.

Plaintiff may settle by trial, the indemnity amount for damages, provided, however, plaintiff previously submits the terms and conditions of the corresponding settlement to be approved by the Company's Board of Directors. Lack of said formality shall cause relative nullity.

The exertion of the suits, referred to in this Article shall not be bound to the compliance of the requisites established in Articles 161 and 163 of the Mexican Corporate Law. But said suit should comprise the total amount of liabilities in favor of the Company or in favor of the corporate entities controlled by said Company or in favor of those companies where the Company has a significant influence and not only plaintiffs' personal interests.

ARTICLE TWENTY-THIRD. LIABILITY EXEMPTIONS. Without affecting the provisions of the previous Article Twenty-Second, Directors shall not jointly or individually incur in any liability for damages caused to the Company or to corporate entities controlled by the Company or to those companies where the Company has significant influence, derived from the suits exerted by the same, nor over the decisions adopted by them when, while acting in good faith, any of the following liability exemptions occur:
I. While complying with the provisions that the Mexican Securities Law or these Bylaws establish to approve the issues to be resolved by the Board of Directors or in its case by the Committees to which they belong.
II. While adopting resolutions or voting in the Board meetings or, in its case, in the meetings of the Committees to which they belong, based upon the information furnished by the senior officers, by the corporate entity rendering the external audit services or the independent experts, whose capacity and credibility imply no reasonable doubt.
III. When, to the best of their ability, they have chosen the best alternative or when negative patrimonial effects have not been foreseeable, in both cases, considering the information available at the moment;
IV. While following the resolutions of the Shareholders' Meeting as long as they are not in violation of applicable legal regulations.

ARTICLE TWENTY-FOURTH. COMMITTEES OF THE BOARD OF DIRECTORS. For the performance of their duties the Board of Directors, shall be assisted by an Audit Committee and by a Corporate Governance Committee. Said Committees shall be exclusively integrated by Independent Directors and by a minimum of 3 (three) members, designated by the Board of Directors proposed by the Chairman of the Board of Directors.

Notwithstanding the foregoing, the Chairman of said Committees shall be exclusively designated and/or removed from office by the General Shareholders' Meeting and they may not preside the Company's Board of Directors. Independent Board Members designated to integrate any of the aforementioned Committees may be, in turn, designated to some other Company's Committee. In the same manner, the Board of Directors may create other Committees different from the aforementioned ones to care for and/or follow-up specific issues for the establishment of policies or for other specified purposes granting said Committees with the authorities that the Board of Directors deems convenient. The Company may provide the necessary funds for the performance of the tasks of each Committee.

In case the minimum number of members of the Audit Committee are not present, for any reason, and the Board of Directors has not appointed provisional Directors, any shareholder may request from the Chairman of the Board of Directors to convene a General Shareholders' Meeting to make the corresponding designations pursuant to the terms established by the Mexican Securities Law.

ARTICLE TWENTY-FIFTH. MEETINGS OF THE CORPORATE GOVERNANCE AND AUDIT COMMITTEES. The Audit and the Corporate Governance Committees should meet as many times as it is necessary to comply with the obligations and authorities indicated in these Bylaws and in the applicable legal regulations.

The Chairman of the Board of Directors, any of the members of the Corporate Governance and Audit Committees, the Secretary of the Board of Directors, the Secretary of any of these

Committees the Chief Executive Officer, as well as 25% (twenty five percent) of the Directors of the Company, may convene a meeting of any of the Corporate Governance and Audit Committees and insert in the agenda any issues they deem pertinent.

The notices for the meetings of the Corporate Governance and Audit Committees should be sent to the Directors integrating the same, by e-mail, regular mail, fax, or by any other communication means, to the last address registered by the same in the Company, at least 5 (five) working days prior to the date of the meeting. The Company's External Auditor, Chief Executive Officer and other senior officers and employees of the Company may be invited thereto.

The meetings of the Committees shall only be valid with the attendance of the majority of its members. In the same manner, their resolutions shall be taken by the majority of the attending members.

The resolutions unanimously adopted by the members of any Committee without a meeting shall have, for all legal effects, the same authority as if they had been adopted in a meeting, provided they are confirmed in writing. The minutes of each meeting of the Committees shall be recorded in the relevant Book and they shall be signed by the Chairman and the Secretary.

ARTICLE TWENTY-SIXTH. SURVEILLANCE OF THE COMPANY. The Board of Directors, through the Corporate Governance Committee and the Audit Committee as well as through the firm performing the external audit of the Company, shall be in charge of the surveillance of the Company and of the corporate entities controlled by the same, considering the influence the latter have in the, legal, administrative and financial situation of the first one.

Additionally to the powers of attorney, duties and liabilities indicated in the applicable legal regulations, the Corporate Governance Committee and the Audit Committee shall be in charge of developing the following activities, as it may correspond:

I. The Corporate Governance Committee shall:

a) render an opinion to the Board of Directors over the issues corresponding to said Committee, pursuant to the Mexican Securities Law;

b) request the opinion of independent experts, when deemed convenient, for the adequate performance of their duties or as required by law;

c) convene shareholders meetings and include issues they deem pertinent in the agenda thereof;

d) support the Board of Directors when making the annual reports of the corresponding fiscal year to be submitted to the General Shareholders' Meeting.

e) any other activity established for the Company by the Mexican Securities Law and other legal applicable regulations or provided by these Bylaws.

II. The Audit Committee shall:

a) render an opinion to the Board of Directors over the issues corresponding to said Committee, pursuant to the Mexican Securities Law;

b) assess the performance of the firm providing the external audit services as well as analyze the opinions, reports or documents made and signed by the external auditor. For that effect, the Committee may require the attendance of the mentioned auditor when deemed convenient without affecting auditor's obligation to meet with said Committee at least once a year;

c) discuss the financial statements of the Company with the persons responsible for making and revising the same, and based upon said financial statements, recommend its approval to the Board of Directors;

d) inform the Board of Directors of the condition and status of the internal controls and internal auditing systems of the Company or of the corporate entities controlled by the Company, including any irregularities detected therein;

e) prepare the opinion of the report rendered by the Chief Executive Officer and submit the same to the consideration of the Board of Directors to be presented thereafter before the Shareholders' Meeting supported by the opinion of the external auditor. Said opinion should indicate at least:

1. If the accounting and information policies and criteria followed by the Company are adequate and sufficient considering the particularities of the same.
2. If said policies and criteria had been consistently applied in the information presented by the Chief Executive Officer.
3. If, as a consequence of the previous sections 1 and 2, the information presented by the Chief Executive Officer reflects, in a reasonable manner, the financial situation and the profit and losses of the Company.

f) support the Board of Directors in the preparation of the reports referred to in paragraphs d) and e) of Section IV of Article 28 of the Mexican Securities Law;

g) oversee that the operations referred to in Section III of Article 28 and Article 47 of the Mexican Securities Law be carried out conforming to the relevant provisions contained therein;

h) request the opinion of independent experts when deemed convenient for the adequate performance of their duties or as required by law;

i) require from the senior officers and from other employees of the Company or of the corporate entities controlled by the Company, reports relevant to the preparation of the financial information and of any other kind deemed necessary for the performance of their duties;

j) investigate possible breaches known to them, both committed by the Company or by the corporate entities controlled by said Company, examining the documents, register books and other probative evidence in the degree and scope necessary to carry out such surveillance;

k) receive any observation made by shareholders, Directors, senior officers, employees, and in general, any third parties, regarding the issues referred to in the previous paragraph, as well as to carry out the actions deemed appropriate relevant to such observations;

l) request periodical meetings with senior officers as well as surrendering any kind of information in connection with the internal control and internal audit of the Company to corporate entities controlled by the same;

m) inform the Board of Directors about the material irregularities detected while exerting their duties, and in its case, notify the corrective measures thereof;

n) convene Shareholders' Meetings and request that the issues they deem convenient be inserted in the agenda of said Meetings;

o) oversee that the Chief Executive Officer complies with the resolutions taken by the Shareholders' Meetings and by the Board of Directors;

p) oversee the establishment of internal controls and mechanisms in order to verify that the actions and transactions of the Company, and of the corporate entities controlled by said Company, conform to the legal applicable regulations.

q) any other activity established for the Company by the Mexican Securities Law and other legal applicable regulations or provided by these Bylaws.

In the same manner, the Chairman of the Corporate Governance and Audit Committees must prepare an annual report about the activities corresponding to said bodies and submit the same to the Board of Directors complying with the requirements established by applicable legal regulations. To prepare said reports, as well as the opinions referred to in this Article, the Corporate Governance and Audit Committees shall consider the opinions of the senior officers of the Company. In case there is a difference of opinions with the latter, said differences shall be incorporated into said reports and/or opinions.

The Company shall not be subject to the provisions of section V of Article 91 of the Mexican Corporate Law, nor shall be applicable Articles 164 to 171, last paragraph of Article 172, 173 and 176 and other Articles related to the statutory auditor of the Company provided by the mentioned Law.

ARTICLE TWENTY-SEVENTH. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall be in charge of running, conducting and executing the Company's business and the ones of the corporate entities controlled by the same, pursuant to this Article, complying with the strategies, policies and guidelines approved by the Board of Directors.

To comply with his duties, the Chief Executive Officer shall have the most ample power of attorney to represent the Company for acts of administration and for collection and litigation,

including the special powers of attorney that according to law, require a special clause, in the same terms indicated in Article Eighteenth hereof. The Chief Executive Officer shall not have a power of attorney for acts of ownership except when this power is expressly granted or delegated by the Board of Directors of the Company or by any person holding a power of attorney or authorized to do so.

Without limiting the foregoing, the Chief Executive Officer shall:

I. Submit, for the approval of the Board of Directors, the business strategies of the Company and of the corporate entities controlled by the same, pursuant to the information rendered by said corporate entities.

II. Carry out the resolutions of the Shareholders' Meetings and of the Board of Directors according, in its case, to the instructions given by the same Board.

III. Propose to the Audit Committee, the internal control system and internal audit guidelines of the Company and of the corporate entities controlled by the same, as well as execute the guidelines approved thereof by the Board of Directors.

IV. Subscribe within his scope, any information relevant to the Company along with the senior officers in charge of preparing the same.

V. Disclose the relevant information and events that should be disclosed to the public, conforming to the provisions of the Mexican Securities Law.

VI. Comply with the provisions relevant to the purchase and placement transactions of Company's own shares of stock.

VII. Exert, either personally or through an authorized delegate, within the scope of the Chief Executive Officer or as directed by the Board of Directors, the corresponding corrective measures and liability suits.

VIII. Oversight, in its case, that the capital contributions made by the shareholders are carried out.

IX. Comply with the legal and statutory requisites established regarding dividends paid to shareholders.

X. Assure that adequate accounting, registry and information systems are maintained by the Company.

XI. Prepare and submit to the Board of Directors the report referred to in Article 172 of the Mexican Corporate Law, exception made for the provisions of section (b) of said precept.

XII. Establish mechanisms and internal controls permitting to certify that the actions and transactions of the Company and of the corporate entities controlled by the same conform to the applicable regulations, and take any necessary measures thereof.

XIII. Exert the liability suits referred to in the Mexican Securities Law and in Article Twenty-Second hereof, against related parties or third parties that allegedly had caused a damage to the Company or to the corporate entities controlled by the same or to companies where said Company has a significant influence, exception made for the cases when the Board of Directors, after having obtained the approval from the Audit Committee, determines that the damages caused are not relevant.

XIV. Provide anything necessary to comply with the provisions of Article 31 of the Mexican Securities Law in the corporate entities controlled by the Company.

The Chief Executive Officer shall carry out his duties and activities, as well as comply with the obligations set forth by applicable legal regulations assisted by the senior officers designated thereof and by any other employee of the Company or of the corporate entities controlled by the same.

ARTICLE TWENTY-EIGHTH. LIABILITY OF THE CHIEF EXECUTIVE OFFICER AND OTHER SENIOR OFFICERS. The Chief Executive Officer and other senior officers shall perform their duties intending to generate value in benefit of the Company and without favoring any determined shareholder or group of shareholders. To that effect, they shall act diligently adopting educated decisions and complying with other duties that are to be imposed to them, and therefore, they shall be liable for the damages derived from the performance of their corresponding duties. In the same manner, the liabilities for damages set forth in Article 46 of the Mexican Securities Law, shall be applicable, as well as the liability exemptions and limits referred to in Articles 33 and 40 of the same Mexican Securities Law.

GENERAL SHAREHOLDERS MEETINGS

ARTICLE TWENTY-NINTH. MEETINGS. The General Shareholders' Meeting convened pursuant to the provisions hereof, is the outmost body of the Company.

The General Shareholders' Meetings shall be Ordinary or Extraordinary. Extraordinary Meetings shall be the ones convened to deal with any of the issues included in Article 182 of the Mexican Corporate Law or, or that according to the applicable legal regulations, should have such character; all other meetings shall be Ordinary Meetings.

ARTICLE THIRTIETH. GENERAL ORDINARY MEETINGS. General Ordinary Shareholders' Meetings shall be held at least once a year within the 4 (four) month period following the closing of each fiscal year. When said annual Meeting is held, besides other specific issues of the agenda, said Annual Meeting shall: (i) discuss, revise, and in its case, approve the reports and opinions indicated in Section IV of Article 28 of the Mexican Securities Law; (ii) appoint the members of the Board of Directors, qualify the independence of the Directors proposed with such character and set their compensations, same which shall be included in the expenses of the relevant fiscal year; (iii) appoint the chairmen of the Corporate Governance Committee and the Audit Committee; (iv) resolve the application of the fiscal year profits, and; (v) decide the maximum resource amount to be destined to repurchase Company's own shares.

In the same manner it shall be a non delegable authority of the General Ordinary Shareholders' Meeting to approve the transactions intended by the Company or by the corporate entities controlled by the same when they represent 20% (twenty percent) or more of the consolidated assets of the Company based upon the figures corresponding to the previous closing quarter, notwithstanding their form of execution, whether this be simultaneously or successively, but that due to their nature be considered as a sole operation.

ARTICLE THIRTY-FIRST. SHAREHOLDERS' RIGHTS.
I. Shareholders that individually or jointly hold 5% (five percent) or more of the capital stock may exert the liability suit provided by Article Twenty-Second hereof.

II. Shareholders that individually or jointly hold 10% (ten percent) of the capital stock of the Company shall be entitled to:

a) designate and revoke in the General Shareholders' Meeting, a member of the Board of Directors. Such designation may only be revoked by other shareholders when the appointment of all other Directors is revoked, in which case, the persons to be substituted may not be appointed with such character during the 12 (twelve) month period following the date of revocation;

b) require from the Chairman of the Board or from the Corporate Governance Committee and Audit Committee, at any time, that a General Shareholders' Meeting be convened, without the application of the percentage indicated in Article 184 of the Mexican Corporate Law;

c) request that the voting of any issue over which they consider they are not sufficiently informed be postponed for a maximum of 3 (three) calendar days, and for one time only without the need of a new notice, without the application of the percentage indicated in Article 199 of the Mexican Corporate Law;

III. Shareholders that individually or jointly hold 20% (twenty percent) of the capital stock may oppose in court the resolutions of the General Meetings where they have a right to vote, without the application of the percentage indicated in Article 201 of the Mexican Corporate Law;

IV. In the same manner, the Company's shareholders shall have the following rights:

a) have access, at the Company's offices, to the information and the documentation for every item Shareholders' Meeting agenda, free from any charge, and at least 15 (fifteen) calendar days prior to the date of the Meeting.

b) Prevent that the matters be discussed in the General Shareholders' Meeting as "general matters" or its equivalent.

c) Enter into agreements with the other shareholders pursuant to the terms provided by the applicable legal regulations. Such agreements should be notified to the Company within 5 (five) working days following their subscription, to be revealed to the investor public through the stock market where the shares or certificates representing said shares are traded, pursuant to the terms and conditions established by the same, being accessible to the public for consultation in the Company's offices. These agreements shall not be opposable to the Company except in cases of judicial resolutions which breaching shall not affect the validity of

the vote in Shareholders' Meetings, but they may only effective between the parties when they have been revealed to the investor public.

ARTICLE THIRTY-SECOND. NOTICES. Shareholders' Meetings may be convened by the Board of Directors, by the Corporate Governance Committee or by the Audit Committee, as the case may be. In the same manner, shareholders representing at least 10% (ten percent) of the capital stock may require from the Chairman of the Board of Directors or from the Committees, in writing, at any time, to convene a General Shareholders' Meeting to discuss the issues specified in their request. Shareholders owning one share have the same right as any of the cases referred to in Article 185 of the Mexican Corporate Law. If the notice is not made within 15 (fifteen) days following the date of the request, a civil or a district judge of the domicile of the Company shall make such notice upon request from anyone of the interested parties.

In absence of the minimum amount of members required for the Corporate Governance Committee and Audit Committees to convene, and only when the Board of Directors had not made the appointment of provisional Directors and/or members of the Committees, any shareholder may request from the Chairman of the Board of Directors to convene, within a term of 3 (three) calendar days, a General Shareholders' Meeting so that the latter makes the corresponding designations.

ARTICLE THIRTY-THIRD. PUBLICATION OF NOTICES. Meeting notices should be published in the Federal Official Gazette or in a newspaper of major circulation of the Company's domicile at least 15 (fifteen) calendar days prior to the date set for said Meeting. Notices shall contain the agenda and shall be signed by the person or persons making such notice. The General Shareholders' Meeting may be held without a previous notice if all the capital stock is represented therein at voting time.

ARTICLE THIRTY-FOURTH. SHAREHOLDER'S PROXIES. The Shareholders of the Company may be represented in the Shareholders' Meetings by the person or persons designated by said shareholders by a simple proxy or by a power of attorney given in the forms prepared by the Company, which forms shall be at the disposal of shareholders through market brokers or through the Company, at least 15 (fifteen) days prior to the date of each Meeting complying with the following requisites: (i) notice shall indicate in a noticeable manner the name of the Company as well as the corresponding agenda; (ii) it shall contain a space to be filled with the instructions given by grantor to exert said power of attorney. The Secretary of the Board of Directors should verify that the provisions contained in this Article are observed and shall inform the General Shareholders' Meeting of said compliance, evidencing the same in the relevant minute.

ARTICLE THIRTY-FIFTH. DEVELOPMENT OF THE MEETINGS. The Meetings shall be presided by the Chairman of the Board of Directors and in his absence, by his Alternate, and in the absence of the latter, by the person designated by the majority of votes of the Shareholders. In the same manner, it shall serve as Secretary, the one designated as such by the Board of Directors and/or by the Shareholders' Meeting, and in his absence, he shall be substituted by the Alternate Secretary, and in absence of both, by the person designated by the Shareholders by a majority of votes therein.

The Minutes of the Meetings shall be recorded in the relevant Book and shall be signed by the Chairman and by the Secretary of the meeting.

ARTICLE THIRTY-SIXTH. QUORUM FOR THE GENERAL MEETINGS. General Ordinary Shareholders' Meetings held by first notice shall be valid if at least 50% (fifty percent) of the capital stock is represented therein and their resolutions shall be valid when they are adopted by the assenting vote of the majority of the shares represented therein. In the Meetings, each common share shall be entitled to one vote. The Extraordinary Shareholders' Meetings held by first notice shall be valid if at least 75% (seventy five percent) of the capital stock is represented therein and their resolutions shall be valid when they are adopted by the assenting vote of shares representing at least 50% (fifty percent) of the capital stock.

Regarding Ordinary Meetings, if the number of shares established in the previous Articles in the date set forth for the first notice were not represented therein, this shall reconvene and said Meeting shall decide the issues contained in the agenda, notwithstanding the number of shares represented in the same. If it should be a Extraordinary Meeting it shall require, in all cases, the assenting vote of the shares representing at least 50% (fifty percent) of the capital stock.

ARTICLE THIRTY-SEVENTH. RIGHT TO ATTEND MEETINGS. In order to be entitled to attend to and vote in a Shareholders' Meeting, all shareholders shall previously deposit their share certificates with the Company's Secretary, in any Mexican or Foreign Bank or any Securities Depository Institution, not later than the day immediately preceding the date set forth for the Meeting. The deposit slip of the share will accredit the right to attend the Meetings. The Stock Ledger of the Company shall be closed, and therefore no recordings shall be permitted the day prior to the date of the Meeting.

FISCAL YEARS, FINANCIAL INFORMATION, PROFITS AND LOSSES

ARTICLE THIRTY-EIGHTH. FISCAL YEARS. Fiscal years shall coincide with calendar years pursuant to the terms of Article 8-A of the Mexican Corporate Law.

ARTICLE THIRTY-NINTH. ANNUAL REPORT. The Company through its Board of Directors shall annually submit to the Shareholders' Meeting held for the closing of the fiscal year the following: (i) the report prepared by the Chief Executive Officer pursuant to the provisions of Section XI of Article 44 of the Mexican Securities Law; (ii) the opinion of the Board of Directors over the contents of the report prepared by the Chief Executive Officer; (iii) the report provided in Article 172 of the General Law of Commercial Companies, containing the main policies, accounting principles and information criteria followed to prepare the financial information of the Company; (iv) the reports of the Chairman of the Corporate Governance Committee and the Chairman of the Audit Committee, and (v) the report containing the transactions and activities where the Company had intervened pursuant to the provisions of the Mexican Securities Law.

Notwithstanding the foregoing, the Board of Directors shall be free to submit any financial statements referring to any date during the fiscal year and the Meeting may approve them for all legal effects thereof.

ARTICLE FORTIETH. APPLICATION OF PROFITS AND LOSSES. Net profits shown in the Financial Statements approved in the Shareholders' Meetings shall be distributed as follows: (i) 5% (five percent) to reconstitute the legal reserve fund until said fund reaches at least 20% (twenty percent) of the capital stock; (ii) if it is so determined by the Meeting it may designate the amounts deemed convenient to constitute a contingency fund, as well as special reserve funds, and; (iii) the remaining profits, if any, shall be applied in the manner resolved by the General Ordinary Shareholders' Meeting.

Losses, if any, shall be supported primarily by the reserves, and in lack of these, by the capital stock.

ARTICLE FORTY-FIRST. DISTRIBUTION OF DIVIDENDS. The Ordinary Shareholders' Meeting may declare a dividend payment throughout the fiscal year, in the form, term, and conditions agreed by said Meeting, complying with the legal requirements and after making the corresponding legal reserves.

DISSOLUTION AND LIQUIDATION

ARTICLE FORTY-SECOND. DISSOLUTION. The Company shall be dissolved in any of the events specified in Article 229 of the Mexican Commercial Law.

ARTICLE FORTY-THIRD. LIQUIDATION. Once the Company has been dissolved it shall be liquidated. One or more liquidators appointed by the General Extraordinary Shareholders' Meeting shall be in charge of the Liquidation. If the Meeting fails to appoint said liquidator, a Civil or District Judge, of the domicile of the Company shall do so, upon petition of any of the shareholders.

ARTICLE FORTY-FOURTH. BASIS FOR LIQUIDATION. In absence of specific instructions given by the Meeting to the Liquidators, Liquidation shall be performed according to the following general basis:

I. Conclusion of all pending businesses with the minimum damage to creditors and shareholders.
II. Preparation of the General Balance Sheet and Inventory.
III. Collection of all Credits and payment of all debts.
IV. Sale of all Company's Assets and application of profits for the purpose of the Liquidation.
V. Distribution of the remnant, if any, among the shareholders, in proportion to their shares.

ARTICLE FORTY-FIFTH. APPLICATION OF LIQUIDATION REMNANT. Once the Liquidation transactions are concluded, the Liquidator or Liquidators shall convene a General

Meeting to examine, during the same, the Liquidation Account Statements, to render an opinion on said Statements, and resolve the application of the remnant, if any.

CANCELLATION OF REGISTRATION AND CONFLICT RESOLUTION

ARTICLE FORTY-SIXTH. CANCELLATION OF REGISTRATION AT THE MEXICAN SECURITIES REGISTRY. Cancellation of the registration of the Company's shares in the Mexican Securities Registry, should be carried out within the prices, dates, terms, conditions and exceptions established by the Mexican Securities Law and other legal regulations applicable to the Company.

ARTICLE FORTY-SEVENTH. DISPUTE RESOLUTION. It is the will of the shareholders of the Company to expressly waive the judicial venue and submit to arbitration all controversies, issues, or incidence that should arise against the Company regarding these Bylaws. Said arbitration shall be of law and shall be resolved by an arbitration court composed by 3 (three) arbiters. Each one of the parties shall be entitled to appoint an arbiter and both parties shall appoint a third arbiter. The arbitration shall be governed and controlled, regarding arbitration proceedings, by the relevant Articles of Commercial Arbitration contained in the Código de Comercio ("Mexican Commerce Code").

ARTICLE FORTY-EIGHTH. HEADINGS. All headings and titles contained in each one of the Articles herein, are for convenience and reference only and they will not affect, in any manner whatsoever, the interpretation of these Bylaws.

DOC 3 Header

Exhibit 4(a)(1)

EXECUTION VERSION

AMENDMENT TO THE LOAN AGREEMENT (the *"Amendment Agreement")* entered into as of December 3, 2012, by and among:

I. Gruma, S.A.B. de C.V., a sociedad anónima bursátil de capital variable organized and existing under the laws of Mexico, as borrower (the *"Company"),* and

II. The several financial institutions executing this Amendment Agreement (the *"Majority Banks"*), and BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer as Administrative Agent for the Banks.

WHEREAS

I. The Company and the Banks entered into that certain Loan Agreement dated as of March 22, 2011 (the *"Original Loan Agreement"),* whereby, the Banks thereunder agreed to make available to the Company certain extensions of credit.

II. The Company has requested that the Banks agree to certain amendments to the Original Loan Agreement.

III. The Majority Banks are willing, on the terms and subject to the conditions hereinafter set forth, to enter into this Amendment Agreement.

NOW THEREFORE, in consideration of the foregoing and of the terms, conditions, representations and warranties set forth herein, the parties hereby agree as follows:

SECTION 1
TERMS AND DEFINITIONS

1.01 General Rule. All terms defined in the Original Loan Agreement and not otherwise defined herein shall have the meanings assigned to such terms in the Original Loan Agreement when used herein.

SECTION 2
AMENDMENTS

2.01 Purpose. The parties hereby agree to amend certain terms and provisions of the Original Loan Agreement, as set forth herein, as of the Effective Date, and agree that all remaining terms and provisions of the Original Loan Agreement shall remain unaltered and in full force and effect, except to the extent that such remaining terms and provisions are in conflict with or are inconsistent with the terms and provisions of this Amendment Agreement, in which case, (i) the terms and provisions of this Amendment Agreement shall supersede the terms and provisions of the Original Loan Agreement and govern the obligations of the parties, and (ii) the Original Loan Agreement shall be deemed to be further amended to the extent necessary to conform the terms and provisions thereof with the terms and provisions of this Amendment Agreement.

2.02 Addition of definitions. The following definitions are added to Section 1.01 in alphabetical order:

"ADM" means Archers-Daniels-Midland Company and its Affiliates.

"ADM SPA" means the stock purchase agreement to be executed by and between the Company and ADM pursuant to which the Company would purchase 106,335,069 shares of the Company, 3,857,175 shares of VALORES AZTECA, 25,797 equity interests in VALORES MUNDIALES, and 300 equity interests in CONSORCIO ANDINO from ADM.

"CONSORCIO ANDINO" means Consorcio Andino, S.L.

"RFB HOLDINGS" means RFB Holdings de México, S.A. de C.V.

"RFB HOLDINGS SPA" means the stock purchase agreement to be executed by and between the Company and RFB Holdings pursuant to which the Company and/or any of its Subsidiaries would purchase 208,596 equity interests in VALORES MUNDIALES, and 4,000 equity interests in CONSORCIO ANDINO from RFB HOLDINGS.

"VALORES AZTECA" means Valores Azteca, S.A. de C.V.

"VALORES MUNDIALES" means Valores Mundiales, S.L.

2.03 Amendment to the definition of Applicable Margin. The definition of Applicable Margin is hereby amended in its entirety to read as follows:

"*Applicable Margin" means the margin, expressed as an interest rate per annum, to be added to the rate of interest selected by the Company in respect of the Loans which shall be 2.0% from the Closing Date to April 30, 2011, and thereafter shall be as set forth below according to the Maximum Leverage Ratio as of the end of the most recent Fiscal Quarter:*

Maximum Leverage Ratio	Applicable Margin
Greater than or equal to 4.5x	*3.00 %*
Greater than or equal to 4.0x and less than 4.5x	*2.75 %*
Greater than or equal to 3.5x and less than 4.0x	*2.50 %*
Greater than or equal to 3.0x and less than 3.5x	*2.25 %*
Greater than or equal to 2.5x and less than 3.0x	*2.00 %*
Greater than or equal to 2.0x and less than 2.5x	*1.75 %*
Less than 2.0x	*1.50 %*

2.04 Amendment to Section 7.02 Investments. The following provision is added at the end thereof in lieu of the "." and the word "and" is deleted from the end of subsection (h):

"; and (j) the share purchases to be contemplated in the ADM SPA and the RFB HOLDINGS SPA."

2.05 Amendment to Section 7.04 Restricted Payments. The phrase "was less than 3.50 to 1.00" is hereby deleted and replaced with the following phrase "does not exceed the Maximum Leverage Ratio permitted under Section 7.10".

2.06 Amendment to Section 7.07 Transactions with Affiliates. The following is added at the end of such provision:

"For the avoidance of doubt, the transactions contemplated in the ADM SPA and the RFB HOLDINGS SPA shall be considered to be upon fair and reasonable terms and no less favorable to the Company than are obtainable in a comparable arm's-length transaction with a Person not an Affiliate of the Company."

2.07 Amendment to Section 7.10 Maximum Leverage Ratio. Section 7.10 is deleted in its entirety and replaced with the following:

"7.10 Maximum Leverage Ratio. The Company shall not permit its Maximum Leverage Ratio for any Measurement Period within the periods mentioned below, to be:

Period	Leverage Ratio
From March 22, 2011 to December 3, 2012	*Greater than 3.5x to 1.00x*
From December 4, 2012 to September 30, 2013	*Greater than 4.75x to 1.00x*
From October 1, 2013 to September 30, 2014	*Greater than 4.5x to 1.00x*
From October 1, 2014 to September 30, 2015	*Greater than 4.0x to 1.00x*
From October 1, 2015 and thereafter	*Greater than 3.5x to 1.00x*

2.08 Amendment of Section 8.01(k) Change of Control. Section 8.01(k) is deleted in its entirety and replaced with the following:

"(k) Change of Control. Graciela Moreno Hernández and/or the respective family members (including spouses, siblings and other lineal descendants, estates and heirs, or any trust or other investment vehicle for the primary benefit of any such Person or their respective family members or heirs) of the deceased Roberto Gonzalez Barrera and/or Graciela Moreno Hernandez, fail to elect the majority of the Board of the Directors of the Company."

2.09 Amendment of Exhibit D. The reference to "3.50" is replaced with "   " (blank space to be completed by the Company).

SECTION 3
CONDITIONS PRECEDENT

3.01 Conditions Precedent for Amendments. The amendments, modifications and changes agreed hereunder shall not become effective until the date on which the following conditions have been duly met (the *"Effective Date"*) and the Administrative Agent shall have received each of the documents described below, each of which shall be satisfactory to the Administrative Agent in form and substance, provided that such conditions and the Administrative Agent shall have received such documents, on or prior to 3:00 pm New York City time, on December 30, 2012:

(a) This Amendment Agreement shall have been duly executed by the Company, the Administrative Agent and the Majority Banks;

(b) The Administrative Agent shall have received reimbursement or payment of all reasonable and documented expenses required to be reimbursed or paid by the Company pursuant to Section 5.05 hereof;

(c) The Administrative Agent shall have received a certificate dated on or prior to the date of execution of this Amendment Agreement signed by a Responsible Officer of the Company, stating that:

(i) no Default or Event of Default has occurred and is continuing;
(ii) the representations and warranties of the Company contained in the Original Loan Agreement or in any other Loan Document are true and correct in all material respects on and as of the Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date; and

(iii) there has not occurred since September 30, 2012 any event or circumstance of a financial, political or economic nature in Mexico which has had or could reasonably be expected to have a Material Adverse Effect on the ability of the Company to perform its obligations under the Original Loan Agreement as amended by this Amendment Agreement.

(d) The Company has executed a valid amendment agreement with the lenders satisfactory to the Administrative Agent under: (i) that certain loan agreement, dated as of June 15, 2011, entered into by and between the Company, the several financial institutions from time to time party to such loan agreement, and BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer as administrative agent for such banks; and (ii) the certain loan agreement, dated as of June 15, 2011, entered into by and between the Company and COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "RABOBANK NEDERLAND", NEW YORK BRANCH; on substantially identical terms and conditions to those contained in this Amendment Agreement.

(e) The Company has executed a valid amendment agreement with BANCO NACIONAL DE COMERCIO EXTERIOR, S.N.C. ("*BANCOMEXT*") satisfactory to the Administrative Agent under that certain loan agreement, dated as of June 16, 2011, entered into by and between the Company and BANCOMEXT, on similar terms and conditions, where applicable, to those contained in this Amendment Agreement.

(f) The Administrative Agent shall have received new Term Notes and Revolving Notes duly executed by the Company with the new Applicable Margin.

SECTION 4
REPRESENTATIONS AND WARRANTIES, COVENANTS AND FEES

4.01 Additional Representations and Warranties. The Company hereby represents and warrants to the Administrative Agent that:

(a) The Company is a *sociedad anónima bursátil* de *capital variable* duly organized and validly existing under the laws of Mexico; and the Company and each of its Subsidiaries:

(i) is duly organized and validly existing under the laws of its jurisdiction of formation;

(ii) has all requisite corporate power and authority and all requisite governmental licenses, authorizations, consents and approvals to (1) conduct its business and to own its Properties except to the extent that the failure to obtain any such governmental license, authorization, consent or approval could not reasonably be expected to have a Material Adverse Effect and (2) (with respect to the Company only) to execute, deliver and perform all of its obligations under this Amendment Agreement; and

(iii) is in compliance with all Requirements of Law, except to the extent that the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

(b) The execution and delivery of, and performance by the Company under this Amendment Agreement have been duly authorized by all necessary corporate action, and do not and will not:

(i) contravene the terms of the Company's *acta constitutiva* or *estatutos sociales* in effect,

(ii) conflict with or result in any breach, violation or contravention of, or the creation of any Lien under, or give rise to any right to accelerate or require prepayment, repurchase or redemption of any obligation under or constitute a default in respect of (1) any document evidencing any material

Contractual Obligation to which the Company is a party or (2) any order, injunction, writ or decree of any Governmental Authority to which the Company or its Property is subject; or (3) violate or contravene any Requirement of Law.

(c) This Amendment Agreement has been duly executed and delivered by the Company. This Amendment Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, *concurso mercantil, quiebra,* or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability (regardless of whether enforcement thereof is sought in a proceeding at law or in equity).

SECTION 5
MISCELLANEOUS

5.01 Effectiveness. The Original Loan Agreement, as specifically amended by this Amendment Agreement, shall remain in full force and effect and is hereby ratified and confirmed.

The execution, delivery and performance of this Amendment Agreement shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Banks under the Original Loan Agreement.

This Amendment Agreement shall be construed in conjunction and as one with the Original Loan Agreement, and the Original Loan Agreement shall, where the context requires, be read and construed throughout so as to incorporate this Amendment Agreement.

5.02 Execution in Counterparts. This Amendment Agreement may be executed in any number of counterparts, and by each party hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts taken together shall constitute but one and the same instrument.

5.03 Headings. Chapter and section headings in this Amendment Agreement are included for convenience of reference only and shall not constitute a part of this Amendment Agreement for any other purpose or be given any substantive effect.

5.04 Severability. If any provision contained in or obligation under this Amendment Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

5.05 Costs and Expenses. The Company shall pay all reasonable and documented expenses (including reasonable and documented Attorney Costs) incurred by the Administrative Agent in connection with the preparation and execution of this Amendment Agreement and the other related documents, up to an amount that shall not exceed US$10,000.00 (Ten Thousand Dollars US/Cy). All amounts due under this Section shall be payable on or prior to Effective Date.

5.06 Governing Law; Jurisdiction. This Amendment Agreement shall be subject to the applicable governing law and jurisdiction provided in the Original Loan Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment Agreement to be executed by their respective duly authorized representatives as of the day and year first written above.

[SIGNATURE PAGES FOLLOW]

THE COMPANY
GRUMA, S.A.B. DE C.V.

/s/ Raul Cavazos Morales	/s/ Rodrigo Martinez Villarreal
By: Raul Cavazos Morales	By: Rodrigo Martinez Villarreal
Title:Chief Financial Officer	Title:International Legal Vice-President

THE ADMINISTRATIVE AGENT
BBVA BANCOMER, S.A.,
INSTITUCIÓN DE BANCA MÚLTIPLE,
GRUPO FINANCIERO BBVA BANCOMER

[Illegible Signature]	[Illegible Signature]
By: [Illegible]	By:
Title: Attorney in Fact	Title:

BANAMEX USA

By: [Illegible Signature]
Name: [Illegible]
Title: Attorney in Fact

By: [Illegible Signature]
Name: [Illegible]
Title: Attorney in Fact

BBVA BANCOMER, S.A.,
INSTITUCIÓN DE BANCA MÚLTIPLE,
GRUPO FINANCIERO BBVA BANCOMER
As Lender

By: [Illegible Signature]
Name: Illegible
Title: Attorney in Fact

By: [Illegible Signature]
Name: [Illegible]
Title: Attorney in Fact

Signature page to the Amendment to the Loan Agreement dated as of November 30, 2012

BANK OF AMERICA, N.A.

By: /s/ Gonzalo Isaacs
Name: Gonzalo Isaacs
Title: Managing Director

COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "RABOBANK NEDERLAND", NEW YORK BRANCH

By: /s/ Anthony Liang
Name: Anthony Liang
Title: Managing Director

By: /s/ Brett Delfino
Name: Brett Delfino
Title: Executive Director

THE BANK OF NOVA SCOTIA

By: /s/ Sohail Nawaz
Name: Sohail Nawaz
Title: Associate Director – CAG

By: /s/ Stephen H. Corey
Name: Stephen H. Corey
Title: Director – CAG

DOC 4 Header

Exhibit 4(a)(3)

Translation for Reference Purposes Only

AMENDMENT AGREEMENT TO THE LOAN AGREEMENT (THE "AMENDMENT AGREEMENT") DATED DECEMBER 7, 2012, ENTERED BY AND AMONG BANCO NACIONAL DE COMERCIO EXTERIOR, S.N.C. ("BANCOMEXT") REPRESENTED HEREIN BY MR. LEONEL NAPOLEÓN VÁSQUEZ GÓMEZ AND MR. FELIPE CÁRDENAS ESTRADA AND GRUMA, S.A.B. DE C.V. (THE "BORROWER"), REPRESENTED HEREIN BY MR. RAÚL CAVAZOS MORALES AND MR. RODRIGO MARTÍNEZ VILLARREAL, JOINTLY REFERRED TO AS "THE PARTIES", PURSUANT TO THE FOLLOWING PRELIMINARY STATEMENTS AND CLAUSES:

PRELIMINARY STATEMENTS

I. The "BORROWER" and "BANCOMEXT" entered into a Loan Agreement on June 16, 2011 (the "*Original Loan Agreement*") pursuant to which BANCOMEXT extended a credit facility in Pesos, Mexican Currency to the "BORROWER"for MXP$600,000,000.00 (Six Hundred Million Pesos 00/100 Mexican Currency).

RECITALS

I. The "BORROWER" hereby states that it has requested to BANCOMEXT its consent to make several amendments to the Original Loan Agreement and therefore to enter into this Agreement.

II. "THE PARTIES" state that they are willing to enter into the Agreement contained in this instrument, therefore, they hereby grant the following:

CLAUSES
ONE
AGREED AMENDMENTS

1.01 Purpose. Pursuant to this Amendment Agreement, the parties agree to amend certain terms and provisions of the "Original Loan Agreement", as set forth herein, and agree that the remaining terms and provisions of the "Original Loan Agreement" shall remain in full force and effect and unaltered, except to the extent that they are in conflict or are inconsistent with the terms and provisions of this Amendment Agreement, in which case (i) the terms and provisions of this Amendment Agreement shall supersede the terms and provisions of the "Original Loan Agreement" and govern the obligations among the parties, and (ii) the "Original Loan Agreement" shall be deemed to be modified to the extent it is required to conform the terms and provisions thereof with the terms and provisions of this Amendment Agreement.

1.02 Amendment to Clause Five (INTEREST). "THE PARTIES" expressly agree to delete the chart referring to the Leverage Ratio contained in Clause Five of the Original Loan Agreement and to replace it with the following chart:

	LEVERAGE RATIO						
YEAR	**LESS THAN OR EQUAL TO 2.0**	**GREATER THAN 2.00 AND LESS THAN OR EQUAL TO 2.5**	**GREATER THAN 2.5 AND LESS THAN OR EQUAL TO 3.0**	**GREATER THAN 3.0 AND LESS THAN OR EQUAL TO 3.5**	**GREATER THAN 3.5 AND LESS THAN OR EQUAL TO 4.0**	**GREATER THAN 4.0 AND LESS THAN OR EQUAL TO 4.5**	**GREATER THAN 4.5 AND LESS THAN OR EQUAL TO 4.75**
1	*137.5 BP*	*150.0 BP*	*162.5 BP*	*175.0 BP*	*187.5 BP*	*200.0 BP*	*212.5 BP*
2	*137.5 BP*	*150.0 BP*	*162.5 BP*	*175.0 BP*	*187.5 BP*	*200.0 BP*	*212.5 BP*
3	*162.5 BP*	*175.0 BP*	*187.5 BP*	*200.0 BP*	*212.5 BP*	*225.0 BP*	*237.5 BP*
4	*162.5 BP*	*175.0 BP*	*187.5 BP*	*200.0 BP*	*212.5 BP*	*225.0 BP*	*237.5 BP*
5	*162.5 BP*	*175.0 BP*	*187.5 BP*	*200.0 BP*	*212.5 BP*	*225.0 BP*	*237.5 BP*
6	*187.5 BP*	*200.0 BP*	*212.5 BP*	*225.0 BP*	*237.5 BP*	*250.0 BP*	*262.5 BP*
7	*187.5 BP*	*200.0 BP*	*212.5 BP*	*225.0 BP*	*237.5 BP*	*250.0 BP*	*262.5 BP*

1.03 Amendment to Clause Eight, item e). "THE PARTIES" expressly agree to amend the first paragraph of item e) of Clause Eight of the "Original Loan Agreement" to be read and to incorporate the chart that will be deemed as part of such item, as follows:

"*... e) The "BORROWER" shall not allow its Leverage Ratio, for any Measurement Period within the periods mentioned below, to be:*

Period	**Levarage Ratio**
From June 16, 2011 to December 7, 2012	*Greater than 3.50 (three point fifty) to 1.00 (one point zero zero)*
From December 8, 2012 to September 30, 2013	*Greater than 4.75 (four point seventy-five) to 1.00 (one point zero zero)*
From October 1, 2013 to September 30, 2014	*Greater than 4.50 (four point fifty) to 1.00 (one point zero zero)*
From October 1, 2014 to September 30, 2015	*Greater than 4.00 (four point zero zero) to 1.00 (one point zero zero)*
From October 1, 2015 and thereafter	*Greater than 3.50 (three point fifty) to 1.00 (one point zero zero)*

1.04 Amendment to Clause Ten, item i). "THE PARTIES" expressly agree to amend in its entirety item i) of Clause Ten of the "Original Loan Agreement", replacing such text with the following:

".... i) Upon a "Change of Control", which shall be deemed if Graciela Moreno Hernández and/or the respective family members (including spouses, siblings and other lineal descendants, estates and heirs, or any trust or other investment vehicle for the primary benefit of any such Persons or their respective family members or heirs) of the deceased Roberto González Barrera and/or Graciela Moreno Hernández, fail to elect the majority of the board of directors of the "BORROWER".

TWO
GENERAL PROVISIONS

2.01 Effectiveness. The "Original Loan Agreement", together with the amendments specifically agreed upon in this Amendment Agreement, shall remain in full force and

effect for all the applicable legal purposes and is hereby ratified and confirmed by "THE PARTIES".

This Amendment Agreement shall be construed in conjunction with and as an integral part of the "Original Loan Agreement", in such a manner that the clauses of such "Original Loan Agreement" and the context are construed so as to incorporate this Amendment Agreement.

2.02 No Novation. Except as provided in the foregoing clauses, "THE PARTIES" expressly agree that the execution of this agreement **does not constitute a novation** with respect to the obligations assumed by them in the "Original Loan Agreement", therefore, all other terms and conditions agreed therein shall remain in full force and effect and they are incorporated herein by reference.

2.03 The "BORROWER" shall pay all expenses for this agreement. Therefore, there shall be deemed as expenses of the agreement, any disbursements arising from its execution, formalization or of any other kind as required by law, arising from the same, such as: payment of official fees, fees, taxes or other expenses arising from the agreement.

If the "BORROWER" fails to comply with the obligation set forth in the preceding paragraph, it authorizes "BANCOMEXT" to pay the amount of the expenses and fees of the Notary attesting the ratification of this document, and it agrees to reimburse them in a term of 3 (three) business days, and the "BORROWER" shall pay ordinary interest over the amount of the expenses so paid, at an annual rate of 25% (twenty-five percent).

2.04 Applicable Law and Jurisdiction. "THE PARTIES" expressly acknowledge and agree that this Amendment Agreement is subject to the applicable laws and jurisdiction set forth in the "Original Loan Agreement".

THIS AMENDMENT AGREEMENT is executed by the authorized representatives of the parties on the date referred to at the beginning of this document.

THE BORROWER
GRUMA, S.A.B. DE C.V.

<Illegible signature>	*<Illegible signature>*
RAÚL CAVAZOS MORALES	RODRIGO MARTÍNEZ VILLARREAL

THE LENDER
BANCO NACIONAL DE COMERCIO EXTERIOR, S.N.C.

<Illegible signature>	*<Illegible signature>*
LEONEL NAPOLEÓN VÁSQUEZ GÓMEZ	FELIPE CÁRDENAS ESTRADA

WITNESSES

<Illegible signature>	*<Illegible signature>*
CAROLINA ASCENCIO FAVELA	HÉCTOR RUBÉN GARZA VILLARREAL

DOC 5 Header

Exhibit 4(a)(4)

Translation for Reference Purposes Only

AMENDMENT TO THE LOAN AGREEMENT (the *"Amendment Agreement")* entered into as of December 3, 2012, by and among:

I. Gruma, S.A.B. de C.V., a sociedad anónima bursátil de capital variable organized and existing under the laws of Mexico, as Borrower (the *"Borrower"),* and

II. The several financial institutions executing this Amendment Agreement (the *"Majority Creditors"*), and BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer as Administrative Agent.

WHEREAS

I. The Borrower and the Creditors entered into a certain Loan Agreement dated as of June 15, 2011 (the *"Original Loan Agreement"*), whereby, the Creditors thereunder agreed to make available to the Borrower a line of credit.

II. The Borrower has requested that the Creditors agree to certain amendments to the Original Loan Agreement.

III. The Majority Creditors are willing, on the terms and subject to the conditions hereinafter set forth, to enter into this Amendment Agreement.

NOW THEREFORE, in consideration of the foregoing and of the terms, conditions, representations and warranties set forth herein, the parties hereby agree as follows:

SECTION 1
TERMS AND DEFINITIONS

1.01 General Rule. All terms defined in the Original Loan Agreement and not otherwise defined herein shall have the meanings assigned to such terms in the Original Loan Agreement when used herein.

SECTION 2
AMENDMENTS

2.01 Purpose. The parties hereby agree to amend certain terms and provisions of the Original Loan Agreement, as set forth herein, as of the Effective Date, and agree that all remaining terms and provisions of the Original Loan Agreement shall remain unaltered and in full force and effect, except to the extent that such remaining terms and provisions are in conflict with or are inconsistent with the terms and provisions of this Amendment Agreement, in which case: (i) the terms and provisions of this Amendment Agreement shall supersede the terms and provisions of the Original Loan Agreement and govern the obligations of the parties, and (ii) the Original Loan Agreement shall be deemed to be further amended to the extent necessary to conform the terms and provisions thereof with the terms and provisions of this Amendment Agreement. La execution of the Amendment Agreement does not constitute novation, payment, compliance or extinction of any of the obligation of the Original Loan Agreement or any of the Loan Documents.

2.02 Addition of definitions. The following definitions are added to Clause One in alphabetical order:

"ADM" means Archers-Daniels-Midland Company and its Affiliates.

"ADM SPA" means the stock purchase agreement to be executed by and between the Borrower and ADM pursuant to which the Borrower would purchase from ADM 106,335,069

shares of the capital stock of the Borrower; 3,857,175 shares of the capital stock of VALORES AZTECA; 25,797 equity interests in VALORES MUNDIALES; and 300 equity interests in CONSORCIO ANDINO.

"CONSORCIO ANDINO" means Consorcio Andino, S.L.

"RFB HOLDINGS" means RFB Holdings de México, S.A. de C.V.

"RFB HOLDINGS SPA" means the stock purchase agreement to be executed by and between the Borrower and RFB Holdings pursuant to which the Borrower and/or any of its Subsidiaries would purchase from RFB HOLDINGS 208,596 equity interests in VALORES MUNDIALES, and 4,000 equity interests in CONSORCIO ANDINO.

"VALORES AZTECA" means Valores Azteca, S.A. de C.V.

"VALORES MUNDIALES" means Valores Mundiales, S.L.

2.03 Amendment to the definition of Applicable Margin. The definition of Applicable Margin is hereby amended in its entirety to read as follows:

"*Applicable Margin" means the rate (expressed in base points (pbs)), to be added to the TIIE rate over the total disbursed amount during the validity of the Amendment Agreement and that it shall be calculated in accordance with the variations of the Leverage Ratio and with the following:*

Year	**<=2.0x**	**>2.0x a <=2.5x**	**>2.5x a <=3.0x**	**>3.0x a <=3.5x**	**>3.5x a <=4.0x**	**>4.0x a <=4.5x**	**>4.5x**
From June 17, 2011 until June 16, 2012	*137.5 pb*	*150.0 pb*	*162.5 pb*	*175.0 pb*	*187.5 pb*	*200.0 pb*	*212.5 pb*
From June 17, 2012 until June 16, 2013	*137.5 pb*	*150.0 pb*	*162.5 pb*	*175.0 pb*	*187.5 pb*	*200.0 pb*	*212.5 pb*
From June 17, 2013 until June 16, 2014	*162.5 pb*	*175.0 pb*	*187.5 pb*	*200.0 pb*	*212.5 pb*	*225.0 pb*	*237.5 pb*
From June 17, 2014 until June 16, 2015	*162.5 pb*	*175.0 pb*	*187.5 pb*	*200.0 pb*	*212.5 pb*	*225.0 pb*	*237.5 pb*
From June 17, 2015 until June 16, 2016	*162.5 pb*	*175.0 pb*	*187.5 pb*	*200.0 pb*	*212.5 pb*	*225.0 pb*	*237.5 pb*
From June 17, 2016 until June 16, 2017	*187.5 pb*	*200.0 pb*	*212.5 pb*	*225.0 pb*	*237.5 pb*	*250.0 pb*	*262.5 pb*
From June 17, 2017 until June 16, 2018	*187.5 pb*	*200.0 pb*	*212.5 pb*	*225.0 pb*	*237.5 pb*	*250.0 pb*	*262.5 pb*

2.04 Amendment to Clause Ten, subsection (b) Investments. The following provision is added at the end of subsection (b) thereof in lieu of the final point and the word "and" is deleted from the end of subsection (viii):

"; and (x) the share purchases to be contemplated in the ADM SPA and the RFB HOLDINGS SPA."

2.05 Amendment to Clause Ten, subsection (d) Restricted Payments. The phrase "was less than

3.50 (three point fifty) to 1.00" is hereby deleted and replaced with the following phrase "does not exceed the Maximum Leverage Ratio permitted under Clause Ten, subsection (j) of this Agreement".

2.06 Amendment to Clause Ten, subsection (g) Transactions with Affiliates. The following is added at the end of such provision:

"For the avoidance of doubt, the transactions contemplated in the ADM SPA and the RFB HOLDINGS SPA shall be considered to be upon fair and reasonable terms and no less favorable to the Borrower than are obtainable in a comparable arm's-length transaction with a Person not an Affiliate of the Borrower."

2.07 Amendment to Clause Ten, subsection (j) Leverage Ratio. Subsection (j) of Clause Ten of the Original Loan Agreement is deleted in its entirety and replaced with the following:

"The Borrower shall not permit its Leverage Ratio for any Measurement Period within the periods mentioned below, to be:

Period	**Leverage Ratio**
From June 15, 2011 until December 3, 2012	*Greater than 3.50 (three point fifty) to 1.00 (one point zero zero)*
From December 4, 2012 until September 30, 2013	*Greater than 4.75 (four point seventy five) to 1.00 (one point zero zero)*
From October 1, 2013 until September 30, 2014	*Greater than 4.50 (four point fifty) to 1.00 (one point zero zero)*
From October 1, 2014 to September 30, 2015	*Greater than 4.0 (four point zero zero) to 1.00 (one point zero zero)*
From October 1, 2015 and thereafter	*Greater than 3.50 (three point fifty) to 1.00 (one point zero zero)*

2.08 Amendment of Clause Twelve, subsection (xi) Change of Control. Subsection (xi) of Clause Twelve is deleted in its entirety and replaced with the following:

"(xi) Change of Control. If Graciela Moreno Hernández and/or the respective family members (including spouses, siblings and other lineal descendants, estates and heirs, or any trust or other investment vehicle for the primary benefit of any such Person or their respective family members or heirs) of the deceased Roberto Gonzalez Barrera and/or Graciela Moreno Hernandez, fail to elect the majority of the Board of the Directors of the Borrower."

SECTION 3
CONDITIONS PRECEDENT

3.01 Conditions Precedent for Amendments. The amendments, modifications and changes agreed hereunder shall not become effective until the date on which the following conditions have been duly met (the *"Effective Date"*) and the Administrative Agent shall have received each of the documents described below, each of which shall be satisfactory to the Administrative Agent in form and substance, provided that such conditions and delivery of such documents shall occur on or prior to 3:00 pm New York City time, on December 30, 2012:

(a) This Amendment Agreement shall have been duly executed by the Borrower, the Administrative Agent and the Majority Creditors;

(b) The Administrative Agent shall have received reimbursement or payment of all reasonable and documented expenses required to be reimbursed or paid pursuant to Section 5.05 hereof;

(c) The Administrative Agent shall have received a certificate dated on or prior to the date of execution of this Amendment Agreement signed by a Responsible Officer of the Company, stating that:

(i) no Default or Event of Default has occurred and is continuing;

(ii) the representations and warranties of the Borrower contained in the Original Loan Agreement or in any other Loan Document are true and correct in all material respects on and as of the Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date; and

(iii) there has not occurred, since September 30, 2012 any event or circumstance of a financial, political or economic nature in Mexico which has had or could reasonably be expected to have a Material Adverse Effect on the ability of the Borrower to perform its obligations under the Original Loan Agreement as amended by this Amendment Agreement.

(d) The Borrower has executed a valid amendment agreement in substantially identical terms and conditions to those of this Amendment Agreement with the lenders satisfactory to the Administrative Agent under the following loans: (i) that certain loan agreement, dated as of March 22, 2011, entered into by and between the Borrower, the several financial institutions from time to time party to such loan agreement, and BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer as administrative agent for such creditors and BBVA SECURITIES INC. as documentation agent for said creditors; and (ii) that certain loan agreement, dated as of June 15, 2011, entered into by and between the Company and COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "RABOBANK NEDERLAND", NEW YORK BRANCH; on substantially identical terms and conditions to those contained in this Amendment Agreement.

(e) The Borrower has executed a valid amendment agreement with BANCO NACIONAL DE COMERCIO EXTERIOR, S.N.C. ("*BANCOMEXT*") satisfactory to the Administrative Agent under that certain loan agreement, dated as of June 16, 2011, entered into by and between the Borrower and BANCOMEXT, on similar terms and conditions, where applicable, to those contained in this Amendment Agreement.

(f) The Administrative Agent shall have received new Term Notes and Revolving Notes duly executed by the Company with the new Applicable Margin.

SECTION 4
REPRESENTATIONS AND WARRANTIES, COVENANTS AND FEES

4.01 Additional Representations and Warranties. The Borrower hereby represents and warrants to the Creditors that:

(a) The Borrower is a *sociedad anónima bursátil* de *capital variable* duly organized and validly existing under the laws of Mexico; and the Borrower and each of its Subsidiaries:

(i) are duly organized and validly existing under the laws of its jurisdiction of formation;

(ii) has all requisite corporate power and authority and all requisite governmental licenses, authorizations, consents and approvals required to: (1) conduct its business and to own its Properties except to the extent that the failure to obtain any such governmental license, authorization or approvals could not reasonably be expected to have a Material Adverse Effect and (2) with respect to the Borrower only, to execute and perform all of its obligations under this Amendment Agreement; and

(iii) is in compliance with all Requirements of Law, except to the extent that the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

(b) The execution and delivery of, and performance by the Borrower under this Amendment Agreement have been duly authorized by all necessary corporate action, and do not and will not:

(i) contravene the terms of the Company's *estatutos sociales* in effect,

(ii) conflict with or result in any violation or contravention of, or the creation of any Lien, or give rise to any right to accelerate or require payment, repurchase or redemption of any obligation under or constitute a default in respect of: (1) any document evidencing any material Contractual Obligation to which the Borrower is a party or (2) any order, injunction, writ or decree of any Governmental Authority to which the Borrower or its Property is subject; or (3) violate or contravene any Requirement of Law.

(c) This Amendment Agreement has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation to the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, *concurso mercantil, quiebra,* or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

SECTION 5
MISCELLANEOUS

5.01 Effectiveness. The Original Loan Agreement, as specifically amended by this Amendment Agreement, shall remain in full force and effect and is hereby ratified and confirmed.

The execution and performance of this Amendment Agreement shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Creditors under the Original Loan Agreement.

This Amendment Agreement shall be construed in conjunction and as one with the Original Loan Agreement, and the Original Loan Agreement shall, where the context requires, be read and construed throughout so as to incorporate this Amendment Agreement.

5.02 Execution in Counterparts. This Amendment Agreement may be executed in any number of counterparts, and by each party hereto in separate counterparts, each of which when so executed shall be deemed an original, but all such counterparts taken together shall constitute but one and the same instrument.

5.03 Headings. Chapter and section headings in this Amendment Agreement are included for convenience of reference only and shall not constitute a part of this Amendment Agreement for any other purpose or be given any substantive effect.

5.04 Severability. If any provision contained in or obligation under this Amendment Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

5.05 Costs and Expenses. The Borrower shall pay all reasonable and documented expenses, including reasonable and documented Attorney Costs in terms of market prices incurred by the Administrative Agent in connection with the preparation and execution of this Amendment Agreement and the other related documents, up to an amount that shall not exceed US$10,000.00 (Ten Thousand Dollars US/Cy). All amounts due under this Section shall be payable on or prior to Effective Date.

5.06 Governing Law; Jurisdiction. This Amendment Agreement shall be subject to the applicable governing law and jurisdiction provided in the Original Loan Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment Agreement to be executed by their respective duly authorized representatives as of the day and year first written above.

[SIGNATURE PAGES FOLLOW]

THE BORROWER
GRUMA, S.A.B. DE C.V.

[Illegible Signature]	[Illegible Signature]
By: Raul Cavazos Morales	By: Rodrigo Martinez Villarreal
Title: Chief Financial Officer Attorney in Fact	Title: International Legal Vice-President Attorney in Fact

THE ADMINISTRATIVE AGENT
BBVA BANCOMER, S.A.,
INSTITUCIÓN DE BANCA MÚLTIPLE,
GRUPO FINANCIERO BBVA BANCOMER

By:	By:
Title:	Title:

THE BORROWER
GRUMA, S.A.B. DE C.V.

By: Raul Cavazos Morales
Title: Chief Financial Officer
Attorney in Fact

By: Rodrigo Martinez Villarreal
Title: International Legal Vice-President
Attorney in Fact

THE ADMINISTRATIVE AGENT
BBVA BANCOMER, S.A.,
INSTITUCIÓN DE BANCA MÚLTIPLE,
GRUPO FINANCIERO BBVA BANCOMER

[Illegible Signature]
By: Aida Arana Jimenez
Title: Attorney in Fact

[Illegible Signature]
By: Angel Espinosa
Title: Attorney in Fact

BBVA BANCOMER, S.A.,
INSTITUCIÓN DE BANCA MÚLTIPLE,
GRUPO FINANCIERO BBVA BANCOMER
As Creditor

[Illegible Signature]	[Illegible Signature]
By: Alejandro Cárdenas Bortoni	By: Lorenzo Valdés
Title: Attorney in Fact	Title: Attorney in Fact

Signature page of the Amendment Agreement to the Original Loan Agreement dated November 30, 2012.

BANCO NACIONAL DE MEXICO,
INTEGRANTE DEL GRUPO FINANCIERO BANAMEX

By: [Illegible Signature]
Name: Eduardo Allegre Márquez
Title: Director 205 — 3
Corporate and Investment Bank

By: [Illegible Signature]
Name: Miguel Soto Gutierrez
Title: Director 214 — 51
Corporate Bank

Signature page of the Amendment Agreement to the Original Loan Agreement dated November 30, 2012.

BANCO DEL BAJIO, S.A.
INSTITUCION DE BANCA MULTIPLE

By: [Illegible Signature]
Name: CP Armando Ortega Pérez
Title: Corporate Banking

By: ____________________
Name:
Title:

Signature page of the Amendment Agreement to the Original Loan Agreement dated November 30, 2012.

BANCO SANTANDER MÉXICO, S.A.,
INSTITUCIÓN DE BANCA MÚLTIPLE,
GRUPO FINANCIERO SANTANDER

By: [Illegible Signature]
Name: Wade A. Kit
Title: Attorney in Fact

By: [Illegible Signature]
Name: Mauricio Rebolledo Fernandez
Title: Attorney in Fact

Signature page of the Amendment Agreement to the Original Loan Agreement dated November 30, 2012.

DOC 6 Header

Exhibit 4(a)(5)(1)

FIRST AMENDMENT TO THE LOAN AGREEMENT (the ***"First Amendment Agreement"***) entered into as of June 28, 2012, by and among:

I. Gruma, S.A.B. de C.V., *a sociedad anónima bursátil de capital variable* organized and existing under the laws of Mexico, as borrower (the ***"Borrower"*** or the **"Company"),** and

II. Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch, a financial institution organized under the laws of the Netherlands, acting through its New York Branch, as lender (the ***"Lender"***).

WHEREAS

I. The Borrower and the Lender entered into that certain Loan Agreement dated as of June 15, 2011 (the ***"Original Loan Agreement"*),** whereby, the Lender agreed to make available to the Borrower, subject to the terms and conditions therein stated, a revolving line of credit in an aggregate principal or face amount not exceeding US$50'000,000.00 (fifty million Dollars 00/100) to repay existing Indebtedness and for general corporate purposes.

II. The Borrower has requested that the Lender increase the amount of the Commitment under the Original Loan Agreement in an additional amount of US$50'000,000.00 (fifty million Dollars 00/100), in order for the total available amount of the Commitment to be US$100'000,000.00 (one hundred million Dollars 00/100).

Ill. The legal representatives of the Borrower hereby expressly recognize the legal capacity and authority of the legal representatives of the Lender appearing to the execution and delivery of this First Amendment Agreement; and in reliance on the representations and warranties contained herein, the legal representatives of the Lender hereby expressly recognize the legal capacity and authority of such legal representatives of the Borrower appearing to the execution and delivery of this First Amendment Agreement.

IV. The Lender is willing, on the terms and subject to the conditions hereinafter set forth, to enter into the First Amendment Agreement.

NOW THEREFORE, in consideration of the foregoing and of the terms, conditions, representations and warranties set forth herein, the parties hereby agree as follows:

SECTION 1
TERMS AND DEFINITIONS

1.01 General Rule. All terms defined in the Loan Agreement and not otherwise defined herein shall have the meanings assigned to such terms in the Loan Agreement when used herein.

1.02 Terms Generally. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will", shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein).

SECTION 2
AMENDMENTS

2.01 Purpose. The parties hereby agree to amend certain terms and provisions of the Loan Agreement, as set forth below, and agree that all remaining terms and provisions of the Loan Agreement shall remain unaltered and in full force and effect, except to the extent that such remaining terms and provisions are in conflict with or are inconsistent with the terms and provisions of this First Amendment Agreement, in which case (i) the terms and provisions of this First Amendment Agreement shall supersede the terms and provisions of the Loan Agreement and govern the obligations of the parties, and (ii) the Loan Agreement shall be deemed to be further amended to the extent necessary to conform the terms and provisions thereof with the terms and provisions of this First Amendment Agreement.

2.02 Main Covenants. The parties hereby agree to amend the Loan Agreement as of the effective date of this First Amendment Agreement, in order to increase the amount of the Commitment in an additional amount of US$50'000,000.00 (fifty million Dollars 00/100), in order for the total available amount of the Commitment to be US$100'000,000.00 (one hundred million Dollars 00/100) as of the effective date of this First Amendment Agreement.

2.03 Amendments to Article 1 of the Loan Agreement. In order to reflect the parties' agreements set forth in Section 2.02 hereof, the parties hereby agree to amend Article 1.01 (Certain Defined Terms) of the Loan Agreement, in order to amend the definitions of ***"Commitment", "Financing Documents"*** and ***"Loan Agreement",*** and (ii) include the definition of ***"First Amendment Agreement",*** in order for such provisions to be read, as of the effective date of this First Amendment Agreement, as follows:

> ***""Agreement"*** or ***"Loan Agreement"*** *means this Loan Agreement, as amended by means of the First Amendment Agreement, and as from time to time amended, supplemented, restated or otherwise modified."*

"Commitment" *means the obligation of the Lender to make Loans to the Company hereunder in a principal amount at any time outstanding not to exceed US$100'000,000.00 (one hundred million Dollars 00/100).*

""Financing Documents" *means this Agreement, the Notes, each Notice of Borrowing, any Assignment and Acceptance, and all other related amendments, agreements and documents issued or delivered hereunder or thereunder or pursuant hereto or thereto, in each case as such Financing Document may be amended, supplemented or otherwise amended from time to time."*

"First Amendment Agreement" *means that certain First Amendment Agreement to the Loan Agreement dated June 28, 2012 by and among the Borrower and the Lender."*

SECTION 3
CONDITIONS PRECEDENT

3.01 Conditions Precedent for Amendments. The amendments, modifications and changes agreed hereunder shall not become effective until the date on which the following conditions have been duly met and the Lender shall have received each of the documents described below, each of which shall be satisfactory to the Lender in form and substance, provided that such conditions and the Lender shall have received such documents, on or prior to 3:00 p.m., New York City time, on the date which is 15 (fifteen) calendar days following the date hereof:

(a) the Lender shall have received the fees due and payable to it under Section 4.04 hereof, including, reimbursement or payment of all reasonable and documented expenses required to be reimbursed or paid by the Borrower pursuant to Section 5.06 hereof;

(b) the Lender shall have received an opinion dated on or prior to the date of execution of this First Amendment Agreement of Mr. Salvador Vargas, Esq., General Counsel of the Borrower, substantially in the form of **Exhibit "1"** hereunder;

(c) the Lender shall have received an opinion dated on or prior to the effective date of this First Amendment Agreement, of the Mexican counsel to the Lender in form and substance satisfactory to the Lender; and

(d) the Lender shall have received a certificate dated on or prior to the date of execution of this First Amendment Agreement signed by a Responsible Officer of the Borrower, stating that:

(i) the representations and warranties contained in Article V of the Loan Agreement are true and correct on and as of such date, as though made on and as of such date;

(ii) no Default or Event of Default has occurred and is continuing; and

(iii) there has occurred since March 31, 2012, (A) no event or circumstance that has had or could reasonably be expected to have a Material Adverse Effect and (B) no event or circumstance of a financial, political or economic nature in Mexico which has had or could reasonably be expected to have a material adverse effect on the ability of the Borrower to perform its obligations under the Loan Agreement or any other Financing Document.

SECTION 4
REPRESENTATIONS AND WARRANTIES, COVENANTS AND FEES

4.01 Representations and Warranties. The Borrower hereby represents and warrants to the Lender that all representations and warranties made by it under Article V (Representations and Warranties) of the Loan Agreement are true and correct as of the date hereof, and the Borrower hereby ratifies for all legal purposes, each and all of such representations and warranties as if they were made as of the date hereof.

4.02 Additional Representations and Warranties. The Borrower hereby represents and warrants to the Lender that:

(a) The Company is a *sociedad anonima bursátil de capital variable* duly organized and validly existing under the laws of Mexico; and the Borrower and each of its Subsidiaries:

(i) is duly organized and validly existing under the laws of its corresponding jurisdiction;

(ii) has all requisite corporate power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) conduct its business and to own its Properties except to the extent that the failure to obtain any such governmental license, authorization, consent or approval could not reasonably be expected to have a Material Adverse Effect and (ii) (with respect to the Borrower only) to execute, deliver and perform all of its obligations under this First Amendment Agreement; and

(iii) is in compliance with all Requirements of Law, except to the extent that the failure to comply therewith could not reasonably be expected to have a Materil Adverse Effect.

(b) The execution and delivery of, and performance by the Company under this First Amendment Agreement have been duly authorized by all necessary corporate action, and do not and will not:

(i) contravene the terms of the Company's acta *constitutiva* or *estatutos* sociales in effect,

(ii) conflict with or result in any breach, violation or contravention of, or the creation of any Lien under, or give rise to any right to accelerate or require prepayment, repurchase or redemption of any obligation under or constitute a default in respect of (i) any document evidencing any Contractual Obligation to which the Company is a party or (ii) any order, injunction, writ or decree of any Governmental Authority to which the Company or its Property is subject; or

(iii) violate or contravene any Requirement of Law.

(c) This First Amendment Agreement has been duly executed and delivered by the Company. This First Amendment Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, concurso *mercantil,* quiebra, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability (regardless of whether enforcement thereof is sought in a proceeding at law or in equity).

4.03 Covenants. The Borrower hereby represents and warrants to the Lender that, as of the date of Execution of this First Amendment Agreement, it has timely and duly complied with each and all covenants assumed by it pursuant to Article VI (Affirmative Covenants) and Article VII (Negative Covenants) of the Loan Agreement.

4.04 Fees. (a) The Borrower agrees to pay to the Lender, during the next 5 (five) calendar days following the execution date hereof, a structuring fee equal to US$300,000.00 (three hundred thousand Dollars 00/100).

(b) The Parties agree that the additional increased amount of the Commitment pursuant to this First Amendment Agreement shall be taken into account, for purposes of the Commitment Fee payable by the Borrower to the Lender pursuant to paragraph (b) of Article 2.09 of the Loan Agreement, since and including, the effective date of this First Amendment Agreement.

(c) All fees payable hereunder shall be paid on the dates due, in immediately available funds. Fees paid shall not be refundable under any circumstances, except for manifest error.

SECTION 5
MISCELLANEOUS

5.01 No Novation. The parties hereby agree that this First Amendment Agreement does not constitute a novation of the original obligations contained in the Loan Agreement, and that all arrangements and understandings among the parties not expressly amended hereby shall continue in full force and effect and shall continue to bind the parties as intended at the moment of the execution of the Loan Agreement. The Loan Agreement, as specifically amended by this First Amendment Agreement, shall remain in full force and effect and is hereby ratified and confirmed.

The execution, delivery and performance of this First Amendment Agreement shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Lender under the Loan Agreement.

This First Amendment Agreement shall be construed in conjunction and as one with the Loan Agreement, and the Loan Agreement shall, where the context requires, be read and construed throughout so as to incorporate this First Amendment Agreement.

5.02 Execution in Counterparts; Effectiveness. This First Amendment Agreement may be executed in any number of counterparts, and by each party hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts taken together shall constitute but one and the same instrument.

5.03 Headings. Chapter and section headings in this First Amendment Agreement are included for convenience of reference only and shall not constitute a part of this First Amendment Agreement for any other purpose or be given any substantive effect.

5.04 Severability. If any provision contained in or obligation under this First Amendment Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

5.05 Notices. The parties appoint as their corresponding conventional domiciles for purposes of this First Amendment Agreement, such originally appointed in the Loan Agreement.

5.06 Costs and Expenses. The Borrower shall pay all reasonable and documented expenses (including Attorney Costs) incurred by the Lender in connection with the preparation and execution of this First Amendment Agreement and the other related documents, up to an amount that shall not exceed US$3,500.00 (three thousand five hundred Dollars 00/100). All amounts due under this Section shall be payable within 5 (five) Business Days after demand.

5.07 Governing Law; Jurisdiction. This First Amendment Agreement shall be subject to the applicable governing law and jurisdiction provided in the Loan Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment Agreement to be executed by their respective duly authorized representatives as of the day and year first written above.

[SIGNATURE PAGE FOLLOWS]

THE BORROWER
GRUMA, S.A.B. DE C.V.

/s/ Raul Cavazos Morales	/s/ Rodrigo Martinez Villarreal
By: Raul Cavazos Morales	By: Rodrigo Martinez Villarreal
Title: Attorney-In-Fact	Title: Attorney-In-Fact

THE LENDER
COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "RABOBANK NEDERLAND", NEW YORK BRANCH

/s/ Brett Delfino	/s/ Anthony Liang
By: Brett Delfino	By: Anthony Liang
Title:Executive Director	Title:Managing Director

(This signature page corresponds to the First Amendment Agreement dated June 28, 2012)

DOC 7 Header

Exhibit 4(a)(5)(2)

EXECUTION VERSION

SECOND AMENDMENT TO THE LOAN AGREEMENT (the *"Amendment Agreement")* entered into as of November 29, 2012, by and among:

I. Gruma, S.A.B. de C.V., a sociedad anónima bursátil de capital variable organized and existing under the laws of Mexico, as borrower (the *"Company"),* and

II. COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "RABOBANK NEDERLAND", NEW YORK BRANCH (the *"Lender"*).

WHEREAS

I. The Company and the Lender entered into that certain Loan Agreement dated as of June 15, 2011 (as amended, the *"Original Loan Agreement"),* whereby, the Lender thereunder agreed to make available to the Company certain extensions of credit.

II. The Company has requested that the Lender agree to certain amendments to the Original Loan Agreement.

III. The Lender is willing, on the terms and subject to the conditions hereinafter set forth, to enter into this Amendment Agreement.

NOW THEREFORE, in consideration of the foregoing and of the terms, conditions, representations and warranties set forth herein, the parties hereby agree as follows:

SECTION 1
TERMS AND DEFINITIONS

1.01 General Rule. All terms defined in the Original Loan Agreement and not otherwise defined herein shall have the meanings assigned to such terms in the Original Loan Agreement when used herein.

SECTION 2
AMENDMENTS

2.01 Purpose. The parties hereby agree to amend certain terms and provisions of the Original Loan Agreement, as set forth herein, as of the Effective Date, and agree that all remaining terms and provisions of the Original Loan Agreement shall remain unaltered and in full force and effect, except to the extent that such remaining terms and provisions are in conflict with or are inconsistent with the terms and provisions of this Amendment Agreement, in which case, (i) the terms and provisions of this Amendment Agreement shall supersede the terms and provisions of the Original Loan Agreement and govern the obligations of the parties, and (ii) the Original Loan Agreement shall be deemed to be further amended to the extent necessary to conform the terms and provisions thereof with the terms and provisions of this Amendment Agreement.

2.02 Addition and amendment of definitions. The following definitions are amended and/or added to Section 1.01 in alphabetical order:

"ADM" means Archers-Daniels-Midland Company and its Affiliates.

"ADM SPA" means the stock purchase agreement to be executed by and between the Company and ADM pursuant to which the Company would purchase 106,335,069 shares of the Company, 3,857,175 shares of VALORES AZTECA, 25,797 equity interests in VALORES

MUNDIALES, and 300 equity interests in CONSORCIO ANDINO from ADM.

"CONSORCIO ANDINO" means Consorcio Andino, S.L.

"Interest Period" ...

...

(d) *to the extent the Service (as defined in the LIBO Rate) does not provide a LIBO Rate for the requested period, such period shall not be available as an Interest Period hereunder.*

"LIBO Rate" means, with respect to any Loan and for any Interest Period, the rate appearing on Bloomberg L.P. Page B BAM1 (Official BBA US Dollars Libor Fixings) (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Lender from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) (the "Service") at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period and in an amount equal or comparable to such Loan or to the applicable amount owed hereunder, as applicable, provided that any determination of LIBO Rate during a Default hereunder or under any Financing Document shall be made daily, based on the overnight offered rate appearing on Bloomberg L.P. Page B BAM1 on each such date.

"RFB HOLDINGS" means RFB Holdings de México, S.A. de C.V.

"RFB HOLDINGS SPA" means the stock purchase agreement to be executed by and between the Company and RFB Holdings pursuant to which the Company and/or any of its Subsidiaries would purchase 208,596 equity interests in VALORES MUNDIALES, and 4,000 equity interests in CONSORCIO ANDINO from RFB HOLDINGS.

"VALORES AZTECA" means Valores Azteca, S.A. de C.V.

"VALORES MUNDIALES" means Valores Mundiales, S.L.

2.03 Amendment to the definition of Applicable Margin. The definition of Applicable Margin is hereby amended in its entirety to read as follows:

"*Applicable Margin" means the margin, expressed as an interest rate per annum, to be added to the LIBO Rate which shall be as set forth below according to the Maximum Leverage Ratio of the Company as of the end of the most recent Fiscal Quarter:*

Maximum Leverage Ratio	**Applicable Margin**
Greater than or equal to 4.5	*300 (three hundred) basis points*
Greater than or equal to 4.0 and less than 4.5	*275 (two hundred and seventy five) basis points*
Greater than or equal to 3.5 and less than 4.0	*250 (two hundred and fifty) basis points*
Greater than or equal to 3.0 and less than 3.5	*225 (two hundred and twenty five) basis points*
Greater than or equal to 2.5 and less than 3.0	*200 (two hundred) basis points*
Greater than or equal to 2.0 and less than 2.5	*175 (one hundred and seventy five) basis points*
Less than 2.0	*150 (one hundred and fifty) basis points*

2.04 Amendment to Section 7.02 Investments. The following provision is added at the end thereof in lieu of the "." and the word "and" is deleted from the end of subsection (h):

"; and (j) the share purchases to be contemplated in the ADM SPA and the RFB HOLDINGS SPA."

2.05 Amendment to Section 7.04 Restricted Payments. The phrase "was less than 3.50 to 1.00" is hereby deleted and replaced with the following phrase "does not exceed the Maximum Leverage Ratio permitted under Section 7.10".

2.06 Amendment to Section 7.07 Transactions with Affiliates. The following is added at the end of such provision:

"For the avoidance of doubt, the transactions contemplated in the ADM SPA and the RFB HOLDINGS SPA shall be considered to be upon fair and reasonable terms and no less favorable to the Company than are obtainable in a comparable arm's-length transaction with a Person not an Affiliate of the Company."

2.07 Amendment to Section 7.10 Maximum Leverage Ratio. Section 7.10 is deleted in its entirety and replaced with the following:

"7.10 Maximum Leverage Ratio. The Company shall not permit its Maximum Leverage Ratio for any Measurement Period within the periods mentioned below, to be:

Period	**Leverage Ratio**
From June 15, 2011 to November 28, 2012	*Greater than 3.5x to 1.00x*
From November 29, 2012 to September 30, 2013	*Greater than 4.75x to 1.00x*
From October 1, 2013 to September 30, 2014	*Greater than 4.5x to 1.00x*
From October 1, 2014 to September 30, 2015	*Greater than 4.0x to 1.00x*
From October 1, 2015 and thereafter	*Greater than 3.5x to 1.00x*

2.08 Amendment of Section 8.01(k) Change of Control. Section 8.01(k) is deleted in its entirety and replaced with the following:

"(k) Change of Control. Graciela Moreno Hernández and/or the respective family members (including spouses, siblings and other lineal descendants, estates and heirs, or any trust or other investment vehicle for the primary benefit of any such Person or their respective family members or heirs) of the deceased Roberto Gonzalez Barrera and/or Graciela Moreno Hernandez, fail to elect the majority of the Board of the Directors of the Company."

2.09 Amendment of Exhibit A. The reference to "3.50" is replaced with "   " (blank space to be completed by the Company).

SECTION 3
CONDITIONS PRECEDENT

3.01 Conditions Precedent for Amendments. The amendments, modifications and changes agreed hereunder shall not become effective until the date on which the following conditions have been duly met (the *"Effective Date"*) and the Lender shall have received each of the documents described below, each of which shall be satisfactory to the Lender in form and substance:

(a) this Amendment Agreement shall have been duly executed by the Company and the Lender;

(b) the Lender shall have received reimbursement or payment of all reasonable and documented expenses required to be reimbursed or paid by the Company pursuant to Section 5.05 hereof;

(c) the Lender shall have received a certificate dated on or prior to the date of execution of this Amendment Agreement signed by a Responsible Officer of the Company, stating that:

(i) no Default or Event of Default has occurred and is continuing; and

(ii) The representations and warranties of the Company contained in the Original Loan Agreement or in any other Loan Document are true and correct in all material respects on and as of the Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date; and

(iii) there has not occurred since September 30, 2012 any event or circumstance of a financial, political or economic nature in Mexico which has had or could reasonably be expected to have a Material Adverse Effect on the ability of the Company to perform its obligations under the Original Loan Agreement as amended by this Amendment Agreement.

(d) The Company has executed a valid amendment agreement with the lenders satisfactory to the Lender under: (i) that certain loan agreement, dated as of June 15, 2011, entered into by and between the Company, the several financial institutions from time to time party to such loan agreement, and BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer as administrative agent for such banks; and (ii) that certain loan agreement, dated as of March 22, 2011, by and among the Company, the several financial institutions from time to time party to such loan agreement, BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer as administrative agent for such banks, and BBVA SECURITIES, INC., as documentation agent for such banks.

(e) The Company has executed a valid amendment agreement satisfactory to the Lender with BANCO NACIONAL DE COMERCIO EXTERIOR, S.N.C. ("*BANCOMEXT*") under that certain loan agreement, dated as of June 16, 2011, entered into by and between the Company and BANCOMEXT, on similar terms and conditions, where applicable, to those contained in this Amendment Agreement.

(f) The Lender shall have received new Notes duly executed by the Company with the new Applicable Margin.

SECTION 4
REPRESENTATIONS AND WARRANTIES, COVENANTS AND FEES

4.01 Additional Representations and Warranties. The Company hereby represents and warrants to the Lender that:

(a) The Company is a *sociedad anónima bursátil* de *capital variable* duly organized and validly existing under the laws of Mexico; and the Company and each of its Subsidiaries:

(i) is duly organized and validly existing under the laws of its jurisdiction of formation;

(ii) has all requisite corporate power and authority and all requisite governmental licenses, authorizations, consents and approvals to (1) conduct its business and to own its Properties except to the extent that the failure to obtain any such governmental license, authorization, consent or approval could not reasonably be expected to have a Material Adverse Effect and (2) (with respect to the Company only) to execute, deliver and perform all of its obligations under this Amendment Agreement; and

(iii) is in compliance with all Requirements of Law, except to the extent that the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

(b) The execution and delivery of, and performance by the Company under this Amendment Agreement have been duly authorized by all necessary corporate action, and do not and will not:

(i) contravene the terms of the Company's *acta constitutiva* or *estatutos sociales* in effect,

(ii) conflict with or result in any breach, violation or contravention of, or the creation of any Lien under, or give rise to any right to accelerate or require prepayment, repurchase or redemption of any obligation under or constitute a default in respect of (1) any document evidencing any material Contractual Obligation to which the Company is a party or (2) any order, injunction, writ or decree of any Governmental Authority to which the Company or its Property is subject; or (3) violate or contravene any Requirement of Law.

(c) This Amendment Agreement has been duly executed and delivered by the Company. This Amendment Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, *concurso mercantil, quiebra,* or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability (regardless of whether enforcement thereof is sought in a proceeding at law or in equity).

SECTION 5
MISCELLANEOUS

5.01 Effectiveness. The Original Loan Agreement, as specifically amended by this Amendment Agreement, shall remain in full force and effect and is hereby ratified and confirmed.

The execution, delivery and performance of this Amendment Agreement shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Lender under the Original Loan Agreement.

This Amendment Agreement shall be construed in conjunction and as one with the Original Loan Agreement, and the Original Loan Agreement shall, where the context requires, be read and construed throughout so as to incorporate this Amendment Agreement.

5.02 Execution in Counterparts. This Amendment Agreement may be executed in any number of counterparts, and by each party hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts taken together shall constitute but one and the same instrument.

5.03 Headings. Chapter and section headings in this Amendment Agreement are included for convenience of reference only and shall not constitute a part of this Amendment Agreement for any other purpose or be given any substantive effect.

5.04 Severability. If any provision contained in or obligation under this Amendment Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

5.05 Costs and Expenses. The Company shall pay all reasonable and documented expenses (including reasonable and documented Attorney Costs) incurred by the Lender in connection with the preparation and execution of this Amendment Agreement and the other related documents, up to an amount that shall not exceed US$10,000.00 (Ten Thousand Dollars US/Cy). All amounts due under this Section shall be payable on or prior to Effective Date.

5.06 Governing Law; Jurisdiction. This Amendment Agreement shall be subject to the applicable governing law and jurisdiction provided in the Original Loan Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment Agreement to be executed by their respective duly authorized representatives as of the day and year first written above.

[SIGNATURE PAGE FOLLOWS]

THE COMPANY
GRUMA, S.A.B. DE C.V.

/s/ Raul Cavazos Morales
By: Raul Cavazos Morales
Title: Chief Treasury Officer

/s/ Rodrigo Martinez Villarreal
By: Rodrigo Martinez Villarreal
Title: International Legal Vice-president

THE LENDER
COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.,
“RABOBANK NEDERLAND”, NEW YORK BRANCH

/s/ Anthony Liang
By: Anthony Liang
Title: Managing Director

/s/ Brett Delfino
By: Brett Delfino
Title: Executive Director

DOC 8 Header

Exhibit 4(a)(6)(1)

Execution Version

US $200,000,000

LOAN AGREEMENT

Dated as of December 13, 2012

between

GRUMA, S.A.B. de C.V.,
as Borrower,

and

GOLDMAN SACHS BANK USA
as Administrative Agent, Sole Lead Arranger and Bookrunner

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LOAN AGREEMENT

This LOAN AGREEMENT is entered into as of December 13, 2012, among GRUMA, S.A.B. DE C.V., a sociedad anónima bursátil de capital variable organized under the laws of Mexico (the "Company"), the several financial institutions from time to time party to this Agreement (collectively, the "Banks" and individually, a "Bank"), GOLDMAN SACHS BANK USA, as Administrative Agent for the Banks (the "Administrative Agent"), Sole Lead Arranger and Bookrunner.

WHEREAS, the Company desires to obtain Term Loans from the Banks in an aggregate principal amount of up to US$200,000,000; and

WHEREAS, the Banks are willing, on the terms and subject to the conditions hereinafter set forth (including Article IV), to make such Term Loans to the Company;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

1.01 Certain Defined Terms. As used in this Agreement and in any Schedules and Exhibits to this Agreement, the following terms have the following meanings:

"2011 Facilities" means the following outstanding credit facilities:

(a) Loan Agreement, dated as of March 22, 2011, entered into by and between the Company, the several financial institutions from time to time party to such loan agreement, and BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer as administrative agent for such banks;

(b) Loan Agreement, dated as of June 15, 2011, entered into by and between the Company, the several financial institutions from time to time party to such loan agreement, and BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer as administrative agent for such banks;

(c) Loan Agreement, dated as of June 15, 2011, entered into by and between the Company and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch; and

(d) Loan Agreement, dated as of June 16, 2011, entered into by and between the Company and Bancomext;

"Additional Indebtedness" has the meaning specified in Section 4.01(n).

"ADM" means means Archers-Daniels-Midland Company and its Affiliates.

"ADM Acquisition Agreement" means the stock purchase agreement to be executed by and between the Company and ADM pursuant to which the Company will purchase 106,335,069 shares of the Company, 3,857,175 shares of Valores Azteca, 25,797 equity interests in Valores Mundiales, and 300 equity interests in Consorcio Andino from ADM.

"Administrative Agent" means Goldman Sachs, in its capacity as administrative agent for the Banks hereunder, and any successor administrative agent appointed pursuant to Section 9.09.

"Administrative Agent's Payment Account" means the following account:

Bank: Citibank N.A.
ABA: 021000089
Account #: 30627664
Account Name: Goldman Sachs Bank USA

"Administrative Agent's Payment Office" means the address in New York City for payments set forth on the signature pages hereto, or such other address as the Administrative Agent may from time to time specify to the other parties hereto.

"Administrative Questionnaire" means an administrative details form supplied by the Administrative Agent and completed by a Bank.

"Affected Bank" has the meaning specified in Section 3.02(a).

"Affiliate" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

"Agreement" means this Loan Agreement, as from time to time amended, supplemented, restated or otherwise modified.

"Alternate Base Rate" means, for any day, a fluctuating rate of interest per annum equal to the greatest of (a) the rate of interest most recently determined by Goldman Sachs as its "prime rate", (b) the Federal Funds Rate most recently announced by the Administrative Agent plus 0.50% and (c) the LIBOR that would be calculated as of such day (or if such date is not a Business Day, as of the next preceding Business Day) in respect of a proposed LIBOR Loan with a one-month Interest Period plus 1.0%. The "prime rate" is a rate set by Goldman Sachs based upon various factors, including Goldman Sachs' costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Goldman Sachs shall take effect at the opening of business on the day specified in the public announcement of such change.

"Anti-Terrorism Laws" has the meaning specified in Section 5.19(a).

"Applicable Margin" means, in the case of LIBOR Loans, 3.00% per annum and, in the case of Base Rate Loans, 2.00% per annum plus, in each case, the Step-up Margin.

"Arranger" means Goldman Sachs Bank USA.

"Assignee" has the meaning specified in Section 10.08(a).

"Assignment and Acceptance" has the meaning specified in Section 10.08(a).

"Attorney Costs" means and includes all reasonable and documented fees and disbursements of any law firm or other external counsel, and, without duplication, the allocated cost of internal legal services and all reasonable and documented disbursements of internal counsel.

"Bank" has the meaning specified in the introductory clause hereto, and includes each Substitute Bank and each Assignee which becomes a Bank pursuant to Section 10.08.

"Base Rate Loan" means a Term Loan bearing interest at a fluctuating rate of interest per annum determined by reference to the Alternate Base Rate.

"Board of Directors" means the board of directors of the Company.

"Borrowing" means the borrowing hereunder consisting of Term Loans to the Company of the same type made on the Closing Date by the Banks under Article II and having the same Interest Period.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City, New York or Mexico City, Mexico are authorized or required by law or administrative rule to close; provided, however, with respect only to any determination of LIBOR, the term "Business Day" shall also exclude any day on which banks are not open for dealings in US Dollar deposits in the London interbank market.

"Capital Adequacy Regulation" means any general guideline, request or directive of any central bank or other Governmental Authority, or any other law rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy or liquidity of any bank or of any corporation controlling a bank.

"Capital Expenditures" means, for any period, without duplication, any expenditures of the Company and its Subsidiaries for fixed or capital assets related to the Company's Core Business which, in accordance with IFRS, would be classified as capital expenditures.

"Cash Equivalent Investment" means, at any time:

(a) any direct obligation of (or unconditionally guaranteed by) the United States of America or a state thereof, any OECD country or other foreign government in a jurisdiction in which the Company or any of its Subsidiaries currently has or could have operations (or any agency or political subdivision thereof, to the extent such obligations are supported by the full faith and credit of the United States of America or a State thereof, any OECD country or other

foreign government in a jurisdiction in which the Company or any of its Subsidiaries currently has or could have operations) maturing not more than one year after such time;

(b) commercial paper maturing not more than 270 days from the date of issue, which is issued by either:

(i) any corporation rated A-l or higher by S&P or P-l or higher by Moody's, or

(ii) any Bank (or its holding company); or

(c) any certificate of deposit, time deposit or bankers acceptance, maturing not more than one year after its date of issuance, which is issued by any bank which has (x) a credit rating of A2 or higher from Moody's or A or higher from S&P and (y) a combined capital and surplus greater than US$500,000,000.

"Closing Date" means the date on which all conditions precedent set forth in Section 4.01 are satisfied or waived by all the Banks and the Term Loans are made.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Company" has the meaning specified in the introductory clause hereto.

"Compliance Certificate" means a certificate substantially in the form of Exhibit D.

"Consolidated EBITDA" means, for any Measurement Period, for the Company and its Consolidated Subsidiaries, an amount equal to the sum, without duplication, of (a) consolidated operating income (determined in accordance with IFRS) for such Measurement Period and (b) the amount of depreciation and amortization expense deducted during such Measurement Period in determining such consolidated operating income.

"Consolidated Interest Charges" means, for any Measurement Period, for the Company and its Consolidated Subsidiaries, the sum of (a) all interest, premium payments, fees, charges and related expenses of the Company and its Consolidated Subsidiaries in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with IFRS, and (b) the portion of rent expense of the Company and its Consolidated Subsidiaries with respect to such period under capital or financial leases that is treated as interest in accordance with IFRS.

"Consolidated Net Worth" means, at any time, all amounts which, in accordance with IFRS, would be included under shareholders' equity on a consolidated balance sheet of the Company and its Subsidiaries.

"Consolidated Subsidiary" means, with respect to the Company, any Subsidiary or other entity the accounts of which would, under IFRS, be consolidated with those of the Company in the consolidated financial statements of the Company and, at any date with respect to any Person, any Subsidiary or other entity the accounts of which would be consolidated with those of such Person in the consolidated financial statements of such Person as of such date.

"Consorcio Andino" means Consorcio Andino, S.L.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its Property is bound.

"Continuation Date" means any date on which, under Section 2.04, the Company continues the Term Loans as the same type. In the case of a LIBOR Loan, the Continuation Date must be the last day of any Interest Period for such LIBOR Loan.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Core Business" means, with respect to the Company and its Subsidiaries, the production and distribution of corn flour, the production and distribution of tortillas and other related products, the production and distribution of wheat flour and any other food related business in which the Company and its Subsidiaries are engaged in, or may engage in, from time to time, or businesses ancillary thereto or in support thereof.

"Default" means any event or circumstance which, with the giving of notice, the lapse of time, the making of a determination, or any combination thereof, would (if not cured, waived or otherwise remedied during such time) constitute an Event of Default.

"Disposition" means the sale, transfer, license or other disposition (including any sale and leaseback transaction) of any property by any Person other than in the ordinary course of business, including any sale, assignment, transfer or other disposition with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith; provided, however, that any financing involving, or secured by, the future sale of accounts receivable (or any similar financing transaction) will not be considered to be a sale or disposition in the ordinary course of business.

"Dollars" and "US$" each means lawful money of the United States.

"Eligible Assignee" means (a) a Bank, (b) an Affiliate of a Bank so long as such Person, upon execution of an Assignment Agreement is entitled to receive additional amounts under Section 3.01(a) in amounts not in excess of the amounts the assignor would have been entitled to receive were the assignee a Foreign Financial Institution, (c) a Foreign Financial Institution, (d) an Export Credit Agency, (e) a Mexican Financial Institution or (f) any other Person (other than a natural Person) approved by the Company in its absolute discretion; provided that, notwithstanding the foregoing, "Eligible Assignee" shall not include the Company or any of the Company's Subsidiaries or Affiliates.

"Environmental Laws" means all federal, national, state, provincial, departmental, municipal, local and foreign laws, including common law, statutes, rules, regulations, ordinances, normas técnicas (technical standards) and codes, together with all orders, decrees,

judgments or injunctions issued, promulgated, approved or entered thereunder by any Governmental Authority having jurisdiction over the Company, its Subsidiaries or their respective properties, in each case relating to environmental, health and safety, natural resources or land use matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Company or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974 as amended, and any successor statute thereto, as interpreted by the rules, and regulations thereunder, all as the same may be in effect from time to time. References to sections of ERISA shall be construed also to refer to any successor sections.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 4001(a)(14) of ERISA, or is a member of a group that includes the Company and that is treated as a single employer under Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of, a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate.

"Event of Default" means any of the events or circumstances specified in Section 8.01.

"Executive Order" has the meaning specified in Section 5.19(a) (*Anti-Terrorism Laws*).

"Export Credit Agency" means an official non-Mexican Financial Institution for the promotion of exports duly registered in Book I *(Libro I) Section 5 (Sección 5)* of the Foreign Banks, Financial Entities, Pension and Retirement Funds and Investment Funds Registry

(*Registro de Bancos, Entidades de Financiamiento, Fondos de Pensiones y Jubilaciones y Fondos de Inversión del Extranjero*) of the Ministry of Finance for purposes of Rule II.3.9.1 of the Resolución Miscelanea Fiscal for the year 2012 and Article 196-II of the Mexican Income Tax Law (or any successor provision).

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Goldman Sachs on such day on such transactions as determined by the Administrative Agent.

"Fee Letter" means the fee letter, dated December 13, 2012 between Goldman Sachs and the Company.

"Fiscal Quarter" means a period of three (3) consecutive calendar months ending on March 31, June 30, September 30 or December 31 of each year.

"Fiscal Year" means any period of twelve consecutive calendar months ending on December 31 of each year.

"Foreign Financial Institution" means a bank or financial institution (i) registered in Book I (*Libro I*), Section 1 (*Sección 1*) or Section 2 (*Sección 2*) of the Foreign Banks, Financial Entities, Pension and Retirement Funds and Investment Funds Registry (*Registro de Bancos, Entidades de Financiamiento, Fondos de Pensiones y Jubilaciones y Fondos de Inversión del Extranjero*) maintained by the Ministry of Finance for purposes of Rule II.3.9.1 of the *Resolución Miscelánea Fiscal* for the year 2012 and Article 195-I of the *Ley del Impuesto Sobre la Renta* (or any successor provisions thereof), (ii) which is a resident (or, if such entity is lending through a branch or agency, the principal office of which is a resident) for tax purposes in a jurisdiction with which Mexico has entered into a treaty for the avoidance of double-taxation which is in effect, and (iii) which is the effective beneficiary (*beneficiario efectivo*) of any interest paid hereunder.

"Funding Losses" has the meaning specified in Section 3.05 (*Funding Losses*).

"GAAP" means generally accepted accounting principles set forth as "generally accepted" in the applicable jurisdiction, issued by and consistent with the opinions and pronouncements of the applicable accounting board or agency or similar institution in such jurisdiction or such other principles as may be approved by a significant segment of the accounting profession in such jurisdiction, consistently applied during a relevant period.

"Gimsa" means Grupo Industrial Maseca, S.A.B. de C.V.

"Goldman Sachs" means Goldman Sachs Bank USA.

"Governmental Authority" means, with respect to any Person, any nation or government, any state, province or other political or administrative subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity or branch of power exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity exercising such functions and owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing having jurisdiction over such Person.

"Guaranty Obligation" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guarantying or having the economic effect of guarantying any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including an *aval* and any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligees in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligees against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person; provided that the term "Guaranty Obligation" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guaranty Obligation shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guaranty Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guarantying Person in good faith.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedging Policy" means the policy of the Company and its Subsidiaries with respect to Hedging Transactions, a current copy of which is attached as Exhibit H, as amended from time to time with the approval of the Board of Directors of the Company (or of a committee duly delegated by such Board of Directors comprised of two or more members thereof).

"Hedging Transaction" means (a) any and all derivative transactions, rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions,

cross-currency rate swap transactions, currency options, spot contracts, swaptions, forward purchase transactions, future transactions or any other similar transactions or option or any other transactions involving or settled by reference to one or more rates, currencies, commodities, equity or debt instruments or securities or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"IFRS" means the International Financial Reporting Standards, as adopted by the International Accounting Standards Board.

"IMSS" means the *Instituto Mexicano del Seguro Social* of Mexico.

"Inbursa Pagare" means the promissory note issued by the Company as of the date hereof in a principal amount of US$100,000,000 in favor of Banco Inbursa, S.A. Institución de Banca Múltiple, Grupo Financiero Inbursa.

"Increased Amount Date" has the meaning specified in Section 2.14.

"Indebtedness" of any Person means at any date, without duplication:

(a) any obligation of such Person in respect of borrowed money and any obligation of such Person evidenced by bonds, notes, debentures or similar instruments;

(b) any obligation of such Person in respect of a lease or hire purchase contract which would, under IFRS (or, in the case of Persons organized under laws of any state of the United States, U.S. GAAP therein), be treated as a financial or capital lease;

(c) any indebtedness of others secured by a Lien on any asset of such Person, whether or not such indebtedness is assumed by such Person;

(d) any obligations of such Person to pay the deferred purchase price of fixed assets or services if such deferral extends for a period in excess of 60 days; and

(e) with respect to the Company, all Guaranty Obligations of the Company in respect of obligations of third parties unrelated to the Company's existing Core Business as of the date hereof;

provided, however, that the following liabilities shall be explicitly excluded from the definition of the term "Indebtedness":

(i) trade accounts payable, including any obligations in respect of letters of credit that have been issued in support of trade accounts payable;

(ii) expenses that accrue and become payable in the ordinary course of business;

(iii) customer advance payments and customer deposits received in the ordinary course of business; and

(iv) obligations for ad valorem taxes, value added taxes, or any other taxes or governmental charges.

"Indemnified Liabilities" has the meaning set forth in Section 10.05.

"Indemnitees" has the meaning set forth in Section 10.05.

"INFONAVIT" means *Instituto Nacional del Fondo de la Vivienda para los Trabajadores* of Mexico.

"Interest Coverage Ratio" means, as of the last day of any Fiscal Quarter, the ratio of (a) Consolidated EBITDA to (b) Consolidated Interest Charges, in each case determined for the relevant Measurement Period.

"Interest Payment Date" means (a) as to any LIBOR Loan, the last day of each Interest Period applicable to such Term Loan; provided that if any Interest Period for a LIBOR Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan, the last Business Day of each Fiscal Quarter, the date of any repayment or prepayment of the principal of such Term Loan and the Maturity Date.

"Interest Period" means, as to each LIBOR Loan, the period commencing on the date of such LIBOR Loan (including conversions, extensions or renewals) and ending on the date one, two or three months thereafter, as selected by the Company in its Notice of Borrowing or Notice of Continuation; provided, however, that:

(a) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month in which such Interest Period is to end) shall end on the last Business Day of the calendar month in which such Interest Period is to end; and

(c) no Interest Period shall extend beyond the Maturity Date.

"Investment" means, as to any Person, any acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of capital stock or other securities of another Person, (b) a debt, loan, advance or capital contribution to, guaranty or debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another

Person, including any partnership or joint venture interest in such other Person or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or a substantial portion of the business or Property or other beneficial ownership of any other Person or the assets of another person that constitute a business unit or division. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

"Investment Bank" means one or more investment banks reasonably satisfactory to Goldman Sachs and the Company.

"IRS" means the United States Internal Revenue Service.

"Joinder Agreement" has the meaning specified in Section 2.14.

"Lending Office" means, as to any Bank, the office or offices of such Bank specified as its "Lending Office" in the Administrative Questionnaire, as from time to time amended, or such other office or offices as such Bank may from time to time notify the Company and the Administrative Agent.

"LIBOR" means for any Interest Period with respect to any LIBOR Loan, the rate *per annum* equal to the rate determined by Administrative Agent to be the offered rate which appears on the page of the Reuters Screen which displays an average British Bankers Association Interest Settlement Rate (such page currently being LIBOR01 page) for deposits (for delivery on the first day of such period) with a term equivalent to such period in Dollars, determined as of approximately 11:00 a.m. (London, England time) on the date that is two Business Days prior to the first day of such Interest Period (the "Determination Date"), or (b) in the event the rate referenced in the preceding clause (a) does not appear on such page or service or if such page or service shall cease to be available, the rate *per annum* equal to the rate determined by Administrative Agent to be the offered rate on such other page or other service which displays an average British Bankers Association Interest Settlement Rate for deposits (for delivery on the first day of such period) with a term equivalent to such period in Dollars, determined as of approximately 11:00 a.m. (London, England time) on such Determination Date, or (c) in the event the rates referenced in the preceding clauses (a) and (b) are not available, the rate *per annum* equal to the offered quotation rate to first class banks in the London interbank market by JPMorgan Chase Bank, N.A. for deposits (for delivery on the first day of the relevant period) in Dollars of amounts in same day funds comparable to the principal amount of the applicable Term Loan of Administrative Agent, in its capacity as a Lender, for which the LIBOR is then being determined with maturities comparable to such period as of approximately 11:00 a.m. (London, England time) on such Determination Date.

"LIBOR Loan" means a Term Loan bearing interest, at all times during an Interest Period applicable to such Term Loan, at a fixed rate of interest determined by reference to LIBOR.

"Lien" means with respect to any Property, any security interest, mortgage, deed of trust, *fideicomiso*, pledge, usufruct, fiduciary transfer, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement (including a securitization) of any kind or

nature whatsoever in respect of any Property that has the practical effect of creating a security interest.

"Loan Documents" means this Agreement, the Term Notes, the Notice of Borrowing, and each Notice of Continuation, any Assignment and Acceptance, the Fee Letter, and all other related agreements and documents issued or delivered hereunder or thereunder or pursuant hereto or thereto, in each case as such Loan Document may be amended, supplemented or otherwise amended from time to time.

"Majority Banks" means at any time Banks then holding at least 51% of the then aggregate unpaid principal amount of the Term Loans, or, if no such principal amount is then outstanding, Banks then having at least 51% of the Term Commitments.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, assets, liabilities (actual or contingent), properties or condition (financial or otherwise) or operating results of the Company and its Subsidiaries taken as a whole; (b) a material impairment of the ability of the Company to perform its obligations under any Loan Document; (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Company of any Loan Document; or (d) a material adverse change in any of the rights and remedies of the Administrative Agent or the Banks under the Loan Documents.

"Material Subsidiary" means, at any time, any Subsidiary of the Company that meets any of the following conditions:

(a) the Company's and its Subsidiaries' investments in or advances to such Subsidiary exceed 10% of the total assets of the Company and its Consolidated Subsidiaries as of the end of the Company's most recently completed Fiscal Year; or

(b) the Company's and its Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of such Subsidiary exceeds 10% of the total assets of the Company and its Consolidated Subsidiaries as of the end of the Company's most recently completed Fiscal Year; or

(c) the Company's and its Subsidiaries' equity in the earnings before income tax and employee statutory profit sharing of such Subsidiary exceeds 10% of such earnings of the Company and its Consolidated Subsidiaries as of the end of the Company's most recently completed Fiscal Year, all as calculated by reference to the then latest audited financial statements (or consolidated financial statements, as the case may be) of such Subsidiary and the then latest audited consolidated financial statements of the Company and its Subsidiaries;

provided that, notwithstanding the foregoing, the Venezuelan Subsidiaries shall not be considered Material Subsidiaries.

"Maturity Date" means the first anniversary of the Closing Date, or if such day is not a Business Day, the next succeeding Business Day.

"Maximum Leverage Ratio" means, as of the end of the most recently completed Fiscal Quarter, the ratio of (a) Total Funded Debt of the Company and its Consolidated Subsidiaries as of the last day of such Fiscal Quarter to (b) Consolidated EBITDA of the Company and its Consolidated Subsidiaries determined for the relevant Measurement Period.

"Measurement Period" means any period of four (4) consecutive Fiscal Quarters of the Company, ending with the most recently completed Fiscal Quarter, taken as one accounting period.

"Mexican Financial Institution" means a banking institution (*institución de crédito*) organized under and existing pursuant to and in accordance with the laws of Mexico and duly authorized to conduct banking activities in Mexico by the Mexican Ministry of Finance.

"Mexico" means the United Mexican States.

"Ministry of Finance" means the Ministry of Finance and Public Credit (*Secretaria de Hacienda y Credito Publico*) and/or any of its agencies including, without limitation, the *Servicio de Administración Tributaria* of Mexico.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding three calendar years, has made or been obligated to make contributions.

"New Term Commitments" has the meaning specified in Section 2.14.

"New Term Lender" has the meaning specified in Section 2.14.

"New Term Loans" has the meaning specified in Section 2.14.

"Notice of Borrowing" means a notice in substantially the form of Exhibit A.

"Notice of Continuation" means a notice in substantially the form of Exhibit B.

"Obligations" means all advances, debts, liabilities, obligations, covenants and duties arising under any Loan Document owing by the Company to any Bank, the Administrative Agent, or any indemnified person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising.

"OECD" means the Organization for Economic Cooperation and Development.

"OFAC" has the meaning specified in Section 5.19(b)(v).

"Originating Bank" has the meaning specified in Section 10.08(e).

"Other Currency" has the meaning set forth in Section 10.17(b).

"Other Taxes" means, with respect to any Person, any present or future stamp, court or documentary taxes or any other excise or property taxes, or charges, imposts, duties, fees or similar levies which arise from any payment made hereunder or any other Loan Document or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document and which are actually imposed, levied, collected or withheld by any Governmental Authority.

"Participant" has the meaning specified in Section 10.08(e).

"Patriot Act" has the meaning specified in Section 5.19(a).

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Pension Plan" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by the Company or any ERISA Affiliate or to which the Company or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five plan years.

"Permitted Equity Acquisition" means any Investment or any Restricted Payment by the Company pursuant to the ADM Acquisition Agreement, provided:

(a) immediately prior to, and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing or would result therefrom;

(b) all required approvals, authorizations, waivers or consents of, or notices to, or registrations with, any Governmental Authority or third parties, if any, shall have been obtained and be in full force and effect;

(c) such Permitted Equity Acquisition shall not (A) contravene the terms of the Company's *acta constitutiva* or *estatutos sociales* in effect, (B) conflict with or result in any breach, violation or contravention of, or the creation of any Lien under, or give rise to any right to accelerate or require prepayment, repurchase or redemption of any obligation under or constitute a default in respect of (x) any document evidencing any Contractual Obligation to which the Company is a party or (y) any order, injunction, writ or decree of any Governmental Authority to which the Company or its Property is subject; or (iii) violate or contravene, in any material respect, any Requirement of Law;

(d) the representations and warranties contained in Article V are true and correct on and as of such date, as though made on and as of such date.

(e) the Company shall be in compliance with the financial covenants set forth in Section 7.09 and Section 7.10 on a pro forma basis after giving effect to such Permitted Equity Acquisition;

(f) Such Investment shall be consummated on or prior to December 31, 2012;

(g) The Administrative Agent shall be satisfied with the Company's liquidity position after giving effect to the consummation of the Permitted Equity Acquisition; and

(h) the Company shall have delivered to the Administrative Agent, prior to the consummation of such Permitted Equity Acquisition, copies of the purchase agreements related to the proposed Permitted Equity Acquisition (and any related documents) as well as such certificates and legal opinions as may be reasonably requested by the Administrative Agent.

"Permitted Hedging Transaction" means any Hedging Transaction that;

(a) is not for speculative purposes and was not entered into and is not being maintained with the aim of obtaining profits based on changing market values; and

(b) is based on or associated with the underlying value of a product, instrument, security, commodity, interest rate, currency, index or measure of risk or value that is used by the Company or any of its Subsidiaries in the ordinary course of business; and

(c) is in compliance with the Hedging Policy.

"Person" means any natural person, partnership, limited liability company, corporation, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority or other entity.

"Plan" means any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) established by the Company or any ERISA Affiliate.

"Pro Rata Share" means with respect to each Bank its Term Pro Rata Share.

"Process Agent" has the meaning specified in Section 10.15(d).

"Property" means any asset, revenue or any other property, whether tangible or intangible, including any right to receive income.

"Register" has the meaning set forth in Section 10.08(c).

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

"Requirement of Law" means, as to any Person, any law (statutory or common), treaty, rule or regulation or order, decree or other determination of an arbitrator or a court or other Governmental Authority, including any Environmental Law, in each case applicable to or binding upon such Person or any of its property or to which the Person or any of its property is subject.

"Responsible Officer" means the chief executive officer or the president of the Company, or the general manager or any other officer having substantially the same authority and responsibility or the chief financial officer or the treasurer of the Company, or any other officer having substantially the same authority and responsibility.

"Restricted Payment" means with respect to any Person:

(a) any dividend or other distribution (whether in cash, securities or other Property) with respect to any shares of capital stock of the Company or any Subsidiary; and

(b) any payment (whether in cash, securities or other Property), including any sinking fund or similar deposit, purchase, redemption, retirement, acquisition, cancellation or termination of any such shares of capital stock, or of any option, warrant or other right to acquire any such shares of capital stock, partnership interest or other interest in, such Person.

"RFB Holdings" means RFB Holdings de México, S.A. de C.V.

"RFB Holdings Acquisition Agreement" means the stock purchase agreement to be executed by and between the Company and RFB Holdings pursuant to which the Company and/or any of its Subsidiaries would purchase 208,596 equity interests in Valores Mundiales, and 4,000 equity interests in Consorcio Andino from RFB Holdings.

"S&P" means Standard & Poor's Ratings Service, presently a division of The McGraw-Hill Companies, Inc. and its successors.

"SAR" means the *Sistema de Ahorro para el Retiro* of Mexico.

"Step-up Margin**"** means a rate per annum equal to (i) 0% during the 90 day period after the Closing Date, (ii) 0.50% beginning at the 91st day following the Closing Date and ending at the 180th day following the Closing Date, (iii) 1.00% beginning at the 181st day following the Closing Date and ending at the 270th day following the Closing Date, and (iv) 1.50% beginning at the 271st day following the Closing Date and ending on the Maturity Date.

"Subsidiary" of a Person means any corporation, partnership, joint venture, limited liability company, trust, estate or other entity of which more than 50% of the voting stock or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by such Person, or one or more of the Subsidiaries of such Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of the Company.

"Substitute Bank" means (A) a commercial bank (i) registered with the Ministry of Finance for purposes of Article 195 of the Mexican Income Tax Law and (ii) resident (or the principal office of which is a resident, if lending through a branch or agency) for tax purposes in a jurisdiction (or a branch or agency of a financial institution that is a resident of a jurisdiction) that is party to an income tax treaty with Mexico that is in effect on the date of substitution, acceptable to the Company and the Administrative Agent, each of whose consent will not be unreasonably withheld (including a bank that is already a Bank hereunder) that assumes the Term Commitment of a Bank, or is an assignee of the Term Loan of a Bank, pursuant to the terms of this Agreement or (B) a multiple banking institution (*institución de banca múltiple*) that is organized as a *sociedad anónima* under Mexican law and is authorized to engage in the business of banking by the Ministry of Finance.

"Take-Out-Financing" means Indebtedness of the Company or any of its Subsidiaries that may be incurred or issued after the Closing Date to refinance the Term Loans pursuant to Section 6.12.

"Taxes" means any and all present or future taxes, duties, levies, assessments, imposts, deductions, withholdings or similar charges, and all liabilities with respect thereto, including any related interest or penalties, imposed by Mexico or any political subdivision or taxing authority thereof or therein or by any jurisdiction from which the Company shall make any payment hereunder or under the Term Notes, excluding, however, income, franchise or similar taxes imposed on the Administrative Agent or any Bank by a jurisdiction as a result of the Administrative Agent or such Bank being organized under the laws of such jurisdiction or being a resident of such jurisdiction to which income under this Agreement is attributable or having a permanent establishment in such jurisdiction or its Lending Office being located in such jurisdiction.

"Term Commitment" means with respect to each Bank, the obligation of such Bank to make a Term Loan to the Company hereunder on the Closing Date in the principal amount set forth opposite such Bank's name on Schedule 1.01 under the heading "Term Commitments." "Term Commitments" means the aggregate amount of Term Commitments of all Banks.

"Term Loan" has the meaning specified in Section 2.01(a).

"Term Loan Percentage" means, with respect to each Bank, a fraction (expressed as a decimal, rounded to the fourth decimal place), the numerator of which is the aggregate principal amount of the outstanding Term Loan of such Bank and the denominator of which is the aggregate principal amount of all outstanding Term Loans.

"Term Note" means a promissory note of the Company payable to a Bank, in the form of Exhibit C (as such promissory note may be replaced from time to time), evidencing the Indebtedness of the Company to such Bank resulting from such Bank's Term Loans.

"Term Pro Rata Share" means, with respect to each Bank, a fraction (expressed as a decimal, rounded to the fourth decimal place) the numerator of which is the Term Commitment of such Bank and the denominator of which is the Term Commitments of the Banks. The initial Term Pro Rata Share for each bank is the Pro Rata Share set forth as such opposite the name of such Bank on Schedule 1.01.

"Total Funded Debt" means, at any time, on a consolidated basis and without duplication, the outstanding principal balance of all Indebtedness for borrowed money of the Company and its Consolidated Subsidiaries and guarantees by the Company of obligations of third parties unrelated to the Company's Core Business.

"type" means, with respect to any Term Loan, its character as a Base Rate Loan or a LIBOR Loan.

"Unfunded Pension Liability" means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets,

determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "US" each means the United States of America.

"Valores Azteca" means Valores Azteca, S.A. de C.V.

"Valores Mundiales" means Valores Mundiales, S.L.

"Venezuelan Subsidiaries" means (i) each of Derivados de Maiz Seleccionado C.A. and Molinos Nacionales, C.A., together with their respective direct and indirect Subsidiaries, and (ii) any Subsidiary of the Company that is organized after the date of this Agreement if such new Subsidiary is organized under the laws of Venezuela.

"Weighted Average Yield" means with respect to any Term Loan or New Term Loan, on any date of determination, the weighted average yield to maturity, in each case, based on the interest rate applicable to such Term Loan or New Term Loan on such date and giving effect to all upfront or similar fees or original issue discount payable with respect to such Term Loan or New Term Loan.

"Withdrawal Liability" has the meaning given such term under Part I of Subtitle E of Title IV of ERISA.

1.02 Other Interpretive Provisions.

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof", "herein", "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and Section, paragraph, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) The terms "including" and "include" are not limiting and mean "including without limitation" and "include without limitation".

(d) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each means "to but excluding", and the word "through" means "to and including".

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement

1.03 Accounting Principles.

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with IFRS, consistently applied.

(b) References herein to "Fiscal Year" and "Fiscal Quarter" refer to such fiscal periods of the Company.

ARTICLE II
THE TERM LOANS

2.01 Commitments to Make the Term Loans.

(a) (i) Each Bank, severally and not jointly with the other Banks, agrees, on the terms and subject to the conditions hereinafter set forth, to make a term loan in Dollars (each such loan, a "Term Loan") to the Company in a single disbursement on the Closing Date, in a principal amount not to exceed such Bank's Term Commitment.

(ii) No amounts prepaid or repaid with respect to any Term Loan may be reborrowed.

(iii) The Term Loans shall be made from the Banks ratably in accordance with their Term Pro Rata Shares.

(b) Term Loans made on the Closing Date shall be LIBOR Loans and the Company shall deliver to the Administrative Agent a funding indemnity letter in form and substance satisfactory to the Administrative Agent.

2.02 Repayment of the Term Loans; Promise to Pay; Evidence of Indebtedness.

(a) The Company agrees to pay the principal amount of the Term Loans in a single installment on the Maturity Date, and further agrees to pay all unpaid interest accrued thereon, in accordance with the terms of this Agreement and any Term Notes evidencing the Term Loans owing by the Company to the Bank. Each Bank's Term Loan shall be evidenced by a Term Note payable to the order of such Bank in a principal amount equal to such Bank's Term Loan, maturing on the Maturity Date. The Company shall execute and deliver to each Bank on the Closing Date a Term Note to evidence the Term Loan owing to such Bank and thereafter after giving effect to any assignment thereof pursuant to Section 10.08.

(b) [Reserved].

(c) It is the intent of the Company and the Banks that the Term Notes qualify as *pagarés* under Mexican law. To the extent of any inconsistencies between the terms of any Term Note and this Agreement, this Agreement shall prevail.

(d) Upon payment in full of the Term Loans, the Administrative Agent, on behalf of the Banks, agrees to promptly deliver to the Company customary documentation, including any payoff letters, evidencing such payment by the Company.

2.03 Procedure for Borrowing.

(a) The Borrowing of Term Loans on the Closing Date shall be made upon the Company's irrevocable written notice delivered to the Administrative Agent in the form of a

Notice of Borrowing (which notice must be received by the Administrative Agent prior to 11:00 a.m. (New York City time) three Business Days prior to the Closing Date, specifying:

(i) the aggregate amount of the Borrowing, which shall not exceed the aggregate Term Commitments; and

(ii) the duration of the initial Interest Period applicable to such Term Loans. If the Notice of Borrowing shall fail to specify the duration of the Interest Period for any Borrowing, such Interest Period shall, subject to clauses (b) and (c) of the definition of "Interest Period," be three months.

(b) [Reserved].

(c) Each Bank will make each Term Loan to be made by it hereunder on the Closing Date to the Administrative Agent for the account of the Company by 11:00 a.m. (New York City time) by wire transfer of immediately available funds to the Administrative Agent's Payment Account or such other account designated by the Administrative Agent for such purposes by notice to the Banks. The proceeds of all such Term Loans will then be made available to the Company by the Administrative Agent, pursuant to Section 6.06, in like funds as received by the Administrative Agent, by wire transfer in accordance with the Notice of Borrowing.

(d) All Term Loans shall be of the same type and have the same Interest Period.

2.04 Continuation Election; Conversion.

(a) The Company may, upon irrevocable written notice to the Administrative Agent, elect, as of the last day of any Interest Period for any Borrowing of Term Loans that are LIBOR Loans, to continue such LIBOR Loans for a further Interest Period.

(b) The Company shall deliver a Notice of Continuation to be received by the Administrative Agent not later than 11:00 a.m. (New York City time) three Business Days prior to the date of any proposed continuation of Term Loans that are LIBOR Loans, specifying:

(i) the Continuation Date, which shall be a Business Day; and

(ii) the duration of the next Interest Period with respect thereto.

(c) If upon the expiration of any Interest Period for LIBOR Loans, the Company has failed to select timely a new Interest Period, the Company shall, subject to clauses (b) and (c) of the definition of "Interest Period," be deemed to have elected to continue such Term Loans as LIBOR Loans having an Interest Period of one month. Any such automatic continuation shall be effective as of the last day of the Interest Period then in effect with respect to the applicable LIBOR Loans.

(d) The Administrative Agent will promptly notify each Bank of its receipt of a Notice of Continuation, or, if no timely notice is provided by the Company, the Administrative Agent will promptly notify each Bank of the Company's deemed election of continuation.

(e) During the existence of a Default or an Event of Default, no Term Loans may be continued as LIBOR Loans without the consent of the Majority Banks, and the Majority Banks may demand that any or all of the then outstanding LIBOR Loans be converted immediately to Base Rate Loans.

(f) After giving effect to the continuation of any Borrowing of Term Loans, all Libor Term Loans shall have the same Interest Period.

2.05 Prepayments.

(a) Subject to Section 3.05, the Company may, at any time or from time to time, upon not less than three Business Days' irrevocable notice to the Administrative Agent, voluntarily prepay the Term Loans in whole or in part, in minimum principal amounts of US$10,000,000 or any multiple of $1,000,000 in excess thereof. The notice of prepayment shall specify the date and amount of such prepayment. The Administrative Agent will promptly notify each Bank of its receipt of any such notice, and of such Bank's Term Loan Percentage of such prepayment. Any such prepayment shall be applied on a pro rata basis among each of the Banks according to each Bank's Term Loan Percentage.

(b) No later than the third Business Day following the date of receipt by the Company or any of its Subsidiaries of any cash proceeds from the incurrence of any Take-Out-Financing, the Company shall prepay the Term Loans in an aggregate amount equal to 100% of such proceeds, net of underwriting discounts and commissions and other reasonable costs and expenses associated therewith, including reasonable legal fees and expenses. Any such prepayment shall be applied on a pro rata basis among each of the Banks according to each Bank's Term Loan Percentage.

2.06 [Reserved].

2.07 [Reserved].

2.08 Interest.

(a) Subject to the provisions of paragraph (c) below, (i) each LIBOR Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to LIBOR for such Interest Period plus the Applicable Margin, and (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the date of conversion at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin.

(b) Interest on each Term Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any prepayment or repayment of Term Loans under Section 2.05 with respect to the portion of the Term Loans so prepaid or repaid, and upon payment (including prepayment) in full of the Term Loans. During the existence of any Event of Default, interest shall be payable on demand.

(c) Any overdue principal and, to the extent permitted by applicable law, overdue interest or other amounts payable hereunder) shall bear interest payable on demand for each day from the date payment thereof was due to the date of actual payment at a rate per annum equal to

(i) in the case of the principal amount of any Term Loan, (A) the interest rate then in effect, including the Applicable Margin then in effect plus (B) 2% and (ii) in the case of interest or any other amount, (A) the Alternate Base Rate plus (B) the Applicable Margin then in effect plus (C) 2%.

(d) Anything herein to the contrary notwithstanding, the obligations of the Company to any Bank hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by such Bank would be contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Bank, and in such event the Company shall pay such Bank interest at the highest rate permitted by applicable law.

2.09 Fees. On the Closing Date, the Company shall pay to the Administrative Agent for the account of each Bank, or an Affiliate of a Bank specified to the Company by such Bank, a structuring fee as agreed upon by the Company in accordance with the Fee Letter in all cases free and clear of any and all withholding or equivalent taxes.

2.10 Computation of Interest and Fees.

(a) Computation of interest on Base Rate Loans, when the Alternate Base Rate is determined based on the Administrative Agent's prime rate or Federal Funds Rate, shall be calculated on the basis of a year of 365 or 366 days, as the case may be, and the actual number of days elapsed (including the first day but excluding the last day). All other computations of interest and fees which are computed on a per annum basis shall be calculated on the basis of a year of 360 days and the actual number of days elapsed (including the first day but excluding the last day).

(b) Each determination of LIBOR or the applicable Alternate Base Rate by the Administrative Agent shall be conclusive and binding on the Company and the Banks in the absence of manifest error.

(c) The Administrative Agent shall notify the Company and the Banks of any change in the Administrative Agent's prime rate used in determining the Alternate Base Rate promptly following the public announcement of such change.

2.11 Payments by the Company.

(a) Subject to Section 3.01, all payments to be made by the Company shall be made without condition or deduction for any set-off, counterclaim or other defense. Except as otherwise expressly provided herein, all payments by the Company shall be made to the Administrative Agent for the account of the Banks at the Administrative Agent's Payment Office, and shall be made in Dollars and in immediately available funds, no later than 12:00 noon (New York City time) on the date specified herein. The Administrative Agent will promptly distribute to each Bank its pro rata share (or other applicable share as expressly provided herein) of such payment in like funds as received by wire to such Bank's Lending Office. Any payment received by the Administrative Agent later than 12:00 noon (New York

City time) may be deemed, at the election of the Administrative Agent, to have been received on the following Business Day and any applicable interest shall continue to accrue.

(b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest.

(c) Unless the Administrative Agent receives notice from the Company prior to the date on which any payment is due to the Banks that the Company will not make such payment in full as and when required, the Administrative Agent may assume that the Company has made such payment in full to the Administrative Agent on such date in immediately available funds and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Company has not made such payment in full to the Administrative Agent, each Bank shall forthwith on demand repay to the Administrative Agent amount distributed to such Bank to the extent not paid by the Company, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date recovered by the Administrative Agent; provided that if any amount remains unpaid by any Bank for more than five Business Days, such Bank shall pay interest thereon to the Administrative Agent at a rate per annum equal to the Alternate Base Rate, plus the Applicable Margin then in effect, plus 2%.

2.12 Payments by the Banks to the Administrative Agent.

(a) Unless the Administrative Agent receives notice from a Bank that such Bank will not make available, as and when required hereunder, to the Administrative Agent for the account of the Company the amount of such Bank's Pro Rata Share of the Borrowing to be made on the Closing Date, the Administrative Agent may, but shall not be required to, assume that each Bank has made such amount available to the Administrative Agent on such date in accordance with this Agreement and the Administrative Agent may in its sole discretion (but shall not be so required), in reliance upon such assumption, make available to the Company on such date a corresponding amount. If and to the extent any Bank shall not have made its full amount available to the Administrative Agent in immediately available funds and the Administrative Agent in such circumstances has made available to the Company such amount, such Bank shall on the Business Day following the Closing Date make such amount available to the Administrative Agent, together with interest at the Federal Funds Rate for each day during such period. If such amount is so made available, such payment to the Administrative Agent shall constitute such Bank's Term Loan on the Closing Date for all purposes of this Agreement. If such amount is not made available to the Administrative Agent on the Business Day following the Closing Date, the Administrative Agent will notify the Company of such failure to fund and, upon demand by the Administrative Agent, the Company shall pay such amount to the Administrative Agent for the Administrative Agent's account, together with interest thereon for each day elapsed since the Closing Date, at a rate per annum equal to the interest rate applicable at the time to the Term Loans comprised in such Borrowing; provided that if the Company fails to pay such amount to the Administrative Agent within five Business Days after the date of notification of such failure from the Administrative Agent, the Company shall pay interest

thereon to the Administrative Agent at a rate per annum equal to the Alternate Base Rate, plus the Applicable Margin then in effect, plus 2%.

(b) The obligations of the Banks hereunder to make Term Loans are several and not joint. The failure of any Bank to make any Term Loan on the Closing Date shall not relieve any other Bank of any obligation hereunder to make a Term Loan on such date, but no Bank shall be responsible for the failure of any other Bank to make the Term Loan to be made by such other Bank on the Closing Date.

2.13 Sharing of Payments, Etc.

If, other than as expressly provided elsewhere herein, any Bank shall obtain on account of the Term Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its pro rata share of such payment (or other share contemplated hereunder), such Bank shall immediately (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Term Loans of the other Banks to the extent necessary to cause such purchasing Bank to share the benefit of all such excess payments pro rata with each of them; provided, however, that (A) if any such participations are purchased and all or any portion of such excess payment is thereafter recovered from the purchasing Bank, such participations shall, to that extent, be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered, and (B) the provisions of this paragraph shall not be construed to apply to any payment made by the Company pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Bank as consideration for the assignment of or sale of a participation in any of its Term Loans to any assignee or participant, other than to the Company or any Subsidiary thereof (as to which the provisions of this paragraph shall apply). The Company agrees that any Bank so purchasing an interest from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Bank were the direct creditor of the Company in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of interests purchased under paragraph (b) above and will in each case notify the Banks and the Company following any such purchases or repayments. Each Bank that purchases an interest in the Term Loans pursuant to paragraph (b) above shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Bank were the original owner of the Obligations purchased.

2.14 Incremental Facilities.

(a) The Company may by written notice to the Administrative Agent elect to request prior to the Maturity Date, the establishment of one or more new term loan commitments (the "New Term Commitments"), by an amount not in excess of US$100,000,000 in the aggregate. Each such notice shall specify (A) the date (each, an "Increased Amount Date") on which the

Company proposes that the New Term Commitments, as applicable, shall be effective, which shall be a date not less than 3 Business Days (or such shorter period agreed by the Administrative Agent) after the date on which such notice is delivered to the Administrative Agent and (B) the identity of each Lender or other Person that is an Eligible Assignee (each, a "New Term Lender") to whom the Company proposes any portion of such New Term Commitments be allocated and the amounts of such allocations; provided that any Lender approached to provide all or a portion of the New Term Commitments may elect or decline, in its sole discretion, to provide a New Term Commitment. Such New Term Commitments shall become effective, as of such Increased Amount Date; provided that (1) no Default or Event of Default shall exist on such Increased Amount Date before or after giving effect to such New Term Commitments; (2) both before and after giving effect to the making of any New Term Loans, the representations and warranties contained in Article V shall be true and correct as of the Increased Amount Date, as though made on and as of such date; (3) the Company shall be in pro forma compliance with each of the covenants set forth in Section 7.09 and 7.10 as of the last day of the most recently ended Fiscal Quarter after giving effect to such New Term Commitments; (4) the Company shall reimburse the Administrative Bank for all reasonable costs and expenses (including Attorney Costs) incurred in connection with the New Term Commitments; and (5) the New Term Commitments shall be effected pursuant to one or more joinder agreements in form and substance satisfactory to the Administrative Agent (the "Joinder Agreement") executed and delivered by the Company, the New Term Lender and the Administrative Agent.

(b) On any Increased Amount Date on which any New Term Commitments are effective, subject to the satisfaction of the foregoing terms and conditions, (i) each New Term Lender of shall make a loan to the Company (a "New Term Loan") in an amount equal to its New Term Commitment, and (ii) each New Term Lender shall become a Lender hereunder with respect to the New Term Commitment and the New Term Loans made pursuant thereto.

(c) The terms and provisions of the New Term Loans and New Term Commitments shall be identical to the existing Term Loans, it being understood that the Weighted Average Yield applicable to the New Term Loans shall not be greater than the applicable Weighted Average Yield payable pursuant to the terms of this Agreement as amended through the date of such calculation with respect the Term Loans unless the interest rate with respect to the Term Loans is increased so as to cause the then applicable Weighted Average Yield under this Agreement on the Term Loans to equal the Weighted Average Yield then applicable to the New Term Loans. Each Joinder Agreement may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of Administrative Agent to effect the provision of this Section 2.14.

ARTICLE III
TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Any and all payments by the Company to or for the account of any Bank or the Administrative Agent pursuant to this Agreement and any other Loan Document shall be made

free and clear of, and without deduction or withholding for, any Taxes. In addition, the Company shall pay all Other Taxes.

(b) If the Company shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder or under any other Loan Document to any Bank or the Administrative Agent, then:

(i) the sum payable shall be increased as necessary so that, after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section 3.01), such Bank or the Administrative Agent, as the case may be, receives and retains an amount equal to the sum it would have received and retained had no such deductions or withholdings been made;

(ii) the Company shall make such deductions and withholdings;

(iii) the Company shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) in the event of an increase, after the date of this Agreement, in the Mexican withholding tax rate to a rate in excess of the rate applicable to each Bank party hereto on the date hereof, the Company shall also pay to each Bank or the Administrative Agent for the account of such Bank, at the time interest is paid, all additional amounts that such Bank specifies as necessary to preserve the after-tax yield such Bank would have received if such Taxes or Other Taxes had not been imposed;

provided, however, that the Company shall not be required in any circumstance to increase any such amounts payable to any Bank or the Administrative Agent with respect to withholding tax in excess of the rate applicable to a Person that is a Foreign Financial Institution, including during the occurrence and continuance of a Default or an Event of Default.

(c) Subject to the proviso contained in the last paragraph of Section 3.01(b) above, the Company agrees to indemnify and hold harmless each Bank and the Administrative Agent for the full amount of (i) Taxes and (ii) Other Taxes (including deductions and withholdings applicable to additional sums payable under this Section 3.01) in the amount that such Bank or the Administrative Agent, as the case may be, specifies as necessary to preserve the after-tax yield such Bank or the Administrative Agent would have received if such Taxes or Other Taxes had not been imposed, and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this paragraph (c) indemnification shall be made within 30 days after the date any Bank or the Administrative Agent makes written demand therefor.

(d) Within 30 days after the date of any payment by the Company of Taxes or Other Taxes, the Company shall furnish to the Administrative Agent (which shall forward the same to each Bank) the original or a certified copy of a receipt, or other evidence satisfactory to the Administrative Agent, evidencing payment thereof.

(e) Each Bank shall, from time to time at the reasonable request of the Company or the Administrative Agent (as the case may be), promptly furnish to the Company or the Administrative Agent (as the case may be), such forms, documents or other information (which shall be accurate and complete) as may be reasonably required to establish any available exemption from, or reduction in the amount of, applicable Taxes; provided, however, that none of any Bank or the Administrative Agent shall be obliged to (i) disclose information regarding its tax affairs or computations to the Company in connection with this paragraph (e) or any other information that is protected by bank secrecy provisions or (ii) furnish any such form, document or other information if doing so would materially prejudice its legal or commercial position. Each of the Company and the Administrative Agent shall be entitled to rely on the accuracy of any such forms, documents or other information furnished to it by any Person and shall have no obligation to make any additional payment or indemnify any Person for any Taxes, in excess of applicable Taxes payable to a Foreign Financial Institution, interest or penalties that would not have became payable by such Person had such documentation been accurate or delivered.

(f) Should any Bank become subject to Taxes and not be entitled to indemnification under Section 3.01(c) or Section 10.05 with respect to Taxes imposed by the relevant Governmental Authority, the Company shall take such steps as the Bank shall reasonably request at the expense of the applicable Bank to assist the Bank to recover such Taxes.

3.02 Illegality.

(a) If any Bank determines that any Requirement of Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Bank or its applicable Lending Office to make, maintain or fund any Term Commitment or any Term Loan contemplated by this Loan Agreement, or materially restricts the authority of such Bank to purchase or sell, or to take deposits of, Dollars in the London interbank market, or to determine or charge interest rates based upon LIBOR, then, on notice thereof by such Bank to the Company through the Administrative Agent, such Bank, together with Banks giving notice, shall be an "Affected Bank" and by written notice to the Company and to the Administrative Agent:

(i) any obligation of such Bank to make or continue Term Loans as LIBOR Loans shall be suspended until the circumstances giving rise to such determination no longer exist;

(ii) [Reserved];

(iii) such Affected Bank may require, only if such Requirement of Law prohibits the maintenance of LIBOR Loans, that all outstanding LIBOR Loans, made by it be converted to Base Rate Loans, in which event all such LIBOR Loans shall be automatically converted to Base Rate Loans as of the effective date of such notice as provided in paragraph (b) below; and

(iv) if it is also illegal for the Affected Bank to make Base Rate Loans, such Term Loans shall bear interest until the end of the next Interest Period at a commensurate rate to be agreed upon by the Administrative Agent and the Affected Bank and, so long as no Event of Default shall have occurred and be continuing, the Company, unless it is unlawful for such Affected Bank to do so or it would materially restrict the authority of such Affected Bank to

purchase or sell, or to take deposits of Dollars in the London interbank market; in such case or after the end of such Interest Period such Affected Bank may continue such Term Loans at such rate or declare all amounts owed to them by the Company to the extent of such illegality to be due and payable; provided, however, the Company has the right, with the consent of the Administrative Agent, to find an additional Bank to purchase the Affected Banks' rights and obligations.

In the event any Bank shall exercise its rights under (i) above with respect to any Term Loans, all payments and prepayments of principal that would otherwise have been applied to repay the Term Loans that would have been made by such Bank shall instead be applied to repay the Base Rate Loans resulting from the conversion, of such LIBOR Loans. Upon any such prepayment or conversion, the Company shall also pay interest on the amount so prepaid or converted.

(b) For purposes of this Section 3.02, a notice to the Company by any Bank shall be effective as to each identified Term Loan, if lawful, on the last day of the Interest Period currently applicable to such Term Loan; in all other cases such notice shall be effective on the date of receipt by the Company.

3.03 Inability to Determine Rates. If the Administrative Agent determines, or in the case of clause (c) below is informed by the Majority Banks, in connection with any request for a LIBOR Loan or a continuation thereof that (a) Dollar deposits are not being offered to banks in the London interbank market for the applicable amount and Interest Period of such LIBOR Loan, (b) adequate and reasonable means do not exist for determining LIBOR applicable to such Interest Period, or (c) LIBOR for such LIBOR Loan does not adequately and fairly reflect the cost to the Majority Banks of making or maintaining such LIBOR Loan, the Administrative Agent will promptly notify the Company and each Bank. Thereafter, the obligation of the Banks to make or maintain LIBOR Loans shall be suspended until the Administrative Agent revokes such notice. Upon receipt of such notice, the Company may revoke any pending request for a continuation of LIBOR Loans or, failing that, will be deemed to have converted such request into a request for conversion to Base Rate Loans in the amount specified therein.

3.04 Increased Costs and Reduction of Return.

(a) If any Bank reasonably determines that, due to either (i) the introduction of, or any change in, or any change in the interpretation or application of, any Requirement of Law or (ii) the compliance by such Bank with any guideline, directive or request from any central bank or other Governmental Authority (whether or not having the force of law), there shall be any increase in the cost to such Bank of agreeing to make or making, funding or maintaining its Term Loans to the Company or to reduce any amount receivable hereunder (in either case other than payment on account of taxes), then the Company shall be liable for, and shall, from time to time, upon demand from such Bank (with a copy of such demand to be sent to the Administrative Agent), promptly pay to the Administrative Agent for the account of such Bank, additional amounts as are sufficient to compensate such Bank for such increased costs or reduced amount receivable.

(b) If any Bank reasonably determines that (i) the introduction of any Capital Adequacy Regulation, (ii) any change in any Capital Adequacy Regulation, (iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by the Bank (or its Lending Office) with any Capital Adequacy Regulation affects or would affect the amount of capital or liquidity required or expected to be maintained by such Bank or any corporation controlling such Bank and determines that the amount of such capital or liquidity is increased as a consequence of its Term Commitment, Term Loans or obligations under this Agreement, then, upon demand of such Bank to the Company through the Administrative Agent, the Company shall pay to the Administrative Agent for the account of such Bank, from time to time as specified by such Bank, additional amounts sufficient to compensate the Bank for such increase.

(c) Notwithstanding anything to the contrary herein, it is understood and agreed that the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub.L. 111-203, H.R. 4173), all requests, rules, guidelines and directives relating thereto, all interpretations and applications thereof and any compliance by a Bank with any request or directive relating thereto, shall, for the purposes of this Agreement, be deemed to be adopted subsequent to the date hereof.

3.05 Funding Losses. The Company shall reimburse each Bank and hold each Bank harmless from (in each case by prompt payment of any relevant amounts to the Administrative Agent for the account of such Bank) any loss or expense that the Bank may sustain or incur, including but not limited to, any loss incurred in obtaining, liquidating or redeploying deposits bearing interest by reference to LIBOR from third parties (“Funding Losses”) as a consequence of:

(a) the failure of the Company to make on a timely basis any payment of principal of any Term Loan;

(b) the failure of the Company to borrow or continue a Term Loan after the Company has given (or is deemed to have given) a Notice of Borrowing or a Notice of Continuation;

(c) the failure of the Company to make any prepayment in accordance with any notice delivered under Section 2.05; or

(d) the prepayment (including pursuant to Section 2.05) or other payment (including after acceleration thereof) of any Term Loan on a day that is not the last day of the relevant Interest Period therefor; including any such loss or expense arising from the liquidation or reemployment of funds obtained by such Bank to maintain such Term Loan or from fees payable to terminate the deposits from which such funds were obtained. The Company shall also pay any customary and reasonable administrative fees charged by such Bank in connection with the foregoing.

3.06 Reserves on Term Loans. The Company shall pay to each Bank, as long as such Bank shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as “Eurocurrency liabilities”), additional interest on the unpaid principal amount of such Bank’s LIBOR Loans equal to the

actual costs of such reserves allocated to such LIBOR Loans by such Bank (as determined by such Bank in good faith, which determination shall be conclusive, absent manifest error), payable on each date on which interest is payable on such Term Loans, provided the Company shall have received at least 15 days' prior written notice (with a copy to the Administrative Agent) of such additional interest from such Bank. If a Bank fails to give notice 15 days prior to the relevant Interest Payment Date, such additional interest shall be payable 15 days from receipt of such notice.

3.07 Certificates of Banks.

(a) Any Bank claiming reimbursement or compensation under this Article III shall deliver to the Company (with a copy to the Administrative Agent) a certificate setting forth in reasonable detail the amount payable to such Bank hereunder and the reasons for such claim and such certificate shall be conclusive and binding on the Company in the absence of manifest error.

(b) Each Bank agrees to notify the Company of any claim for reimbursement pursuant to Section 3.04 or 3.06 not later than 60 days after any officer of such Bank responsible for the administration of this Agreement receives actual knowledge of the event giving rise to such claim. If any Bank fails so to give notice, the Company shall only be required to reimburse or compensate such Bank, retroactively, for claims pertaining to the period of 60 days immediately preceding the date the claim was made.

3.08 Change of Lending Office. Each Bank agrees that, upon the occurrence of any event giving rise to an obligation of the Company under Section 3.01, Section 3.02, Section 3.04 or Section 3.06 with respect to such Bank, it will, if requested by the Company, use reasonable efforts (subject to overall policy considerations of such Bank) to designate another Lending Office for any Term Loans affected by such event or take other action; provided that such Bank and its Lending Office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the obligation under any such section. Nothing in this section shall affect or postpone any of the Obligations of the Company or the right of any Bank provided in Section 3.01, Section 3.02, Section 3.04 or Section 3.06.

3.09 Substitution of Bank. Upon the receipt by the Company from any Bank of a claim for compensation under Section 3.01 (including, in particular, Section 3.01(b)(iv)), 3.02, Section 3.04 or Section 3.06, or giving rise to the operation of Section 3.02, the Company may, at its option, (i) request such Bank to use its best efforts to seek a Substitute Bank willing to assume such Bank's Term Loan) or (ii) replace such Bank with a Substitute Bank or Substitute Banks that shall succeed to the rights and obligations of such Bank under this Agreement upon execution of an Assignment and Acceptance; or (iii) remove such Bank; provided, however, that such Bank shall not be replaced or removed hereunder until such Bank has been repaid in full all amounts owed to it pursuant to this Agreement and the other Loan Documents (including Sections 2.09, 3.01, 3.04 and 3.06) unless any such amount is being contested by the Company in good faith.

3.10 Survival. The agreements and obligations of the Company in this Article III shall survive the payment of all other Obligations.

ARTICLE IV
CONDITIONS PRECEDENT

4.01 Conditions to Closing Date. The obligation of each Bank to make any Term Loan to be made by it on the Closing Date is subject to the satisfaction of each of the following conditions precedent and the Administrative Agent shall have received on or before the Closing Date evidence thereof, in form and substance satisfactory to the Administrative Agent and each Bank, and, except for the Term Notes, in sufficient copies for each Bank:

(a) Loan Agreement and Term Notes. This Agreement shall have been duly executed by each of the parties hereto and each of the Term Notes duly executed by the Company;

(b) Organizational Documents. The Administrative Agent shall have received copies, certified by a notary public as to authenticity and by an officer of the Company as to effectiveness, of each of the (i) *acta constitutiva* and (ii) the *estatutos sociales* of the Company as in effect on the Closing Date;

(c) Resolutions; Incumbency.

(i) The Administrative Agent shall have received copies of all applicable powers-of-attorney (*poderes*) designating the Persons authorized to execute this Agreement and the other Loan Documents on behalf of the Company, certified by a Mexican notary public and by the Secretary or an Assistant Secretary of the Company;

(ii) The Administrative Agent shall have received a certificate of the Secretary or Assistant Secretary of the Company (1) certifying the names and true signatures of the officers of the Company authorized to execute, deliver and perform, as applicable, this Agreement and all other Loan Documents to be delivered by it hereunder; and (2) attaching copies of all documents evidencing all necessary corporate action and governmental approvals, if any, with respect to the authorization for the execution, delivery and performance of each such Loan Document and the transactions contemplated hereby and thereby; and

(iii) Such certificates shall state that the resolutions or other information referred to in such certificates have not been amended, modified, revoked or rescinded as of the date of such certificates;

(d) Authorizations. All approvals, authorizations, waivers or consents of, or notices to, or registrations with, any Governmental Authority (including, without limitation, exchange control approvals) or third parties, if any, required in connection with the execution, delivery and performance by the Company of this Agreement on the Closing Date shall have been obtained and shall be in full force and effect. The Administrative Agent shall have received evidence satisfactory to it of such approvals and their effectiveness and if no such approvals, authorizations, waivers, consents, notices or registrations are necessary, a certificate executed by an authorized officer of the Company, shall be delivered to the Administrative Agent so stating;

(e) Change in Condition. There shall have occurred no circumstance and/or event of a financial, political or economic nature in Mexico or in the international financial, banking or

capital markets that has a reasonable likelihood having a Material Adverse Effect on the Company and its Subsidiaries;

(f) Process Agent. The acceptance by the Process Agent of an irrevocable appointment to act as agent for service of process for the Company in connection with any proceeding relating to this Agreement or the Term Notes brought in New York together with a copy certified by a Mexican notary public of the power of attorney granted by the Company in favor of the Process Agent;

(g) Legal Opinions. (i) An opinion of Paul Hastings LLP, special New York counsel to the Company, substantially in the form of Exhibit F; and (ii) an opinion of Salvador Vargas, Esq., General Counsel of the Company, substantially in the form of Exhibit G;

(h) Payment of Fees. The Company shall have paid, and the Administrative Agent shall have received satisfactory evidence thereof, (i) all fees and expenses then due and payable to the Banks and the Administrative Agent on or prior to the Closing Date, and (ii) all reasonable costs and expenses to the extent due and payable to the Administrative Agent on the Closing Date, together with Attorney Costs for the preparation and execution of this Agreement of the Administrative Agent to the extent invoiced prior to or on the Closing Date, plus such additional amounts of Attorney Costs as shall constitute its reasonable estimate of Attorney Costs incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Company and the Administrative Agent), and (iii) any other amounts then due and payable under the Term Loans, in each case subject to the terms of the Fee Letter;

(i) Representations and Warranties. The representations and warranties of the Company contained in this Agreement or in any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects on and as of the Closing Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date;

(j) No Material Adverse Effect. There has occurred since December 31, 2011, no event or circumstance that has had or could reasonably be expected to have a Material Adverse Effect;

(k) No Existing Default. No Default or Event of Default shall have occurred and be continuing either prior to or after giving effect to the Borrowings contemplated to be made on the Closing Date.

(l) Certificate. The Administrative Agent shall have received a certificate signed by a Responsible Officer of the Company, dated as of the Closing Date, stating that:

(i) the representations and warranties contained in Article V are true and correct on and as of such date, as though made on and as of such date;

(ii) no Default or Event of Default has occurred and is continuing; and

(iii) there has occurred since December 31, 2011, (A) no event or circumstance that has had or could reasonably be expected to have a Material Adverse Effect and (B) no event or circumstance of a financial, political or economic nature in Mexico which has had or could reasonably be expected to have a material adverse effect on the ability of the Company to perform its obligations under this Agreement or any other Loan Document;

(m) Notice of Borrowing. The Administrative Agent shall have received a Notice of Borrowing from the Company; and

(n) Other Indebtedness. The Company shall have incurred (or shall incur concurrently with the funding of the Term Loans on the Closing Date) the Inbursa Pagare and other Indebtedness, in an aggregate principal amount of US$200,000,000 (the "Additional Indebtedness") under terms which, taken as a whole, are not more restrictive than the terms under this Agreement to fund a portion of a Permitted Equity Acquisition and for other general corporate purposes of the Company. The Administrative Agent shall have received copies of the relevant documentation relating to the Additional Indebtedness.

(o) Other Documents. The Administrative Agent shall have received such other certificates, powers of attorney, approvals, opinions, documents or materials as the Administrative Agent or any Bank (through the Administrative Agent) may reasonably request.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Administrative Agent and each Bank as of the Closing Date that:

5.01 Corporate Existence and Power.

(a) The Company is a *sociedad anonima bursátil de capital variable*, and the Company and each of its Subsidiaries are duly organized and validly existing under the laws of its corresponding jurisdiction;

(b) The Company and each of its Subsidiaries has all requisite corporate power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) conduct its business and to own its Properties except to the extent that the failure to obtain any such governmental license, authorization, consent or approval could not reasonably be expected to have a Material Adverse Effect and (ii) (with respect to the Company only) to execute, deliver and perform all of its obligations under this Agreement and the Term Notes; and

(c) The Company and each of its Subsidiaries is in compliance with all Requirements of Law, except to the extent that the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

5.02 Corporate Authorization; No Contravention. The execution and delivery of, and performance by the Company under this Agreement and each other Loan Document have been duly authorized by all necessary corporate action, and do not and will not:

(a) contravene the terms of the Company's *acta constitutiva* or *estatutos sociales* in effect,

(b) conflict with or result in any breach, violation or contravention of, or the creation of any Lien under, or give rise to any right to accelerate or require prepayment, repurchase or redemption of any obligation under or constitute a default in respect of (i) any document evidencing any Contractual Obligation to which the Company is a party or (ii) any order, injunction, writ or decree of any Governmental Authority to which the Company or its Property is subject; or

(c) violate or contravene any Requirement of Law.

5.03 No Additional Governmental Authorization. No approval (including exchange control approval), consent, exemption, authorization, registration or other action by, or notice to, or filing with, any Governmental Authority or other third party is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company of this Agreement or any other Loan Document other than any which have been obtained and are in full force and effect.

5.04 Binding Effect. This Agreement has been and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by the Company. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, *concurso mercantil*, *quiebra*, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability (regardless of whether enforcement thereof is sought in a proceeding at law or in equity).

5.05 Litigation. Except as disclosed in Schedule 5.05 on the date hereof and, with respect to Section 5.05(b) only, as otherwise disclosed by the Company (i) in the Financial Statements delivered pursuant to Section 6.01(a) or (ii) in the most recent annual report of the Company either on Form 20-F as filed with the Securities and Exchange Commission, or in an annual report filed with the Mexican Stock Exchange, or (iii) in an event-driven report filed with the Securities and Exchange Commission or with the Mexican Stock Exchange, there are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Company, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against the Company or any of its Material Subsidiaries, which:

(a) purport to affect the legality, validity or enforceability of this Agreement or any other Loan Document or any of the transactions contemplated hereby or thereby; or

(b) if determined adversely to the Company or such Material Subsidiary, could reasonably be expected to have a Material Adverse Effect.

5.06 Financial Information; No Material Adverse Effect; No Default.

(a) The Company's audited consolidated financial statements for the Fiscal Year ended December 31, 2011 (copies of which have been furnished to the Administrative Agent and

each Bank) are complete and correct in all material respects, have been prepared in accordance with IFRS and fairly present in accordance with IFRS the financial condition of the Company and its Consolidated Subsidiaries as of such date and the results of their operations for the Fiscal Year ended December 31, 2011.

(b) The Company's consolidated unaudited financial statements for the Fiscal Quarter ended September 30, 2012 (copies of which have been furnished to the Administrative Agent and each Bank) are complete and correct in all material respects, have been prepared in accordance with IFRS and fairly present in accordance with IFRS the financial condition of the Company and its Consolidated Subsidiaries as of such date and the results of their operations for the period covered thereby, subject to the absence of footnotes and to normal year-end audit adjustments.

(c) Since the date of the most recent audited annual financial statements, there has occurred no development, event or circumstance, either individually or in the aggregate, which has had, or could reasonably be expected to have, a Material Adverse Effect.

(d) As of the Closing Date, neither the Company nor any of its Material Subsidiaries is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Closing Date, create an Event of Default under Section 8.01(e).

5.07 Pari Passu. The Obligations constitute direct, unconditional and general obligations of the Company and rank pari passu in all respects with all other unsecured and unsubordinated Indebtedness of the Company, except those ranking senior by operation of law (and not by contract or agreement).

5.08 Taxes. The Company and its Material Subsidiaries have timely filed all tax returns and reports required to be filed under the laws of Mexico, and have timely paid all taxes, assessments, fees and other governmental charges levied or imposed upon them or their Properties, including related interest and penalties, otherwise due and payable, except (i) those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with IFRS; and (ii) those to the extent that non-compliance therewith could not be reasonably expected, individually or in the aggregate, to have a Material Adverse Effect.

5.09 Environmental Matters.

(a) The on-going operations of the Company and each of its Subsidiaries are in compliance in all material respects with all applicable Environmental Laws except as set forth on Schedule 5.09 or except to the extent that the failure to comply therewith could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect;

(b) The Company and each of its Subsidiaries have obtained all environmental, health and safety permits necessary or required for its operations, all such permits are in good standing, and the Company and each of its Subsidiaries is in compliance with all material terms and conditions of such permits, except as set forth on Schedule 5.09 or except to the extent that the

failure to obtain, and maintain in full force and effect, any such permit, or to the extent that failure to comply with the material terms thereof, could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect;

(c) To the best of the knowledge of the Company, after reasonable investigation, no Property currently or formerly owned or operated by the Company or any Subsidiary (including soils, groundwater, surface water, buildings or other structures) has been contaminated with any substance that could reasonably be expected to require investigations or remediation under any Environmental Law or has incurred any liability for any release of any substance on any third party property except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; and

(d) Neither the Company nor any Subsidiary has received any notice, demand, letter, claim or request for information indicating that it may be in violation of or subject to liability under any Environmental Law or is subject to any order, decree, injunction or other arrangement with any Governmental Authority relating to any Environmental Law except as set forth on Schedule 5.09 or except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

5.10 Compliance with Social Security Legislation, Etc. The Company and each of its Material Subsidiaries is in compliance with all Requirements of Law relating to social security legislation, including all rules and regulations of INFONAVIT, IMSS and SAR, except to the extent that noncompliance therewith could not be reasonably expected to have a Material Adverse Effect.

5.11 Assets; Patents; Licenses, Etc.

(a) The Company and each of its Subsidiaries has good and marketable title to, or valid leasehold interests in, all Property that is reasonably necessary to or used in the ordinary conduct of or is otherwise material to, their business, except to the extent that the failure to have such good and marketable title or valid leasehold interests could not be reasonably expected, individually or in the aggregate, to have a Material Adverse Effect.

(b) The Company and each of its Subsidiaries owns or are licensed or otherwise has the right to use all of the material trademarks, trade names, copyrights, patents, contractual franchises, licenses, authorizations, other intellectual property and other rights that are reasonably necessary for the operation of its business, without conflict with the rights of any other Person, except to the extent that the failure to be so licensed or otherwise have such rights could not be reasonably expected, individually or in the aggregate, to have a Material Adverse Effect.

(c) The Company and each of its Subsidiaries have insurance with financially sound, responsible and reputable insurance companies in such amounts and covering such risks as are usually carried by companies of good repute engaged in similar businesses and owning and/or operating properties similar to those owned and/or operated by the Company or such Subsidiary, as the case may be, in the same general areas in which the Company or such Subsidiary owns and/or operates its properties, in accordance with normal industry practice, except to the extent

that the failure to maintain such insurance could not be reasonably expected, individually or in the aggregate, to have a Material Adverse Effect.

5.12 Subsidiaries.

(a) A complete and correct list of all Material Subsidiaries of the Company as of the Closing Date, showing the correct name thereof, the jurisdiction of its incorporation and the percentage of shares of each class outstanding owned by the Company and each Material Subsidiary of the Company is set forth in Schedule 5.12(a).

(b) A list of all agreements, which by their terms, expressly prohibit or limit the payment of dividends or other distributions to the Company by a Material Subsidiary or the making of loans to the Company by a Material Subsidiary is set forth in Schedule 5.12(b), except for any such agreements that have been entered into after the Closing Date and are otherwise permitted by Section 7.05.

5.13 Commercial Acts. The obligations of the Company under this Agreement and the Term Notes are commercial in nature and are subject to civil and commercial law, and the execution and performance of this Agreement constitute private and commercial acts and not governmental or public acts and the Company is subject to legal action in respect of its Obligations.

5.14 Proper Legal Form. This Agreement is, and when executed and delivered each Term Note will be, in proper legal form under the laws of Mexico for the enforcement thereof against the Company under the laws of Mexico; provided that in the event any legal proceedings are brought in the courts of Mexico, a Spanish translation of the documents prepared by a court-approved translator would be required in such proceedings, including this Agreement, shall be required.

5.15 Full Disclosure. All written information other than forward-looking information heretofore furnished by the Company to the Administrative Agent or any Bank for purposes of or in connection with this Agreement is, and all such information hereafter furnished by the Company to the Administrative Agent on any Bank will be, true and accurate in all material respects on the date as of which such information is stated or certified. All written forward-looking information heretofore furnished in writing to the Administrative Agent or the Banks has been prepared in good faith based upon assumptions the Company believes to be reasonable. The Company has disclosed to the Administrative Agent and the Banks in writing any and all facts known to it that it believes are reasonably expected to have a Material Adverse Effect.

5.16 Investment Company Act. Both immediately before and after giving effect to this Agreement and the transactions contemplated herein, neither the Company nor any of its Subsidiaries is, or will be required to register as, an “investment company” or an “affiliated person” or “promoter” of, or “principal underwriter” of or for, an “investment company”, as such terms are defined in the Investment Company Act of 1940, as amended.

5.17 Margin Regulations. Neither the Company nor any of its Subsidiaries is generally engaged in the business of purchasing or selling “margin stock” (as such term is defined in Regulations T, U or X of the Board of Governors of the Federal Reserve System of the United

States) or extending credit for the purpose of purchasing or carrying margin stock. No part of the proceeds of the Term Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of, or that is inconsistent with, the provisions of Regulation T, U or X of the Board of Governors of the U.S. Federal Reserve System, or that entails a violation by the Company of any other regulations of the Board of Governors of the US Federal Reserve System.

5.18 ERISA Compliance.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state laws. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the best knowledge of the Company, nothing has occurred which would prevent, or cause the loss of, such qualification, or such Plan is a prototype or volume submitter plan that is subject to an opinion letter from the IRS. The Company and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the best knowledge of the Company, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could be reasonably expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could be reasonably expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred, or to the best knowledge of the Company, is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA; (iv) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice, under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither the Company nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

(d) None of the Company or any of its Material Subsidiaries are a party to any labor dispute that could reasonably be expected to have a Material Adverse Effect, and there are no strikes, walkouts, lockouts or slowdowns against the Company or its Subsidiaries pending or, to the best knowledge of the Company or its Subsidiaries, threatened, except as would not be expected to have a Material Adverse Effect on the business, financial condition or operations of the Company or such Material Subsidiary. There is no unfair labor practice complaint pending against any of the Company or its Subsidiaries or, to the best knowledge of any of the Company or its Subsidiaries, threatened against any of them that could reasonably be expected to have a Material Adverse Effect. There is no grievance or significant arbitration Proceeding arising out of or under any collective bargaining agreement pending against any of the Company or its

Subsidiaries or, to the best knowledge of any of the Company or its Subsidiaries, threatened against any of them, in each case that could reasonably be expected to have a Material Adverse Effect.

5.19 Anti-Terrorism Laws.

(a) Neither the Company nor, to its knowledge, any of its Affiliates is in violation of any laws relating to terrorism or money laundering ("Anti-Terrorism Laws"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order"), and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 (the "Patriot Act").

(b) Neither the Company nor, to its knowledge, any of its Affiliates acting or benefiting in any capacity in connection with the Term Loan is any of the following:

(i) a Person or entity that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person or entity owned or Controlled by, or acting for or on behalf of, any Person or entity that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person or entity with which any Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a Person or entity that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(v) a Person or entity that is named as a "specially designated national and blocked person" on the most current list published by the US Treasury Department Office of Foreign Assets Control ("OFAC") at its official website or any replacement website or other replacement official publication of such list.

(c) Neither the Company nor, to the Company's knowledge, any of the Company's Affiliates acting in any capacity in connection with the Term Loan (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person known to the Company to be a Person described in clause (b)(ii) above, (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

5.20 Hedging Policy. The Hedging Policy has been approved by the Board of Directors of the Company (or by a committee duly delegated by such Board of Directors that is comprised of two or more members thereof) and is currently in effect.

ARTICLE VI
AFFIRMATIVE COVENANTS

The Company covenants and agrees that for so long as any Term Loan or other Obligation remains unpaid or any Bank has any Term Commitment hereunder:

6.01 Financial Statements and Other Information.

(a) The Company will deliver to the Administrative Agent:

(i) as soon as available and in any case within 120 days after the end of each Fiscal Year, consolidated financial statements for such Fiscal Year audited by independent accountants of recognized international standing, including an annual audited consolidated balance sheet and the related consolidated statements of income, changes in equity and changes in financial position, prepared in accordance with IFRS consistently applied (except as otherwise discussed in the notes to such financial statements), which financial statements shall present fairly in accordance with IFRS the financial condition of the Company and its Consolidated Subsidiaries as at the end of the relevant Fiscal Year and the results of the operations of the Company and its Consolidated Subsidiaries for such Fiscal Year, reported on by independent accountants of recognized international standing; and

(ii) as soon as available and in any event within 120 days after the end of each Fiscal Year, an English translation of the audited consolidated financial statements of the Company.

(b) The Company will deliver to the Administrative Agent:

(i) as soon as available and in any case within 60 days after the end of each of the first three Fiscal Quarters, unaudited consolidated financial statements for each such quarter period for the Company and its Consolidated Subsidiaries, including therein an unaudited consolidated balance sheet and the related consolidated statements of income prepared in accordance with IFRS, consistently applied (except as otherwise discussed in the notes to such statements), which financial statements shall present fairly in accordance with IFRS the financial condition of the Company and its Consolidated Subsidiaries as at the end of the relevant quarter and the results of the operations of the Company and its Consolidated Subsidiaries for such quarter and for the portion of the Fiscal Year then ended except for the absence of complete footnotes and except for normal, recurring year-end accruals and subject to normal year-end adjustments; and

(ii) as soon as available and in any event within 90 days after the end of each of the first three Fiscal Quarters, an English translation of the unaudited quarterly consolidated financial statements of the Company.

(c) Concurrently with the delivery of the financial statements pursuant to paragraphs (a)(i) and (b)(i) above, the Company will deliver to the Administrative Agent a Compliance Certificate, substantially in the form of Exhibit D, signed by a Responsible Officer of the Company.

(d) To the extent not otherwise provided pursuant to clause (a) or (b) above, the Company will furnish to the Administrative Agent, promptly after they are publicly available, copies of all financial statements and financial reports filed by the Company with any Governmental Authority (if such statement or reports are required to be filed for the purpose of being publicly available) or filed with any Mexican or other securities exchange (including the Luxembourg Stock Exchange) and which are publicly available.

(e) The Company will furnish to the Administrative Agent, promptly upon request of the Administrative Agent or any Bank (through the Administrative Agent), such additional information regarding the business, financial or corporate affairs of the Company and its Subsidiaries as the Administrative Agent or any Bank may reasonably request, including for know-your-customer and anti-money laundering rules and regulations, including the Patriot Act.

(f) The Administrative Agent will promptly deliver to each of the Banks copies of the documents provided by the Company pursuant to this Section 6.01.

6.02 Notice of Default and Litigation. The Company will furnish to the Administrative Agent, not later than five Business Days after the Company obtains knowledge thereof (and the Administrative Agent will notify each Bank thereof):

(a) notice of any Default or Event of Default, signed by a Responsible Officer, describing such Default or Event of Default and the steps that the Company proposes to take in connection therewith;

(b) notice of any litigation, action or proceeding pending or threatened against the Company or any of its Material Subsidiaries before any Governmental Authority, in which there is a probability of success by the plaintiff on the merits and which, if determined adversely to the Company or such Material Subsidiary, individually or in the aggregate, could be reasonably expected to have a Material Adverse Effect;

(c) notice of the modification of any consent, license, approval or authorization referred to in Section 4.01(d); and

(d) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Company and its Subsidiaries in an aggregate amount exceeding US$5,000,000.

6.03 Maintenance of Existence; Conduct of Business.

(a) The Company will, and will cause each of its Material Subsidiaries to (i) maintain in effect its corporate existence and all registrations necessary therefor; (ii) take all reasonable actions to maintain all rights, privileges, titles to property, franchises and the like necessary or desirable in the normal conduct of its business, activities or operations; and (iii) keep all its Property in good working order or condition; provided, however, that this covenant shall not prohibit any transaction by the Company or any of its Material Subsidiaries otherwise permitted under Section 7.03 nor require the Company to maintain any such right, privilege, title to property or franchise or to preserve the corporate existence of any Subsidiary, if the Company shall determine in good faith that the maintenance or preservation thereof is no longer desirable

in the conduct of the business of the Company or its Material Subsidiaries and that the loss thereof could not reasonably be expected to have a Material Adverse Effect.

(b) The Company will, and will cause its Material Subsidiaries to, continue to engage in business of the same general type as now conducted by the Company and its Material Subsidiaries.

6.04 Insurance. The Company will, and will cause each of its Subsidiaries to, maintain insurance with financially sound, responsible and reputable insurance companies in such amounts and covering such risks as are usually carried by companies of good repute engaged in similar businesses and owning and/or operating properties similar to those owned and/or operated by the Company or such Subsidiary, as the case may be, in the same general areas in which the Company or such Subsidiary owns and/or operates its properties; provided that the Company and its Subsidiaries shall not be required to maintain such insurance if the failure to maintain such insurance could not reasonably be expected to have a Material Adverse Effect.

6.05 Maintenance of Governmental Approvals. The Company will maintain in full force and effect all governmental approvals (including any exchange control approvals), consents, licenses and authorizations which may be necessary or appropriate under any applicable law or regulation for the conduct of its business (except that the failure to maintain any such approval, consent, license or authorization could not reasonably be expected to have a Material Adverse Effect) or for the performance of this Agreement and for the validity or enforceability hereof. The Company will file all applications necessary for, and shall use its reasonable best efforts to obtain, any additional authorization as soon as possible after determination that such authorization or approval is required for the Company to perform its obligations hereunder.

6.06 Use of Proceeds. The Company will use the proceeds of the Term Loans for general corporate purposes and to finance the Permitted Equity Acquisition.

6.07 Application of Cash Proceeds from Sales and Other Dispositions. The Company will, and will cause each of its Subsidiaries to, apply 100% of the net cash proceeds received from any sale, conveyance, transfer or Disposition of assets (including from any sale, conveyance, transfer or Disposition resulting from casualty or condemnation, and including any amounts received under any insurance policy representing any insurance payments that have not been and will not be applied in payment for repairs or for the replacement of any Property which has been damaged or destroyed) to (i) the repayment of any Indebtedness then outstanding, (ii) investment in assets relating to the Company's Core Business, or (iii) any combination thereof.

6.08 Payment of Obligations. The Company will, and will cause each of its Material Subsidiaries to, pay all taxes, assessments and other governmental charges imposed upon it or any of its Property in respect of any of its franchises, businesses, income or profits before any penalty or interest accrues thereon, and pay all claims (including claims for labor, services, materials and supplies) for sums which have become due and payable and which by law have or might become a Lien upon its Property, except if the failure to make such payment has no reasonable likelihood of having a Material Adverse Effect or if such charge or claim is being contested in good faith by appropriate provision promptly initiated and diligently conducted and

if such reserves or other appropriate provision, if any, as shall be required by IFRS shall have been made therefor.

6.09 Pari Passu. The Company will cause the Term Loans to rank pari passu in all respects with all other unsecured and unsubordinated Indebtedness of the Company, except those ranking senior by operation of law (and not by contract or agreement).

6.10 Compliance with Laws. The Company will, and will cause each of its Subsidiaries to, comply in all respects with all applicable Requirements of Law, including all applicable Environmental Laws and all Requirements of Law relating to social security and ERISA, including INFONAVIT, IMSS and SAR, except where the necessity of compliance therewith is contested in good faith by appropriate proceedings promptly initiated and diligently conducted and if such reserves or other appropriate provision, if any, as shall be required by IFRS shall have been made therefor except where any non-compliance could not reasonably be expected to have a Material Adverse Effect.

6.11 Maintenance of Books and Records.

(a) The Company will, and will cause each of its Mexican Subsidiaries to, maintain books, accounts and other records in accordance with IFRS, and the Company will cause its Subsidiaries organized under laws of any other jurisdiction to maintain their books and records in accordance either with the generally accepted accounting principles of the applicable jurisdiction or IFRS.

(b) The Company will, and will cause each Material Subsidiary to, permit representatives of the Administrative Agent to visit and inspect any of their respective properties and to examine their respective corporate, financial and operating books and records, all at such reasonable times during normal business hours and as often as may be reasonably desired upon reasonable advance notice to the Company or such Material Subsidiary; provided, however, that when an Event of Default exists the Administrative Agent may do any of the foregoing at the expense of the Company at any time during normal business hours and without advance notice.

6.12 Take-Out Financing.

(a) The Company shall use its commercial reasonable efforts so that the Investment Bank, as soon as practicable during the 6 months after the Closing Date may publicly sell or privately place in one or more offerings or placements debt securities in the international market to refinance the Term Facility (collectively, **"Take-Out Financing"**). Upon notice by the Investment Bank (such notice hereinafter referred to as the "**Securities Demand**"), the Company will, on any one occasion after the date that is six months after the Closing Date, if all the amounts outstanding under the Term Facility shall not have been repaid in full and the Company is not in the process of otherwise effectuating the Take-Out Financing (and is not in violation of Section 6.12(b)), cause the issuance and sale of Take-Out Financing, provided that (i) the interest rate (whether floating or fixed) shall be determined by the Investment Bank in consultation with the Company in light of the then prevailing market conditions for comparable securities of issuers with similar ratings, the maximum tenor shall not exceed ten years and the Take-Out Financing shall be callable no later than on year five; (ii) the Investment Bank and the Company

shall determine whether the Take-Out Financing shall be issued through a public offering or a private placement; (iii) the Take-Out Financing will be issued pursuant to an indenture or indentures, which shall contain such terms, conditions and covenants as are typical and customary for similar financings and as are reasonably satisfactory in all respects to the Investment Bank and the Company; (iv) the Investment Bank in its reasonable discretion, after consultation with the Company, shall reasonably determine the amount of each series of Take-Out Financing to be issued if the Take-Out Financing is to be issued in a series of offerings and/or placements and (v) all other arrangements with respect to the Take-Out Financing, including with respect to optional redemptions and equity claw-back rights shall be reasonably satisfactory in all respects to the Investment Bank and the Company in light of the then prevailing market conditions applicable to issuers with similar ratings. The Company agrees to do, all things reasonably required or advisable in connection with the offering or arranging of such Take-Out Financing, including without limitation (i) the preparation of a preliminary prospectus or preliminary offering memorandum or preliminary private placement memorandum suitable for use in a customary road show and (ii) the participation of senior management and representatives of the Company and the Investment Bank in a road show.

(b) Until the payment in full of all Term Loans outstanding under the Term Facility, the Company will not syndicate or issue, attempt to syndicate or issue, announce or authorize the announcement of the syndication or issuance of, or engage in discussions concerning the syndication or issuance of, any debt facility or any debt security of the Company (other than the Take-Out Financing and working capital debt facilities issued, refinanced or renewed in the bank debt market in the Company’s ordinary course of business), including any refinancings of any 2011 Facilities, without the prior written consent of the Investment Bank.

6.13 Further Assurances; Additional Indebtedness.

(a) The Company will, at its own cost and expense, execute and deliver to the Administrative Agent all such other documents, instruments and agreements and do all such other acts and things as may be reasonably required in the opinion of the Administrative Agent or its counsel, to enable the Administrative Agent or any Bank to exercise and enforce its rights under this Agreement and any Term Note and to carry out the intent of this Agreement.

(b) The Company will not allow the (i) the Additional Indebtedness to have terms which, taken as a whole, as more restrictive than the terms of the Term Loans under this Agreement and (ii) the Weighted Average Yield applicable to any Additional Indebtedness (other than the Inbursa Pagare) to be greater than the applicable Weighted Average Yield payable pursuant to the terms of this Agreement as amended through the date of such calculation with respect the Term Loans unless the interest rate with respect to the Term Loans is increased so as to cause the then applicable Weighted Average Yield under this Agreement on the Term Loans to equal the Weighted Average Yield then applicable to the Additional Indebtedness (other than the Inbursa Pagare).

ARTICLE VII
NEGATIVE COVENANTS

The Company covenants and agrees that for so long as any Term Loan or other Obligation remains unpaid or any Bank has any Term Commitment hereunder:

7.01 Negative Pledge. The Company will not, and will not permit any of its Material Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien upon or with respect to any of its present or future Property, except:

(a) any Lien on any Property (or, in the case of a line of credit secured by inventory or accounts receivable, class of Property) existing on the Closing Date;

(b) any Lien on any asset securing all or any part of the purchase price of property or assets (including inventories) acquired or any portion of the cost of construction, development, alteration or improvement of any property, facility or asset or Indebtedness incurred or assumed solely for the purpose of financing all or any part of the cost of acquiring or constructing, developing, altering or improving such property, facility or asset, which Lien attached solely to such property, facility or asset during the period that such property, facility or asset was being constructed, developed, altered or improved or concurrently with or within 120 days after the acquisition, construction, development, alteration or improvement thereof;

(c) Liens of a Subsidiary existing prior to the time such Subsidiary became a Subsidiary of the Company which (i) do not secure Indebtedness exceeding the aggregate principal amount of Indebtedness subject to such Lien prior to the time such Subsidiary became a Subsidiary of the Company, (ii) do not attach to any Property other than the Property attached pursuant to such Lien prior to the time such Subsidiary became a Subsidiary of the Company, and (iii) were not created in contemplation of such Subsidiary becoming a Subsidiary of the Company;

(d) any Lien on any Property existing thereon at the time of the acquisition of such Property and not created in connection with or in contemplation of such acquisition;

(e) any Lien on any Property (or, in the case of a line of credit secured by inventory or accounts receivable, class of Property) securing an extension, renewal, refunding or replacement of Indebtedness or a line of credit secured by a Lien referred to in clause (a), (b), (c) or (d) above; provided that such new Lien is limited to the Property (or, in the case of a line of credit secured by inventory or accounts receivable, class of Property) which was subject to the prior Lien immediately before such extension, renewal, refunding or replacement, and provided that the principal amount of Indebtedness or the amount of the line of credit secured by the prior Lien is not increased immediately before or in contemplation of or in connection with such extension, renewal, refunding or replacement;

(f) any Lien securing taxes, assessments and other governmental charges, the payment of which is not yet due or the payment of which is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and for which such reserves or other appropriate provision, if any, as shall be required by IFRS or, in the case of Material

Subsidiaries organized under laws of any other jurisdiction, the applicable GAAP therein, shall have been made;

(g) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security;

(h) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen, repairmen or the like arising in the ordinary course of business for sums not yet due or the payment of which is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and for which such reserves or other appropriate provision, if any, as shall be required by IFRS or, in the case of Material Subsidiaries organized under the laws of any other jurisdiction, the applicable GAAP therein, shall have been made;

(i) any Lien created by attachment or judgment, unless the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay;

(j) any Lien created in connection with Permitted Hedging Transactions on Cash and Cash Equivalent Investments or on the commodity underlying such Permitted Hedging Transaction, to the extent such Permitted Hedging Transaction contemplates the purchase or sale of such commodity; provided that the market value of such assets subject to the Lien shall not exceed, in the aggregate, US$50,000,000 at any time outstanding;

(k) Liens to secure working capital borrowings not exceeding in the aggregate the greater of (i) US$100,000,000 (or the equivalent in other currencies) or (ii) (A) 15% of the Consolidated Net Worth of the Company less (B) the amount of any Guaranty Obligations incurred by the Company or any of its Consolidated Subsidiaries for the account of parties other than the Company and its Consolidated Subsidiaries; and

(l) Liens in connection with bank overdraft protection, lines of credit or similar arrangements incurred in the ordinary course of business.

7.02 Investments. The Company will not, and will not permit any of its Material Subsidiaries to, make any Investment, except:

(a) Investments existing on the date hereof;

(b) Investments relating to the Company's Core Business other than Investments in any of the Venezuelan Subsidiaries;

(c) Cash Equivalent Investments;

(d) Investments by the Company in any Subsidiary other than a Venezuelan Subsidiary or by any Material Subsidiary in the Company or in any Subsidiary other than a Venezuelan Subsidiary, except for Investments by the Company or any Material Subsidiary, directly or indirectly, in a Venezuelan Subsidiary made pursuant to the RFB Holdings Acquisition Agreement;

(e) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business;

(f) Capital Expenditures;

(g) subject to the limitations set forth in Section 7.06 and 7.08, Guaranty Obligations of the Company or any Material Subsidiary in connection with primary obligations of any Subsidiary of the Company other than a Venezuelan Subsidiary;

(h) Permitted Hedging Transactions;

(i) Investments by any Venezuelan Subsidiary in another Venezuelan Subsidiary with funds of such Venezuelan Subsidiary; and

(j) the Permitted Equity Acquisition.

7.03 Mergers, Consolidations, Sales and Leases. The Company will not merge or consolidate with or into, or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless immediately after giving effect to any merger or consolidation:

(a) no Default or Event of Default has occurred and is continuing; and

(b) any Person formed by any such merger or consolidation with the Company or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall expressly assume in writing the due and punctual payment of the principal of, and interest on all Obligations, according to their terms, and the due and punctual performance of all of the covenants and obligations of the Company under this Agreement by an instrument in form and substance reasonably satisfactory to the Administrative Agent and shall provide an opinion of counsel acceptable to the Administrative Agent, obtained at the Company's expense, on which the Administrative Agent and the Banks may conclusively rely.

7.04 Restricted Payments. The Company will not, and will not permit any Subsidiary to, declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so other than a Permitted Equity Acquisition, unless (a) the Company's Maximum Leverage Ratio, after giving effect to the making of such Restricted Payment and, without duplication, any other Restricted Payment made since the end of the most recent Fiscal Quarter, does not exceed the Maximum Leverage Ratio permitted under Section 7.10 and (b) no Default or Event of Default shall have occurred and be continuing.

Notwithstanding the foregoing limitation, the Company or any Subsidiary may declare or make the following Restricted Payments:

(a) each Subsidiary may make Restricted Payments to the Company and to wholly-owned Subsidiaries (and, in the case of a Restricted Payment by a non-wholly-owned Subsidiary, to the Company and any Subsidiary and to each other owner of capital stock of such Subsidiary on a pro rata basis based on their relative ownership interests);

(b) the Company and each Subsidiary may declare and make dividend payments or other distributions payable solely in the common stock of such Person;

(c) each Subsidiary may purchase, redeem or otherwise acquire shares of its common stock or warrants or options to acquire any such shares with the proceeds received from the substantially concurrent issue of new shares of its common stock;

(d) the Company and each Subsidiary may purchase any capital stock otherwise permitted as an Investment pursuant to Section 7.02;

(e) the Company may purchase the stock of Gimsa; and

(f) the Company and Gimsa may each purchase any shares of its own capital stock.

7.05 Limitations on Ability to Prohibit Dividend Payments by Subsidiaries. The Company will not, and will not permit its Material Subsidiaries to, enter into any agreement that, by its terms, expressly prohibits the payment of dividends or other distributions to the Company or the making of loans to the Company, other than in connection with the renewal or extension of any agreement listed in Schedule 5.12(b); provided that (i) the restrictions or prohibitions under such agreement are not increased as a result of such renewal or extension and (ii) in connection with any such renewal or extension of an agreement that does not already contain any such prohibition, the Company will not, and will not permit its Material Subsidiaries to, agree to or accept the inclusion of such prohibition.

7.06 Limitation on Incurrence of Indebtedness by Subsidiaries. The Company will not permit any Consolidated Subsidiary to create, incur, assume or suffer to exist any Indebtedness if, at the time of such incurrence and after giving pro forma effect thereto, the aggregate Indebtedness of all Consolidated Subsidiaries would exceed an amount equal to 30% of the Indebtedness of the Company and its Consolidated Subsidiaries.

7.07 Transactions with Affiliates. The Company will not, and will not cause or permit any of its Material Subsidiaries to, enter into any transaction with any Affiliate of the Company, except upon fair and reasonable terms no less favorable to the Company or such Subsidiary than are obtainable in a comparable arm's-length transaction with a Person not an Affiliate of the Company. For the avoidance of doubt, the transactions contemplated in the ADM Acquisition Agreement and the RFB Holdings Acquisition Agreement shall be considered to be upon fair and reasonable terms and no less favorable to the Company than are obtainable in a comparable arm's-length transaction with a Person not an Affiliate of the Company.

7.08 No Subsidiary Guarantees of Certain Indebtedness. Other than in connection with its purchase of corn for its corn flour production or wheat for its wheat flour production, the Company will not permit any of its Material Subsidiaries, directly or indirectly, to guarantee or otherwise become liable or responsible for, in any manner, any Indebtedness of the Company.

7.09 Interest Coverage Ratio. The Company shall not permit its Interest Coverage Ratio, as of the last day of any Fiscal Quarter, to be less than 2.50 to 1.00.

7.10 Maximum Leverage Ratio. The Company shall not permit its Maximum Leverage Ratio for any Measurement Period within the periods mentioned below, to be:

Period	Leverage Ratio
From Closing Date to September 30, 2013	Greater than 4.75x to 1.00x
From October 1, 2013 to the Maturity Date	Greater than 4.5x to 1.00x

7.11 Limitation on Hedging Transactions. Neither the Company nor any of its Subsidiaries shall enter into any Hedging Transactions other than Permitted Hedging Transactions.

ARTICLE VIII
EVENTS OF DEFAULT

8.01 Events of Default. Any of the following events shall constitute an "Event of Default":

(a) Non-Payment. The Company fails to pay (i) when and as required to be paid herein, any amount of principal of any Term Loan, or (ii) within five days after the same becomes due, any interest or any other amount payable hereunder or under any other Loan Document; or

(b) Representation or Warranty. Any representation or warranty by the Company made herein or in any other Loan Document, or which is contained in any certificate, document or financial or other statement by the Company or any Responsible Officer of the Company, furnished at any time under this Agreement or any other Loan Document, is incorrect in any material respect on or as of the date made; or

(c) Specific Defaults. The Company (i) fails to perform or observe any term, covenant or agreement contained in Section 6.02(a), 6.03, 6.05, 6.06 or 6.09, fails to perform or observe any term, covenant or agreement contained in Article VII (other than Section 7.05, 7.07 or 7.08) or fails to deliver new Term Notes in exchange for the existing Term Notes as provided herein or (ii) fails to observe the covenant set forth in Section 7.11, and such default continues unremedied for a period of 3 Business Days; or

(d) Other Defaults. The Company fails to perform or observe any other term or covenant contained in this Agreement or in any other Loan Document, and such default continues unremedied for a period of 30 days after the date upon which written notice thereof is given to the Company by the Administrative Agent or any Bank; or

(e) Cross-Default. The Company or any of its Material Subsidiaries (i) fails to make any payment in respect of any Indebtedness (other than Indebtedness hereunder and under the Term Notes) having an aggregate principal amount of more than US$20,000,000 (or the equivalent in another currency) when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) and such failure continues after the applicable grace period,

if any, specified in the agreement or instrument relating to such Indebtedness; or (ii) fails to perform or observe any other condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to be declared to be due and payable prior to its stated maturity; or

(f) Involuntary Proceedings. (i) A decree or order by a court having jurisdiction has been entered adjudging the Company or any Material Subsidiary as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, *concurso mercantil, quiebra* or bankruptcy of the Company or any Material Subsidiary and such decree or order shall have continued undischarged and unstayed for a period of 90 days; or (ii) a decree or order of a court having jurisdiction for the appointment of a receiver or liquidator or visitador, conciliador or sindico or trustee or assignee in bankruptcy or insolvency or any other similar official of the Company or any Material Subsidiary or of any substantial part of the Property of the Company or any Material Subsidiary or for the winding up or liquidation of the affairs of the Company or any Material Subsidiary has been entered, and such decree or order has continued undischarged and unstayed for a period of 90 days; or

(g) Voluntary Proceedings. The Company or any Material Subsidiary institutes proceedings to be adjudicated a bankrupt or consents to the filing of a bankruptcy proceeding against it, or files a petition or answer or consent seeking reorganization, *concurso mercantil*, *quiebra* or bankruptcy or consents to the filing of any such petition, or consents to the appointment of a receiver or liquidator or trustee or *visitador, conciliador* or *sindico* or assignee in bankruptcy or insolvency or any other similar official of it or any substantial part of its Property; or

(h) Monetary Judgments. One or more judgments, orders, attachments or *embargos*, decrees or arbitration awards are entered against the Company or any of its Material Subsidiaries involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of US$20,000,000 or more (or the equivalent thereof in another currency), and the same shall remain unsatisfied, unvacated or unstayed pending appeal for a period of 90 days after the entry thereof; or

(i) Unenforceability. This Agreement or any of the Term Notes for any reason is suspended or revoked or ceases to be in full force and effect in accordance with its respective terms or the binding effect or enforceability thereof is contested by the Company, or the Company denies that it has any further liability or obligation hereunder or thereunder or in respect hereof or thereof, or performance by the Company under any of the Loan Documents shall become illegal, or the Company shall assert that any obligation under a Loan Document has become illegal; or

(j) Expropriation. The Mexican government, the Mexican Congress or an agency or instrumentality thereof nationalizes, seizes or expropriates all or a substantial portion of the assets of the Company and its Subsidiaries, taken as a whole, or of the common stock of the

Company, or the Mexican government or an agency or instrumentality thereof assumes control of the business and operations of the Company and its Subsidiaries, taken as a whole; or

(k) Change of Control. Graciela Moreno Hernández and/or the respective family members (including spouses, siblings and other lineal descendants, estates and heirs, or any trust or other investment vehicle for the primary benefit of any such Person or their respective family members or heirs) of the deceased Roberto Gonzalez Barrera and/or Graciela Moreno Hernandez, fail to elect the majority of the Board of the Directors of the Company.

8.02 Remedies. (a) If any Event of Default occurs, the Administrative Agent shall, at the request of, or may, with the consent of, the Majority Banks, take any or all of the following actions:

(i) declare the unpaid principal amount of all outstanding Term Loans, all interest accrued and unpaid thereon, and all other Obligations owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company; and

(ii) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law;

provided, however, that upon the occurrence of any event specified in Section 8.01(f) or (g), the unpaid principal amount of all outstanding Term Loans and all interest and other Obligations shall automatically become due and payable without further act of the Administrative Agent or any Bank.

(b) After the exercise of remedies provided for in this Section 8.02 (or after the Term Loans have automatically become immediately due and payable), any amounts received on account of the Obligations shall be applied by the Administrative Agent in the following order:

(i) First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including Attorney Costs and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

(ii) Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Banks (including Attorney Costs and amounts payable under Article III), ratably among them in proportion to the amounts described in this clause Second payable to them;

(iii) Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Term Loans, ratably among the Banks in accordance with their pro rata share of such Term Loans and in proportion to the respective amounts described in this clause Third payable to them;

(iv) Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Term Loans, ratably among the Banks in accordance with their pro rata share of the total Term Loans outstanding and in proportion to the respective amounts described in this clause Fourth held by them; and

(v) Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Company or as otherwise required by law.

8.03 Rights Not Exclusive. The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

ARTICLE IX
THE ADMINISTRATIVE AGENT

9.01 Appointment and Authorization. Each Bank hereby irrevocably appoints, designates and authorizes Goldman Sachs, as the Administrative Agent under this Agreement, and each Bank hereby irrevocably authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Furthermore, each Bank hereby authorizes and appoints the Administrative Agent as an agent (*comisionista*) under the terms of Articles 273 and 274 of the Mexican Commerce Code (*Código de Comercio*) to execute, deliver and perform any Loan Document to which the Administrative Agent is a party, as well as any other document, agreement or instrument necessary or convenient for the delivery, perfection, execution and foreclosure of the Loan Documents or Lien that may be granted in connection with this Agreement. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Bank or any Participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term “agents” herein and in the other Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

9.02 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.03 Liability of Administrative Agent. Neither the Administrative Agent nor any of its Affiliates, officers, directors, employees, agents or attorneys-in-fact shall (a) be liable for any action taken or omitted to be taken by it or any such Person under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (b) be responsible in any manner to any Bank or any Participant for any recital, statement, representation or warranty made by the Company, or

any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Company to perform its obligations hereunder or thereunder. Except as otherwise expressly stated therein, the Administrative Agent shall not be under any obligation to any Bank or any Participant to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Company or any of its Subsidiaries.

9.04 Reliance by Administrative Agent.

(a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex, teletype or telephone message, electronic mail message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of failing to take, taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Majority Banks (or such greater number of Banks as may be expressly required hereby) and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 4.01, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Administrative Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to such Bank unless the Administrative Agent shall have received notice from such Bank prior to the proposed Closing Date specifying its objection thereto.

9.05 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Banks, unless the Administrative Agent shall have received written notice from a Bank or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a “Notice of Default”. The Administrative Agent will notify the Banks of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Default or Event of Default as may be directed by the Majority Banks in accordance with Article VIII; provided, however, that unless and until the Administrative

Agent has received any such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

9.06 Credit Decision. Each Bank acknowledges that neither the Administrative Agent nor any of its Affiliates, officers, directors, employees, agents or attorneys-in-fact have made any representation or warranty to it, and that no act by the Administrative Agent hereinafter taken, including any consent to and acceptance of any assignment or any review of the affairs of the Company and its Subsidiaries, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Bank as to any matter, including whether the Administrative Agent has disclosed material information in its possession. Each Bank represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of an investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Company and its Subsidiaries and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Company hereunder. Each Bank also represents that it will, independently and without reliance upon the Administrative Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Company and its Subsidiaries. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Administrative Agent, the Administrative Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Company which may come into the possession of any of the Administrative Agent or any of its Affiliates, officers, directors, employees, agents or attorneys-in-fact.

9.07 Indemnification. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand the Administrative Agent and its Affiliates, directors, officers, agents and employees (to the extent not reimbursed by or on behalf of the Company and without limiting the obligation of the Company to do so), pro rata, and hold the Administrative Agent harmless from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the payment to the Administrative Agent of any portion of such Indemnified Liabilities to the extent determined in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from the Administrative Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Company. The undertaking in this Section

9.07 shall survive the payment of all other Obligations and the resignation of the Administrative Agent.

9.08 Administrative Agent in Individual Capacity. Goldman Sachs and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Company and any of the Company's Affiliates as though Goldman Sachs were not the Administrative Agent hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, Goldman Sachs or its Affiliates may receive information regarding the Company or any of its Affiliates (including information that may be subject to confidentiality obligations in favor of the Company or such Affiliate) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Term Loans, Goldman Sachs shall have the same rights and powers under this Agreement as any other Bank and may exercise such rights and powers as though it were not the Administrative Agent, and the terms "Bank" and "Banks" include Goldman Sachs in its individual capacity.

9.09 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 30 days' notice to the Banks. If the Administrative Agent resigns under this Agreement, the Majority Banks shall appoint from among the Banks a successor agent for the Banks which successor agent shall be subject to the prior approval of the Company at all times other than during the existence of an Event of Default (which consent of the Company shall not be unreasonably withheld or delayed). If no successor agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Banks and the Company, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor agent and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article IX and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Majority Banks appoint a successor agent as provided for above.

ARTICLE X
MISCELLANEOUS

10.01 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Company therefrom, shall be effective unless the same shall be in writing and signed by the Majority Banks and the Company and acknowledged by the Administrative Agent, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment or consent shall, unless signed

by all the Banks and the Company and acknowledged by the Administrative Agent, do any of the following:

(a) [Reserved];

(b) postpone or delay any date fixed by this Agreement or any Term Note for any payment of principal, interest, fees or other amounts hereunder or under any other Loan Document;

(c) reduce the principal of, or the rate of interest specified herein on, any Term Loan, or reduce the amount or change the method of calculation of any fees or other amounts payable hereunder or under any other Loan Document;

(d) amend, modify or waive any condition set forth in Section 4.01;

(e) amend or modify the definition of "Majority Banks" or any other provision of this Agreement specifying the percentage of Term Commitments or the percentage or number of Banks required to amend, waive or otherwise modify any rights hereunder or make any determination or take any action hereunder;

(f) amend, modify or waive any provision of this Section 10.01; and

(g) amend, modify or waive any provision of Section 2.13 in a manner that would alter the pro rata sharing of payments required thereby;

provided, further, that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document, including but not limited to Article IX.

10.02 Notices.

(a) Except as otherwise expressly provided herein, all notices, requests, demands or other communications to or upon any party hereunder shall be in English and in writing (including facsimile transmission and, subject to paragraph (c) below, electronic mail) and shall be mailed by an internationally recognized overnight courier service, transmitted by facsimile or electronic mail or delivered by hand to such party: (i) in the case of the Company or the Administrative Agent, at its address, facsimile number or electronic mail address set forth on Schedule 10.02 hereof or at such other address, facsimile number or electronic mail address as such party may designate by notice to the other parties hereto and (ii) in the case of any Bank, at its address, facsimile number or electronic mail address set forth in the Administrative Questionnaire or at such other address, facsimile number or electronic mail address as such Bank may designate by notice to the Company and the Administrative Agent.

(b) Unless otherwise expressly provided for herein, each such notice, request, demand or other communication shall be effective upon the earlier to occur of (i) actual receipt and (ii) (A) if sent by overnight courier service or delivered by hand, when signed for by or on behalf of the party to whom such notice is directed, (B) if given by facsimile, when transmitted

to the facsimile number specified pursuant to paragraph (a) above and confirmation of receipt of a legible copy is received by telephone, return facsimile or electronic mail, or (C) if given by any other means, when delivered at the address specified pursuant to paragraph (a) above; provided, however, that notices to the Administrative Agent under Article II, III, IX or X shall not be effective until received. Delivery by any Bank by facsimile transmission of an executed counterpart of any amendment or waiver or any provision of this Agreement or the Term Notes or any other Loan Document to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

(c) Electronic mail and internet websites may be used only to distribute routine communications, such as financial statements and other information, and to distribute Loan Documents for execution by the parties thereto, and may not be used for any other purpose.

(d) Any agreement of the Administrative Agent and the Banks herein to receive certain notices by telephone, facsimile transmission or electronic mail is solely for the convenience and at the request of the Company. The Administrative Agent and the Banks shall be entitled to rely on the authority of any Person that according to the books and records of the Administrative Agent is a Person authorized by the Company to give such notice and the Administrative Agent and the Banks shall not have any liability to the Company or any other Person on account of any action taken or not taken by the Administrative Agent or the Banks in reliance upon such telephonic, facsimile or electronic mail notice. The obligation of the Company to repay the Term Loans shall not be affected in any way or to any extent by any failure by the Administrative Agent and the Banks to receive written confirmation of any telephonic, facsimile or electronic mail notice or the receipt by the Administrative Agent and the Banks of a confirmation which is at variance with the terms understood by the Administrative Agent and the Banks to be contained in the telephonic, facsimile or electronic mail notice.

10.03 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Bank, any right, remedy, power or privilege hereunder or under any Loan Document, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

10.04 Costs and Expenses. The Company agrees:

(a) to pay or reimburse the Administrative Agent (i) upon demand for all reasonable and documented costs and expenses (including Attorney Costs) incurred by the Administrative Agent and the Banks in connection with the preparation, negotiation and execution of the Loan Documents (whether or not consummated) and (ii) within five Business Days after demand for all reasonable and documented costs and expenses incurred by the Administrative Agent in connection with any amendment, supplement, waiver or modification requested by the Company (in each case, whether or not consummated) to this Agreement or any other Loan Document, including reasonable Attorney Costs incurred by the Administrative Agent with respect thereto as agreed to in writing from time to time; and

(b) to pay or reimburse the Administrative Agent and each Bank within five Business Days after demand for all reasonable costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Term Loans (including in connection with any "workout" or restructuring regarding the Term Loans, and including in any insolvency or bankruptcy proceeding involving the Company).

10.05 Indemnification by the Company. Whether or not the transactions contemplated hereby are consummated, the Company agrees to indemnify and hold harmless the Administrative Agent, each Bank and their respective Affiliates, directors, officers, employees, counsel, agents and attorneys-in-fact (collectively the "Indemnitees") from and against (a) any and all direct, punitive and consequential damages, claims, demands, actions or causes of action that are asserted against any Indemnitee by any Person (other than the Administrative Agent or any Bank) relating, directly or indirectly, to a claim, demand, action or cause of action that such Person asserts or may assert against the Company or any of its respective officers or directors; (b) any and all claims, demands, actions or causes of action that may at any time (including at any time following repayment of the Obligations and the resignation of the Administrative Agent or the replacement of any Bank) be asserted or imposed against any Indemnitee, arising out of or relating to, the Loan Documents, the Term Commitments, the use or contemplated use of the proceeds of any Term Loan, or the relationship of the Administrative Agent and the Banks under this Agreement or any other Loan Document; (c) any administrative or investigative proceeding by any Governmental Authority arising out of or related to a claim, demand, action or cause of action described in clause (a) or (b) above; (d) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Company or any of its Subsidiaries or any Environmental Liability related in any way to the Company or any of its Subsidiaries and (e) any and all liabilities (including liabilities under indemnities), losses, costs or expenses (including Attorney Costs) that any Indemnitee suffers or incurs as a result of the assertion of any foregoing claim, demand, action, cause of action or proceeding, or as a result of the preparation of any defense in connection with any foregoing claim, demand, action, cause of action or proceeding, in all cases, whether or not such claim, demand, action, cause or action or proceeding is brought by you, and whether or not an Indemnitee is a party to such claim, demand, action, cause of action or proceeding (all the foregoing, collectively, the "Indemnified Liabilities"), in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnitee; provided that no Indemnitee shall be entitled to indemnification for any claim that has been found by a final, non-appealable judgment of a court of competent jurisdiction to have been caused by its own gross negligence or willful misconduct or for any loss asserted against it by another Indemnitee, provided, however, that in no event will such Indemnitee have any liability for any indirect, special or consequential or punitive damages. No Indemnitee shall be liable for any damages arising from the use by others of any information or other materials obtained through IntraLinks or other similar information transmission systems in connection with this Agreement, nor shall any Indemnitee have any liability for any indirect or consequential damages relating to this Agreement or any other Loan Document or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date). All amounts due under this Section 10.05 shall be payable within ten (10) Business Days after demand therefor. The agreements in this Section 10.05 shall survive the termination of the Term Commitments and repayment of all Obligations.

10.06 Payments Set Aside. To the extent that the Company makes a payment to the Administrative Agent or any Bank, or the Administrative Agent or any Bank exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any insolvency, "*concurso mercantil*" or bankruptcy proceeding involving the Company or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay to the Administrative Agent upon demand its pro rata share of any amount so recovered from or repaid by the Administrative Agent.

10.07 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Company may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent and each Bank (and any attempted assignment or transfer by the Company without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

10.08 Assignments, Participations, Etc.

(a) Any Bank may, with the written consent of the Company and the Administrative Agent, which consents shall not be unreasonably withheld, conditioned or delayed and, which consent of the Company shall not be required if a Default or Event of Default shall have occurred and be continuing (it being understood (x) that any resulting obligation to pay increased costs or reserves pursuant to Section 3.01, 3.04 or 3.06 as of the date of any assignment would justify the Company's refusal to consent thereto, (y) other than in the case of a failure of an assigning Bank to comply with clause (C) below, that the consent of the Company will be deemed given unless the Company replies in writing to any request for consent within five Business Days after actual receipt of such request and (z) with respect to Eligible Assignees described in clause (f) of the definition thereof, that any assignment to any such Eligible Assignee is subject to the Company's absolute discretion), and, if demanded by the Company pursuant to Section 3.09 shall, at any time assign to one or more Eligible Assignees (provided, however, that no written consent of the Company or the Company or the Administrative Agent shall be required in connection with any assignment by a Bank to an Affiliate of the assigning Bank so long as the Company shall not be required to pay any further amounts pursuant to Section 3.01, 3.04 or 3.06 than would have been required to be paid but for such assignment) (each an "Assignee") all or any part of its Term Loan and the other rights and obligations of such Bank hereunder, in a minimum amount of US$5,000,000; provided, however, that (A) if a Default or Event of Default shall have occurred and be continuing, any Bank may assign each of its Term Loans to any third party, (B) following any assignment, the provisions of Sections 10.04 and 10.05 shall inure to the benefit of the assigning Bank to the extent related to events, circumstances, claims, costs, expenses or liabilities arising prior to such assignment, (C) in the

case of an assignment to an entity described in clause (f) of the definition of Eligible Assignee, the relevant Bank shall furnish to the Company information and documents relating to the proposed assignee as the Company may request and (D) the Company and the Administrative Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee and the assignment will not be effective until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Company and the Administrative Agent by the assigning Bank and the Assignee; (ii) the assigning Bank and its Assignee shall have delivered to the Company and the Administrative Agent an Assignment and Acceptance in the form of Exhibit E ("Assignment and Acceptance"), together with any Term Note subject to such assignment; (iii) the assigning Bank or the Assignee has paid to the Administrative Agent a processing fee in the amount of US$3,500 (such processing fee being payable for all assignments, including, but not limited to, an assignment by a Bank to another Bank); and (iv) except if an Event of Default has occurred and is continuing, the Assignee has delivered to the Company a copy of the tax residence certificate evidencing residency as set forth above.

(b) From and after the date that the Administrative Agent notifies the assigning Bank that it has received (and provided its consent with respect to) an executed Assignment and Acceptance and payment of the processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under the Loan Documents, and (ii) the assigning Bank shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Company, shall maintain at the Administrative Agent's Payment Office a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Banks, and the Term Commitments of, and principal amount of the Term Loans owing to, each Bank pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, absent manifest error, and the Company, the Administrative Agent and the Banks may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

(d) Within ten Business Days after its receipt of notice by the Administrative Agent that it has received an executed Assignment and Acceptance and payment of the processing fee (and provided that it consents to such assignment in accordance with Section 10.08(a)), the Company shall execute and deliver to the Administrative Agent a new Term Note in the amount of such Assignee's assigned Term Loan and, if the assigning Bank has retained a portion of its Term Loan, replacement Term Notes for the assignor Bank (such Term Notes to be in exchange for, but not in payment of, the Term Notes held by the assigning Bank). Immediately upon each Assignee's making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Term Loans.

(e) Any Bank (the "Originating Bank") may at any time sell without any consent, but with the prior written notice to the Company, to one or more entities that would have been an Eligible Assignee (a "Participant") participating interests in all or any part of its Term Loans; provided, however, that (i) the Originating Bank's obligations under this Agreement shall remain unchanged, (ii) the Originating Bank shall remain solely responsible for the performance of such obligations, (iii) the Company and the Administrative Agent shall continue to deal solely and directly with the Originating Bank in connection with the Originating Bank's rights and obligations under this Agreement and the other Loan Documents and (iv) no Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in the first proviso to Section 10.01 and provided, further, that the Participant shall, at the time that it purchases the Participation and from time to time thereafter as the Company may reasonably request, provide to the Company documentation evidencing that it is an Eligible Assignee. In the case of any such participation, the Bank selling such participation shall be entitled to agree to pay over to the Participant any amounts paid to such Bank pursuant to Sections 3.01 and 3.04, and if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement; provided that such agreement or instrument may provide that such Bank will not, without the consent of the Participant, agree to any amendment, waiver or other modification that would (i) postpone any date upon which any payment of money is scheduled to be paid to such Participant or (ii) reduce the principal, interest, fees or other amounts payable to such Participant. Subject to paragraph (f) of this Section 10.08, the Company agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to paragraph (a) of this Section 10.08. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.10 as though it were a Bank, provided such Participant agrees to be subject to Section 2.13 as though it were a Bank.

(f) A Participant shall not be entitled to receive any greater payment under Section 3.01, 3.04, 3.05 or 3.06 than the applicable Bank would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Company's prior written consent.

(g) Any Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release a Bank from any of its obligations hereunder or substitute any such pledgee or assignee for such Bank as a party hereto.

(h) If the consent of the Company to an assignment or to an Assignee is required hereunder (including a consent to an assignment which does not meet the minimum assignment threshold specified in Section 10.08(a)), the Company shall be deemed to have given its consent

five Business Days after the date notice thereof has been actually received by the Company unless such consent is expressly refused by the Company prior to such fifth Business Day.

10.09 Confidentiality. Each of the Administrative Agent and the Banks agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates', directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent requested by any regulatory or self-regulatory authority including any securities exchange; (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process; (d) to any other party to this Agreement; (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder; (f) subject to an agreement containing provisions substantially the same as those of this section, to (i) any Assignee of or Participant in, or any prospective Assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any direct or indirect contractual counterparty or prospective counterparty (or such contractual counterparty's or prospective counterparty's professional advisor) to any credit derivative transaction relating to obligations of the Company; (g) with the consent of the Company; or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this section or (ii) becomes available to the Administrative Agent or any Bank on a nonconfidential basis from a source other than the Company. In addition, the Administrative Agent and the Banks may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry, and service providers to the Administrative Agent and the Banks in connection with the administration and management of this Agreement, the other Loan Documents, the Term Commitments, and the Term Loans. For the purposes of this section, "Information" means all information received from the Company relating to the Company and/or its business, other than any such information that is available to the Administrative Agent or any Bank on a nonconfidential basis prior to disclosure by the Company; provided that, in the case of information received from the Company after the date hereof, such information shall be deemed to be confidential unless it is clearly identified in writing at the time of delivery as not confidential or it is apparent on its face that such information is not confidential. Any Person required to maintain the confidentiality of Information as provided in this section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

10.10 Set-off. In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists or the Term Loans have been accelerated, each Bank is authorized at any time and from time to time, without prior notice to the Company, any such notice being waived by the Company to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final in any currency, matured or unmatured) at any time held by, and other indebtedness at any time owing by, such Bank to or for the credit or the account of the Company against any and all Obligations owing to such Bank, now or hereafter existing, irrespective of whether or not the Administrative Agent or such Bank shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. Each Bank agrees promptly to notify the Company

and the Administrative Agent after any such set-off and application made by such Bank; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

10.11 Notification of Addresses, Lending Offices, Etc. Each Bank shall notify the Administrative Agent in writing of any changes in the address to which notices to such Bank should be directed, of addresses of its Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Administrative Agent shall reasonably request.

10.12 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

10.13 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

10.14 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

10.15 Consent to Jurisdiction; Waiver of Jury Trial.

(a) Each of the parties hereto hereby irrevocably and unconditionally submits, in any action or proceeding arising out of or relating to this Agreement, to the jurisdiction of any New York State or federal court sitting in New York City and any appellate court thereof.

(b) Each of the parties hereto hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding and any right of jurisdiction in such action or proceeding on account of its present or future place of residence or domicile.

(c) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED UPON, OR ARISING OUT OF, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE BANKS OR THE COMPANY RELATING THERETO.

(d) The Company hereby irrevocably appoints Corporation Service Company (the "Process Agent"), with an office on the date hereof at 1180 Avenue of the Americas, Suite 210 New York, New York 10036-8401, as its agent to receive on behalf of the Company service of the summons and complaint and any other process which may be served in any action or proceeding brought in any New York state or federal court sitting in New York City. Such service may be made by mailing or delivering a copy of such process to the Company, in care of

the process agent at the address specified above for such Process Agent, and the Company hereby irrevocably authorizes and directs the Process Agent to accept such service on its behalf. Such appointment shall be contained in a notarial instrument which complies with the 1940 Protocol on Uniformity of Powers of Attorney to be utilized abroad as ratified by the United States and Mexico.

(e) Final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

10.16 Waiver of Immunity. The Company acknowledges that the execution and performance of this Agreement and each other Loan Document is a commercial activity and to the extent that the Company has or hereafter may acquire any immunity from any legal action, suit or proceedings, from jurisdiction of any court or from set-off or any legal process (whether service or notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) with respect to itself or any of its property or assets, whether or not held for its own account, the Company hereby irrevocably and unconditionally waives and agrees not to plead or claim such immunity in respect of its obligations under this Agreement or any other Loan Document.

10.17 Payment in Dollars; Judgment Currency.

(a) All payments by the Company to the Administrative Agent hereunder shall be made in Dollars and in immediately available funds and in such funds as are customary at the time for the settlement of international transactions.

(b) If for the purposes of obtaining judgment against the Company with respect to its obligations under this Agreement or the Term Notes in any court it is necessary to convert a sum due under this Agreement in Dollars into another currency (the "Other Currency"), the Company agrees, to the fullest extent permitted by applicable law, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase Dollars with the Other Currency on the business day preceding that on which final judgment is given.

(c) The obligation of the Company in respect of any sum due under this Agreement or any Term Note shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Administrative Agent of any sum adjudged to be so due in the Other Currency the Administrative Agent may in accordance with normal banking procedures purchase Dollars with the Other Currency; if the amount of Dollars so purchased is less than the sum originally due to the Administrative Agent in Dollars, the Company hereby agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent and the Banks against such loss.

10.18 No Fiduciary Duty. The Administrative Agent, each Bank and their respective Affiliates (collectively, solely for purposes of this paragraph, the "Lenders"), may have economic interests that conflict with those of the Company, its stockholders and/or its Affiliates. The Company agrees that nothing in the Loan Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any

Lender, on the one hand, and such Company, its stockholders or its Affiliates, on the other. The Company acknowledges and agrees that (i) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lenders, on the one hand, and the Company, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of any Company, its stockholders or its Affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise the Company, its stockholders or its Affiliates on other matters) or any other obligation to the Company except the obligations expressly set forth in the Loan Documents and (y) each Lender is acting solely as principal and not as the agent or fiduciary of the Company, its management, stockholders, creditors or any other Person. The Company acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Company agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to such Company, in connection with such transaction or the process leading thereto.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

GRUMA, S.A.B. DE C.V.,
as the Company

By: /s/ Raul Cavazos Morales
Name: Raul Cavazos Morales
Title: Chief Financial Officer
Attorney-In-Fact

By: /s/ Salvador Vargas Guajardo
Name: Salvador Vargas Guajardo
Title: General Counsel
Attorney-In-Fact

GOLDMAN SACHS BANK USA,
as Admnistrative Agent and as Bank

By: /s/ Charles D. Johnston
Name: Charles D. Johnston
Title: Authorized Signatory

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Exhibit 4(a)(6)(2)

Execution Copy

JOINDER AGREEMENT

THIS JOINDER AGREEMENT, dated as of December 14, 2012 (this "**Agreement**"), by and among **BANCO SANTANDER (MÉXICO), S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO SANTANDER MÉXICO** (the "**New Term Lender**"), **GRUMA, S.A.B. de C.V.**, a sociedad anónima bursátil de capital variable organized under the laws of Mexico ("**Borrower**"), and **GOLDMAN SACHS BANK USA** ("**GS Bank**"), as Administrative Agent.

RECITALS:

WHEREAS, reference is hereby made to the Credit Agreement, dated as of December 13, 2012 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"; the terms defined therein and not otherwise defined herein being used herein as therein defined), by and among Borrower, the Lenders party thereto from time to time and GS Bank, as Administrative Agent; and

WHEREAS, subject to the terms and conditions of the Credit Agreement, Borrower may request New Term Commitments by entering into one or more Joinder Agreements with New Term Lenders.

NOW, THEREFORE, in consideration of the premises and agreements, provisions and covenants herein contained, the parties hereto agree as follows:

1. **New Term Commitments**. The New Term Lender agrees to commit to provide the New Term Commitment as set forth on Schedule A annexed hereto, on the terms and subject to the conditions set forth below.

2. **New Term Lender**. The New Term Lender (i) confirms that it has received a copy of the Credit Agreement and the other Loan Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Joinder Agreement and it is sophisticated with respect to decisions to make loans similar to those contemplated to be made hereunder and it is experienced in making loans of such type; (ii) agrees that it will, independently and without reliance upon Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) appoints and authorizes Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Loan Documents as are delegated to Administrative Agent, as the case may be, by the terms thereof and (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

3. **New Term Loans**. The New Term Lender hereby agrees that the New Term Loans made under the New Term Commitment shall constitute Term Loans under the Credit Agreement having the same terms and conditions as those of the existing Term Loans under the Credit Agreement, including:

a. **Applicable Margin.** In the case of LIBOR Loans, 3.00% per annum and, in the case of Base Rate Loans, 2.00% per annum plus, in each case, the Step-Up Margin.

b. **Principal Payments.** One single installment on the Maturity date in accordance with Section 2.02 of the Credit Agreement.

c. **Voluntary and Mandatory Prepayments.** As set forth in Section 2.05 of the Credit Agreement.

d. **Credit Agreement Governs.** The New Term Loans shall be subject to the provisions of the Credit Agreement and the other Loan Documents.

4. **Structuring Fee.** Borrower agrees to pay to the New Term Lender on the Increased Amount Date (as defined below) a structuring fee in an amount equal to 1.00% of the amount of the New Term Commitment plus the applicable value added tax.

5. **Proposed Borrowing**. This Agreement represents Borrower's request to borrow the New Term Loans from New Term Loan Lender as follows (the date of such borrowing, the "**Increased Amount Date**"):

a. Increased Amount Date: December 14, 2012.

b. Amount: $100,000,000.

c. Interest rate: LIBOR Loans with an initial Interest Period of 3 months.

d. Wire Instructions: As set forth on Schedule B annexed hereto.

6. **New Term Loans and New Term Lenders**. Borrower acknowledges and agrees that upon its execution of this Agreement and the making of the New Term Loans that such New Term Loans shall constitute "Term Loans" under, and for all purposes of, the Credit Agreement and the other Loan Documents.

The New Term Lender acknowledges and agrees that upon its execution of this Agreement and the making of the New Term Loans that such New Term Lender shall become a "Lender" under, and for all purposes of, the Credit Agreement and the other Loan Documents, and shall be subject to and bound by the terms thereof, and shall perform all the obligations of and shall have all rights of a Lender thereunder.

7. **Term Note.** Borrower shall deliver to the New Term Lender on the Increased Amount Date a Term Note representing the New Term Lender's Term Loans to the Borrower.

8. **Borrower's Certifications**. By its execution of this Agreement, the undersigned officer and Borrower hereby certify that:

i. no Default or Event of Default exists before or after giving effect to the New Term Commitments on the Increased Amount Date;

ii. both before and after giving effect to the making of any New Term Loans, the representations and warranties contained in Article V are true and correct as of the Increased Amount Date, as though made on and as of such date;

iii. the Borrower is in pro forma compliance with each of the covenants set forth in Section 7.09 and 7.10 as of the last day of the most recently ended Fiscal Quarter after giving effect to such New Term Commitments.

9. **Eligible Assignee.** By its execution of this Agreement, the New Term Lender represents and warrants that it is an Eligible Assignee.

10. **Notice**. For purposes of the Credit Agreement, the initial notice address of the New Term Lender shall be as set forth below its signature below.

11. **Recordation of the New Term Loans**. Upon execution and delivery hereof, the Administrative Agent will record the New Term Loans made by the New Term Lender in its Register.

12. **Arrangers**. The parties hereto agree that each reference to Goldman Sachs Bank USA as Sole Lead Arranger and Bookrunner in the Loan Documents are amended and restated to refer to GOLDMAN SACHS BANKS USA and BANCO SANTANDER (MÉXICO), S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO SANTANDER MÉXICO, as Joint Lead Arrangers and Joint Bookrunners.

13. **Amendment, Modification and Waiver.** This Agreement may not be amended, modified or waived except by an instrument or instruments in writing signed and delivered on behalf of each of the parties hereto.

14. **Entire Agreement**. This Agreement, the Credit Agreement and the other Loan Documents constitute the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede all other prior agreements and understandings, both written and verbal, among the parties or any of them with respect to the subject matter hereof.

15. **GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF THAT WOULD RESULT IN THE APPLICATION OF ANY LAW OTHER THAN THE LAW OF THE STATE OF NEW YORK.**

16. **Severability**. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as would be enforceable.

17. **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

[Remainder of page intentionally left blank**]**

IN WITNESS WHEREOF, each of the undersigned has caused its duly authorized officer to execute and deliver this Joinder Agreement as of December 14, 2012.

**BANCO SANTANDER (MÉXICO), S.A.,
INSTITUCIÓN DE BANCA MÚLTIPLE,
GRUPO FINANCIERO SANTANDER MÉXICO**

By: /s/ Mauricio Rebolledo Fernández
Name: Mauricio Rebolledo Fernández
Title: Managing Director Credit Markets

By: /s/ Octaviano Carlos Couttolenc Mestre
Name: Octaviano Carlos Couttolenc Mestre
Title: Managing Director Corporate & Investment Banking

Notice Address: Prol. Paseo de la Reforma 500,
Módulo 109
Col. Lomas de Chapultepec
01219 México, DF.
México

Attention: Erika Ambrosi
email: eambrosi@santander.com.mx

GRUMA, S.A.B. de C.V.

By: /s/ Raul Cavazos Morales
Name: Raul Cavazos Morales
Title: Chief Financial Officer

By: /s/ Rodrigo Martinez Villarreal
Name: Rodrigo Martinez Villarreal
Title: International Legal Vice-President

[*Joinder Agreement Signature Page*]

Consented to by:

GOLDMAN SACHS BANK USA,
as Administrative Agent

By: /s/ Mark Walton
Name: Mark Walton
Title: Authorized Signatory

[*Joinder Agreement Signature Page*]

SCHEDULE A
TO JOINDER AGREEMENT

Name of New Term Lender	Type of Commitment	Amount
BANCO SANTANDER (MÉXICO), S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO SANTANDER MÉXICO	New Term Commitment	$ 100,000,000
	Total:	$ 100,000,000

SCHEDULE B
TO JOINDER AGREEMENT

Flow of funds in application of the Term Loan:

1. Payment of Fees:

   Payment of Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander México structuring fee — $1,160,000

   Amount: **US$1,160,000** (ONE MILLION ONE HUNDRED SIXTY THOUSAND AND 00/100 US DOLLARS)

   To account of: Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander

   Wire Instructions: Bank: JPMorgan Chase Bank, N.A.
   ABA # 021 000 021
   Account # 400047144
   Account name: Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander
   Reference Account Name: Gruma, S.A.B. de C.V.
   Beneficiary Account # 97000070541
   Contact: Carlos de la Cruz / Rosaydée Ruiz

2. Disbursement of New Term Loans principal to the Borrower:

   Amount: **US$98,840,000** (NINETY EIGHT MILLION EIGHT HUNDRED FORTY THOUSAND AND 00/100 US DOLLARS)

   To account of: Gruma, S.A.B. de C.V.

   Wire Instructions: Bank: Bank of America N.A. (Concord, CA)
   Swift: ABA: 026009593
   Account # 62903-27150
   Account name: Gruma, S.A.B. de C.V.
   Reference: GS-GRUMA
   Contact: Lourdes Sosa

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Exhibit 4(a)(7)

EQUITY PURCHASE AGREEMENT

BY AND AMONG

ARCHER-DANIELS-MIDLAND COMPANY,

ADM MILLING CO.,

ADM BIO PRODUCTOS, S.A. DE C.V.

AND

GRUMA, S.A.B. DE C.V.

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Exhibit 2.2	Allocation of Purchase Price
Exhibit 6.2(g)	Form Local Equity Purchase Agreement
Exhibit B	Form Call Option

EQUITY PURCHASE AGREEMENT

THIS EQUITY PURCHASE AGREEMENT (this "Agreement") is entered into as of December 14, 2012, by and among Gruma, S.A.B. de C.V., a corporation organized under the laws of Mexico ("Buyer" or "Gruma"), Archer-Daniels-Midland Company, a corporation organized under the laws of the State of Delaware ("ADM"), ADM Milling Co., a corporation organized under the laws of the State of Minnesota ("ADM Milling"), and ADM Bio Productos, S.A. de C.V., a corporation organized under the laws of Mexico ("Bio Productos") (each of ADM, ADM Milling and Bio Productos being a "Seller" and collectively being the "Sellers"). Article 10 contains definitions of certain capitalized terms.

Recitals

A. Sellers own, directly and indirectly, equity interests of Gruma, Valley Holding, Inc., a corporation organized under the laws of the State of Delaware ("Valley Holding"), and certain majority-owned subsidiaries of Gruma (collectively the "Equity Interests"). Each such entity is listed on Exhibit A (the "Transferred Entities"), together with the Equity Interests therein owned by the applicable Seller.

B. Buyer is exercising an option to purchase from Sellers the Equity Interests, pursuant to certain rights of first refusal, as further documented in the agreement among Sellers, the Transferred Entities, Gruma Holding, Inc., a corporation organized under the laws of Nevada, and Trust No. 020557-0, Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte (including its beneficiaries and successors in interest, the "Trust"), dated November 27, 2012 (the "Right of First Refusal Agreement") and pursuant to the Agreement for the Exercise of First Refusal Right executed between Buyer and the Trust.

C. Sellers desire to sell, assign and transfer to Buyer, and Buyer desires to purchase from Sellers, directly or through Buyer's Affiliates, the Equity Interests, upon and subject to the terms herein, and ADM and Gruma intend to continue to grow their commercial relationship.

Agreement

In consideration of the foregoing and the representations, warranties, covenants and agreements in this Agreement, each Party hereby agrees as follows:

ARTICLE 1
PURCHASE OF EQUITY INTERESTS

1.1 **Transfer of Equity Interests**.

(a) **Call Option for Sale of Equity Interests in Gruma**. Upon and subject to the terms herein, before Closing (1) ADM will issue the Call Option pursuant to which, if exercised, at Closing (i) ADM would sell, assign and transfer to Buyer (or an Affiliate of Buyer designated by Buyer and reasonably acceptable to Sellers), and (ii) Buyer would (or would cause its applicable Affiliate to) purchase from ADM, all of ADM's equity interests in Gruma; and (2) Bio Productos will issue the Call Option pursuant to which, if exercised, at Closing (i) Bio Productos would sell, assign and transfer to Buyer (or an Affiliate of Buyer designated by Buyer and reasonably acceptable to Sellers), and (ii) Buyer would (or would cause its applicable Affiliate to) purchase from Bio Productos, all of Bio Productos's equity interests in Gruma

(b) **Sale of Equity Interests in Valores**. Upon and subject to the terms herein, at Closing, ADM will sell, assign and transfer to Buyer (or an Affiliate of Buyer designated by Buyer and reasonably acceptable to Sellers), and Buyer will (or will cause its applicable Affiliate to) purchase from

ADM, all of ADM's equity interests in Valores Azteca, S.A. de C.V., a corporation organized under the laws of Mexico ("Valores").

(c) **Sale of Equity Interests in Molinera**. Upon and subject to the terms herein, at Closing, Bio Productos will sell, assign and transfer to Buyer (or an Affiliate of Buyer designated by Buyer and reasonably acceptable to Sellers), and Buyer will (or will cause its applicable Affiliate to) purchase from Bio Productos, all of Bio Productos's equity interests in Molinera de Mexico, S.A. de C.V. ("Molinera").

(d) **Sale of Equity Interests in Valley Holding**. Upon and subject to the terms herein, at Closing, ADM Milling will sell, assign and transfer to Buyer (or an Affiliate of Buyer designated by Buyer and reasonably acceptable to Sellers), and Buyer will (or will cause its applicable Affiliate to) purchase from ADM Milling, all of ADM Milling's equity interests in Valley Holding.

(e) **Sale of Equity Interests in Consorcio**. Upon and subject to the terms herein, at Closing, ADM will sell, assign and transfer to Buyer (or an Affiliate of Buyer designated by Buyer and reasonably acceptable to Sellers), and Buyer will (or will cause its applicable Affiliate to) purchase from ADM, all of ADM's equity interests in Consorcio Andino, S.L., a limited liability company organized under the laws of Spain ("Consorcio").

(f) **Sale of Equity Interests in Valores Mundiales**. Upon and subject to the terms herein, at Closing, ADM will sell, assign and transfer to Buyer (or an Affiliate of Buyer designated by Buyer and reasonably acceptable to Sellers), and Buyer will (or will cause its applicable Affiliate to) purchase from ADM, all of ADM's equity interests in Valores Mundiales, S.L., a limited liability company organized under the laws of Spain ("Valores Mundiales").

ARTICLE 2
PURCHASE PRICE AND ADDITIONAL PAYMENTS

2.1 **Purchase Price**. Upon and subject to the terms herein, Buyer will (or will cause its applicable designated Affiliates to) pay to Sellers the amount of USD$450,000,000 (the "Purchase Price"), by wire transfer of immediately available funds to an account that ADM designates in writing, as payment for the Equity Interests. Each Seller hereby agrees that payments made to such account that ADM designates shall be deemed payment to each such Seller.

2.2 **Allocation of Purchase Price**. Each Party will allocate the Purchase Price to the Equity Interests in accordance with Exhibit 2.2. The Parties will, and will cause their respective Affiliates to, make consistent use of such allocation for all Tax purposes.

2.3 **Contingent Payments**.

(a) [Reserved]

(b) In addition to the Purchase Price payable pursuant to Section 2.1 and the Additional Closing Payment payable pursuant to Section 2.4, Buyer will pay to Sellers up to an additional USD$60,000,000 during the 42 months after the Closing Date (the "Contingent Period"), subject to Section 2.3(d), by wire transfer of immediately available funds to an account that ADM designates in writing, upon the occurrence of the following events:

(1) **Reduction in Public Float of Gruma**. Buyer will pay or will cause to be paid to Sellers the respective amounts set forth below upon the satisfaction of any threshold set forth below, whether satisfied through purchases, repurchases, buybacks, retirement of shares of

Gruma or otherwise, and whether each such threshold is satisfied incrementally or all such thresholds are satisfied simultaneously, within five (5) Business Days after the respective threshold is satisfied:

(i) a payment of USD$20,000,000 if the issued and outstanding shares of Gruma held by public investors (not including the Trust and its beneficiaries) (the "Public Float") at any time represent 26% or less of the issued and outstanding shares of Gruma;

(ii) an additional payment of USD$20,000,000 if the issued and outstanding shares of Gruma held by the Public Float at any time represent 13% or less of the issued and outstanding shares of Gruma; and

(iii) an additional payment of USD$20,000,000 if the issued and outstanding shares of Gruma held by the Public Float at any time represent 0% of the issued and outstanding shares of Gruma.

If the Public Float ever surpasses any threshold set forth above after such threshold has been satisfied for purposes of this Section 2.3(b)(1), there will neither be any refund granted nor any payment made by Sellers to Buyer.

As an alternative to the thresholds set forth above, if shares of Gruma cease to be listed on the Mexican Stock Exchange, then, subject to Section 2.3(d), Buyer will pay or will cause to be paid to Sellers USD$60,000,000 within five (5) Business Days after such delisting.

(2) **Sale of Gruma Shares**.

(i) If as a result of the sale or sales of Gruma shares, an aggregate of 15% or more of the then outstanding issued shares of Gruma is acquired, in one or more transactions by one or more buyers that engage, directly or through their subsidiaries, in a line of business that is the same or similar to any line of business engaged in by Gruma, including, without limitation, any line of business that is related to grain, food or beverage handling or processing, then, subject to Section 2.3(d), Buyer will pay or will cause to be paid to Sellers USD$60,000,000 within five (5) Business Days after such sale is consummated, regardless of the price at which such sale is consummated.

(ii) If Buyer realizes any gain from the sale of any shares of Gruma during the Contingent Period, Buyer will pay or will cause to be paid to Sellers 50% of the realized gain (in excess of MXN$36.60) on the sale of any of the shares of Gruma within five (5) Business Days after such sale. Any sale that results in a realized loss on the sale of any of the shares of Gruma will be deferred until the expiration of the Contingent Period and offset against any unrealized gain on any shares of Gruma for purposes of calculating the final contingent payment, as outlined in Section 2.3(b)(3) below. For purposes of this Section 2.3(b)(2)(ii), (i) no taxes, commissions, fees or other costs will be included in the calculation of "realized gain" or "realized loss" and (ii) sales that are not arm's length will not result in a "realized loss."

(3) **Cumulative Gain Upon Expiration of the Contingent Period**. At the expiration of the Contingent Period, Buyer will pay or will cause to be paid to Sellers, subject to Section 2.3(d), an amount equal to 50% of any cumulative gain (the "Cumulative Gain") equal to:

(i) any unrealized gain during the Contingent Period on the number of shares of Gruma equal to 130,901,630 *minus* the number of shares of Gruma for which there is realized gain under Section 2.3(b)(2)(ii), *minus*

(ii) any realized losses during the Contingent Period under Section 2.3(b)(2)(ii).

For purposes of this Section 2.3(b)(3), (i) no taxes, commissions, fees or other costs will be included in the calculation of "realized losses" and (ii) sales that are not arm's length will not result in a "realized loss."

If at the expiration of the Contingent Period there exists a gross cumulative loss, there will neither be any refund granted nor any payment made by the Sellers to Buyer.

(c) **Hurdle Value**. For purposes of Section 2.3(b)(3) above:

(1) all gains and losses will be determined by comparing Buyer's net sale price per Gruma share (or fair market value per Gruma share at the end of the Contingent Period, calculated by using the volume weighted average trading price (on the stock exchange where the greatest amount of shares of Gruma capital stock are traded) over the 30-day period leading up to the end of the Contingent Period) to a defined hurdle value per share of Gruma (the "Hurdle Value"). For purposes of the foregoing sentence, no taxes, commissions, fees or other costs will be included in the calculation of "net sale price."

(2) the Hurdle Value will be calculated by applying a 5% compounded annual growth rate to USD$450,000,000. The compounding amount above USD$450,000,000 will be allocated to the shares of Gruma purchased by Buyer on a per share basis. The following formula will generate the Hurdle Value on a Mexican Peso/share basis:

Hurdle Value = MXN$36.60 + ((((USD$450,000,000 x (1.05^N)) — USD$450,000,000) x MXN Exchange Rate) / 130,901,630)

(d) **Cap on Contingent Payments**. Any payment made to Sellers pursuant to Section 2.3(b) during the Contingent Period will be credited against all future payments such that the aggregate payments made to Sellers under Section 2.3(b) will in no event exceed USD$60,000,000.

(e) **Statements and Calculations**. Buyer will promptly, and in any event at least on the last day of every fiscal quarter, deliver a written statement to ADM detailing all purchases and sales of shares of Gruma by Buyer that could affect a payment under this Agreement, together with a certification of Buyer's direct and indirect Beneficial Ownership of Gruma as of the end of such quarterly period. All payments hereunder will be accompanied by a written calculation of the applicable amount made in accordance with the terms of this Agreement, and will be accompanied by back-up documentation for such calculation provided in reasonable detail. For purposes of this Section 2.3, the Parties hereby agree that the shares of Gruma purchased by Gruma at Closing pursuant to this Agreement and any subsequent repurchases of Gruma shares by Gruma during the Contingent Period will be treated as retired shares that are no longer issued and outstanding.

(f) **Currency Used for Contingent Payments**. All calculations with respect to Section 2.3(b)(2) and Section 2.3(b)(3) above will be made in Mexican Pesos and payments due will be paid in United States currency at the then prevailing MXN Exchange Rate. The price of the shares of Gruma, including as used to calculate the threshold price for realized gains and the Hurdle Value, will reflect all appropriate anti-dilution adjustments for stock splits, issuances of shares, stock or cash

dividends, or similar matters and will be determined by reference to the stock exchange quoted price where the greatest amount of shares of Gruma capital stock are traded.

(g) **Allocation of Contingent Payments**. The Parties agree that any payments made by Buyer to Sellers under this Section 2.3 will be considered part of the Purchase Price and each Party will allocate such payments to the Equity Interests in accordance with Exhibit 2.2, including that payments made to ADM and Bio Productos pursuant to Section 2.3 during the Contingent Period will be made in proportion to the number of shares of Gruma originally owned, directly and/or indirectly, by ADM and Bio Productos and which are being sold to Buyer pursuant to this Agreement. The Parties will, and will cause their respective Affiliates to, make consistent use of such allocation for all Tax purposes.

2.4 **Additional Closing Payment**. At Closing, Buyer will (or will cause its applicable designated Affiliates to) pay to Sellers an additional amount of USD$12,500,000 (the "Additional Closing Payment"), by wire transfer of immediately available funds to an account that ADM designates in writing, which payment will be made pursuant to the Settlement Agreement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as disclosed in the Disclosure Schedule and subject to Section 8.9(a), Section 9.11 and Section 9.12, each Seller, jointly and severally, hereby represents and warrants to Buyer as follows:

3.1 **Organization and Good Standing**. Each Seller and Valley Holding (a) is a duly organized and validly existing entity of the type indicated in Section 3.1 of the Disclosure Schedule that, where such concept (or an equivalent concept) is applicable, is in good standing (or the applicable equivalent thereof) under the laws of the jurisdiction in which it was organized and (b) has full corporate power and authority under such Person's Organizational Documents to own and lease its properties and assets and conduct its business. Each Seller and Valley Holding is duly qualified and in good standing (or the applicable equivalent thereof) to do business as a foreign corporation in each jurisdiction in which the ownership and leasing of its properties and assets or the conduct of its business requires such qualification, except where the failure to be so qualified or in good standing will not materially and adversely affect each such Seller's ability to consummate the transactions contemplated herein.

3.2 **Capitalization**. Section 3.2 of the Disclosure Schedule lists the amount and type of the Equity Interests held by each Seller. Each Seller owns the Equity Interests listed on Section 3.2 of the Disclosure Schedule free and clear of any Encumbrance (other than restrictions imposed by the Organizational Documents of the Transferred Entities and securities laws applicable to securities generally and rights of Buyer created hereunder). Valley Holding owns 20 shares of the common stock of Gruma-ADM, Inc., a Nevada corporation ("Gruma-ADM"), and a 19.8% limited partnership interest in Azteca Milling, L.P., a Texas limited partnership ("Azteca Milling") (such shares of common stock and limited partnership interest, collectively, the "Azteca Equity Interests"), free and clear of any Encumbrance (other than restrictions imposed by the Organizational Documents with respect to the Azteca Equity Interests and securities laws applicable to securities generally and rights of Buyer created hereunder).

3.3 **Authority and Authorization; Conflicts; Consents and Notices**.

(a) **Authority and Authorization**. The execution, delivery and performance of this Agreement and each Ancillary Document of each Seller or any of their Affiliates (including any Transferred Entity) have been duly authorized and approved by all necessary action with respect to such Seller and each such Affiliate under such Person's Organizational Documents, and each such authorization and approval remains in full force and effect. Assuming due authorization, execution and delivery by Buyer and its applicable Affiliates of this Agreement and each Ancillary Document of Buyer

or any of its Affiliates, this Agreement is, and each Ancillary Document of each Seller or any of their Affiliates at Closing will be, the legal, valid and binding obligation of such Seller and each such applicable Affiliate, enforceable against such Seller and each such applicable Affiliate in accordance with its terms, except to the extent enforceability may be limited by any Enforcement Limitation. Each Seller and each such applicable Affiliate has all requisite power and authority under such Person's Organizational Documents to enter into this Agreement and each Ancillary Document to be executed and delivered by such Seller or such applicable Affiliate and to consummate the transactions contemplated herein and therein to be consummated by such Seller and each such applicable Affiliate.

(b) **Conflicts**. Neither the execution nor delivery by Sellers of this Agreement or by any Seller of any Ancillary Document nor consummation by any Seller or any Affiliate of any Seller of the transactions contemplated herein or therein does or will (with or without the passage of time or giving of notice): (1) constitute a breach of, violate, conflict with or give rise to or create any right or obligation under any Organizational Document of such Seller; or (2) violate any Applicable Law or Order to which any Seller is subject; or (3) constitute a breach or violation of or a default under, conflict with or give rise to or create any right of any Person other than a Seller to accelerate, increase, terminate, modify or cancel any material right or obligation under, any material Contract to which any Seller is a party, except where such breach, violation, default, conflict or right described in clause (3) above will not materially and adversely affect the ability of such Seller to consummate the transactions contemplated herein or in any Ancillary Document.

(c) **Consents and Notices**. No consent or approval by, notification to or filing with any Person is required in connection with any Seller's execution, delivery or performance of this Agreement or any Ancillary Document of such Seller or such Seller's consummation of the transactions contemplated herein or therein, except for (1) those already made or obtained; and (2) any consent, approval, notice or filing, the absence of which will not materially and adversely affect Sellers' ability to consummate the transactions contemplated herein or in any Ancillary Document.

3.4 **Litigation and Orders**. There is no Proceeding pending or, to any Seller's Knowledge, Threatened against any Seller as of the date of this Agreement, in each case that, if decided adversely to such Seller, will materially and adversely affect such Seller's ability to consummate the transactions contemplated herein. There is no injunction, order or decree of any Governmental Authority in effect that restrains or prohibits the purchase or sale of the Equity Interest or the consummation of the other transactions contemplated herein.

3.5. **Valley Holding**. Valley Holding does not and has not engaged in any business operation or activity, other than passively acting as a holding company for the Azteca Equity Interests. Except as listed in Section 3.5 of the Disclosure Schedule, Valley Holding (a) does not own, and has not owned, any assets or properties, other than the Azteca Equity Interests, (b) does not have, and has not had, any employees, (c) has no liabilities or obligations, whether accrued, absolute, contingent, unliquidated, or otherwise, that are not otherwise reflected as liabilities or obligations of Gruma-ADM or Azteca Milling and (d) is not, and has not been, a party or subject to any contracts, agreements or commitments. There is no Proceeding pending or, to any Seller's Knowledge, Threatened against Valley Holding as of the date of this Agreement.

3.6 **Settlement Agreement**. The Settlement Agreement delivered to Buyer pursuant to Section 6.2(q) has been duly executed by ADM and Mr. Fernando Gerardo Chico Pardo.

3.7 **Brokers**. No Seller has any Liability to any broker, finder or similar intermediary in connection with the transactions contemplated herein that would cause Buyer or any Transferred Entity to become liable for payment of any fee or expense with respect thereto, except for obligations to Merrill

Lynch, Pierce, Fenner & Smith Incorporated. Sellers will satisfy all obligations of Sellers to Merrill Lynch, Pierce, Fenner & Smith Incorporated.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF BUYER

Subject to Section 8.9(b), Buyer hereby represents and warrants to Sellers as follows:

4.1 **Organization and Good Standing**. Buyer (a) is a duly organized and validly existing corporation in good standing (or an equivalent concept) under the laws of the jurisdiction in which it was organized and (b) has full corporate power and authority under Buyer's Organizational Documents to own and lease its properties and assets and conduct its business. Buyer is duly qualified and in good standing (or the applicable equivalent thereof) to do business as a foreign corporation in each jurisdiction in which the ownership and leasing of its properties and assets or the conduct of its business requires such qualification, except where the failure to be so qualified or in good standing will not materially and adversely affect Buyer's ability to consummate the transactions contemplated herein.

4.2 **Authority and Authorization; Conflicts; Consents**.

(a) **Authority and Authorization**. The Trust has designated Buyer as the third party to exercise the Trust's Rights of First Refusal (as defined in the Right of First Refusal Agreement), and Buyer has elected to exercise such Rights of First Refusal and to legally assume all obligations of the Trust with respect to such Rights of First Refusal. The execution, delivery and performance of this Agreement (including payment of the Purchase Price, any contingent payments contemplated under Section 2.3 hereof and the Additional Closing Payment) and each Ancillary Document of Buyer or any of its Affiliates have been duly authorized and approved by all necessary action with respect to Buyer and each such Affiliate under such Person's Organizational Documents, and each such authorization and approval remains in full force and effect. Assuming due authorization, execution and delivery by Sellers and their applicable Affiliates of this Agreement and each Ancillary Document of such Seller or its Affiliates, this Agreement is, and each Ancillary Document of Buyer or any of its Affiliates at Closing will be, the legal, valid and binding obligation of Buyer and each such applicable Affiliate, enforceable against Buyer and each such applicable Affiliate in accordance with its terms, except to the extent enforceability may be limited by any Enforcement Limitation. Buyer and each such applicable Affiliate has all requisite power and authority under such Person's Organizational Documents to enter into this Agreement and each Ancillary Document to be executed and delivered by Buyer or such applicable Affiliate and to consummate the transactions contemplated herein and therein to be consummated by Buyer and each such applicable Affiliate.

(b) **Conflicts**. Neither the execution nor delivery by Buyer of this Agreement or by Buyer or any Affiliate of Buyer of any Ancillary Document nor consummation by Buyer or any Affiliate of Buyer of the transactions contemplated herein or therein does or will (with or without the passage of time or giving of notice): (1) constitute a breach of, violate, conflict with or give rise to or create any right or obligation under any Organizational Document of Buyer or any such Affiliate of Buyer; (2) violate any Applicable Law or Order to which Buyer is subject; or (3) constitute a breach or violation of or a default under, conflict with or give rise to or create any right of any Person other than Buyer to accelerate, increase, terminate, modify or cancel any material right or obligation under, any material Contract to which Buyer is a party, except where such breach, violation, default, conflict or right described in clause (3) above will not materially and adversely affect the ability of Buyer or any Affiliate of Buyer to consummate the transactions contemplated herein or in any Ancillary Document.

(c) **Consents and Notices**. No consent or approval by, notification to or filing with any Person is required in connection with Buyer's execution, delivery or performance of this Agreement

or any Ancillary Document of Buyer or Buyer's consummation of the transactions contemplated herein or therein, except for (i) those already made or obtained; and (ii) any consent, approval, notice or filing, the absence of which will not materially and adversely affect Buyer's ability to consummate the transactions contemplated herein or in any Ancillary Document.

4.3 **Availability of Funds**. Buyer has available cash or existing available borrowing capacity under one or more borrowing facilities on the date hereof, and Buyer will have available cash at Closing, in each case that is sufficient to enable Buyer to consummate the transactions contemplated herein. Buyer's obligations hereunder are not contingent upon procuring any financing.

4.4 **Securities**. Buyer's designated Affiliate purchasing Valley Holding is acquiring Valley Holding pursuant to this Agreement for investment, solely for such Affiliate's own account and not with a view to, or for resale in connection with, any distribution or other disposition thereof in violation of any applicable securities law. Buyer acknowledges on behalf of itself and its Affiliates that Valley Holding may not be resold without compliance with any applicable securities law. Buyer's designated Affiliate purchasing Valley Holding is either not a "U.S. person" as defined in Rule 902 promulgated under the Securities Act of 1933, as amended, or is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act of 1933, as amended, and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in Valley Holding.

4.5 **Buyer's Independent Investigation**. Buyer (for itself and its Affiliates) has performed an independent investigation, examination, analysis and verification of Valley Holding, including its assets, liabilities, operations and financial condition. Buyer has had the opportunity to meet with representatives of Valley Holding to discuss the foregoing matters. All materials and information requested by Buyer have been provided to Buyer to its reasonable satisfaction. Buyer has performed the due diligence Buyer deems adequate regarding all matters relating to this Agreement and the transactions contemplated herein, including those described above.

4.6 **Brokers**. Neither Buyer nor any of its Affiliates has any Liability to any broker, finder or similar intermediary in connection with the transactions contemplated herein that would cause any Seller to become liable for payment of any fee or expense with respect thereto.

ARTICLE 5
CERTAIN COVENANTS

5.1 **Certain Actions to Close Transactions**. Subject to the terms of this Agreement, each Party will use its reasonable best efforts to fulfill, and to cause to be satisfied, the conditions in Article 7 (but with no obligation to waive any such condition) and to consummate and effect the transactions contemplated herein, including to cooperate with and assist each other in all reasonable respects in connection with the foregoing. Without limiting the generality of the foregoing, the following will apply:

(a) **Competition Laws**. With respect to the transactions contemplated herein, to the extent required by Applicable Law, each Party will (or will cause its applicable Affiliate to), within five (5) Business Days after the date hereof (or sooner, to the extent required by Applicable Law), file each required pre-acquisition notification or report form pursuant to each applicable Competition Law that has not been filed prior to the date hereof. Thereafter, each Party will (or will cause its applicable Affiliate to) submit and otherwise provide any supplemental information requested in connection therewith pursuant to such Applicable Laws. Such actions will comply, in all material respects, with such Applicable Laws. Each Party will keep the other Party reasonably informed, to the extent permitted by Applicable Laws, of the status of any communications with, and inquiries or requests for additional information from, any Governmental Authority, and will use its reasonable best efforts to (and, if applicable, cause its appropriate Affiliate to) promptly comply with any such inquiry or request and to

defend against any action of any Governmental Authority that attempts to enjoin the sale of the Equity Interests to Buyer or Buyer's designated Affiliates. Each Party will (and, if applicable, will cause its appropriate Affiliate to) use its reasonable best efforts to obtain approval, or cause the expiration or early termination of the waiting period, in each case, required under any Competition Law.

(b) **Efforts to Obtain Consents**. Sellers will use reasonable best efforts to give any required notices to other Persons and to obtain any required consent before Closing, and Buyer will cooperate with Sellers in all reasonable respects in connection therewith; provided, however, that neither Party is required to make any payment to any other Person regarding any consent.

5.2 **Access to Information**.

(a) **Post-Closing Access for Sellers**. Throughout the seven-year period after Closing, subject to Buyer's reasonable confidentiality precautions, Buyer will, during normal business hours and upon reasonable notice from the applicable Seller use its reasonable efforts to: (1) cause such Seller and such Seller's representatives to have reasonable access to the pre-Closing books and records (including financial and Tax records, Tax Returns, files, papers and related items) of the applicable Transferred Entity, and to the personnel responsible for preparing and maintaining such books and records, in each case to the extent necessary or proper to (A) defend or pursue any Proceeding, (B) defend or pursue indemnification matters hereunder, (C) prepare or audit financial statements, (D) prepare or file Tax Returns or (E) address Tax, accounting, financial or legal matters or respond to any investigation or other inquiry by or under the control of any Governmental Authority; and (2) to the extent necessary permit such Seller and such Seller's representatives to make copies of such books and records for the foregoing purposes, at such Seller's expense.

(b) **Post-Closing Access for Buyer**. Throughout the seven-year period after Closing, subject to Sellers' reasonable confidentiality precautions, Sellers will, during normal business hours and upon reasonable notice from Buyer use their reasonable efforts to: (1) cause Buyer and Buyer's representatives to have reasonable access to the pre-Closing books and records (including financial and Tax records, Tax Returns, files, papers and related items) of Valley Holding, and to the personnel responsible for preparing and maintaining such books and records, in each case to the extent necessary or proper to (A) defend or pursue any Proceeding, (B) defend or pursue indemnification matters hereunder, (C) prepare or audit financial statements, (D) prepare or file Tax Returns or (E) address Tax, accounting, financial or legal matters or respond to any investigation or other inquiry by or under the control of any Governmental Authority; and (2) to the extent necessary permit Buyer and Buyer's representatives to make copies of such books and records for the foregoing purposes, at Buyer's expense.

(c) **Post-Closing Retention of Information by Seller**. Subject to the confidentiality obligations hereunder, at and after Closing, Sellers may retain in their (or any of their Affiliates') possession any copies of any books or records of such types described in Section 5.2(a)(1) that are in a Seller's possession or control (or the possession or control of any of its Affiliates), in each case for any purpose described in Section 5.2(a)(1).

5.3 **Further Assurances**. If after Closing any further action is necessary to carry out any purpose of this Agreement, then each Party will take such further action (including the execution and delivery of further documents) as the other Party reasonably requests to carry out such purpose. The foregoing will be at the expense of such requesting Party, except to the extent such requesting Party is entitled to indemnification therefor or to the extent this Agreement otherwise allocates such expense to any other Party.

5.4 **Confidentiality and Publicity**.

(a) **Confidentiality**. Each Party will keep confidential, and such Party will cause its representatives to keep confidential, all confidential information that such Party or any of such Party's representatives receives from or on behalf of the other Party or another party in the course of the actions contemplated in this Agreement, and each such receiving Party will not, and each such receiving Party will cause its representatives not to, use any of such confidential information except in connection with this Agreement and, if this Agreement is terminated for any reason whatsoever, will return to the delivering Party all embodiments (and all copies) of such confidential information (including all reports, analyses and other derivatives therefrom) that are in or under the receiving Party's or any of its representatives' possession or control.

(b) **Publicity**. Except as stated in this Section 5.4, from the date hereof until Closing or earlier termination of this Agreement, each Party will, and will cause their respective Affiliates to, not issue any press release or public announcement concerning this Agreement or the transactions contemplated hereby without obtaining the prior written approval of the other Parties hereto, which approval will not be unreasonably withheld, unless, in the reasonable judgment of ADM or Buyer, disclosure is otherwise required by Applicable Law or by the rules of any stock exchange on which a Party lists its securities. Notwithstanding the foregoing, each Party may issue a press release or public announcement in connection with the signing of this Agreement or the consummation of the transactions contemplated hereby.

(c) **Certain Permitted Disclosures**. Notwithstanding the foregoing, nothing in this Section 5.4 will prevent any of the following at any time:

(1) a Party or any of its Affiliates disclosing any information to the extent required under Applicable Law or under the rules and regulations of any national securities exchange (to the extent such Party or any of its Affiliates has any of its securities traded or listed thereon);

(2) before Closing, any Party or any Affiliate of such Party communicating with any advisors, rating agencies, lenders, trustees, agents, suppliers or customers of such Party on a need to know basis regarding the transactions contemplated herein; or

(3) a Party or any of its Affiliates making a statement or disclosure (A) as part of its or any of its Affiliate's financial statements or Tax Returns or (B) to the extent reasonably necessary to enforce or comply with this Agreement.

5.5 **Certain Tax Matters**.

(a) **Cooperation**. Each Party will, and each Party will cause its applicable Affiliates to, cooperate in all reasonable respects with respect to Tax matters and provide one another with such information as is reasonably requested to enable the requesting Party to complete and file all Tax Returns which it may be required to file (or cause to be filed) with respect to any Transferred Entity, to respond to any Tax audit, inquiry or other Tax Proceeding and to otherwise satisfy any Tax requirement.

(b) **Refunds**. To the extent not otherwise reflected in the financial statements of the Transferred Entities, Sellers will be entitled to any refund or credit with respect to any Tax for which Sellers overpaid under Applicable Law (plus any interest received, by payment or credit, with respect thereto) while owning the Equity Interests. Except to the extent stated in this Section 5.5(b) above, Buyer will be entitled to any refund or credit with respect to any Tax attributable to any Transferred Entity (plus any interest received, by payment or credit, with respect thereto). Each Party will promptly forward to the

proper Party, or reimburse the proper Party for, any refund or credit due such proper Party after receipt thereof.

(c) **Duties and Taxes**. Buyer shall be responsible for and shall pay any stamp, documentary, registration or sales tax which may be imposed to Buyer on the transfer of the Equity Interests from Sellers. Notwithstanding the foregoing, each Party retains responsibility for, and shall pay, such Party's own Taxes, including without limitation any Income Tax or other Tax, incurred by reason of this Agreement or the transactions contemplated herein.

(d) **Income Tax and Transfer Taxes**. (1) Buyer shall withhold any applicable Income Taxes which Buyer is legally obligated to withhold and (2) notwithstanding Section 5.5(a), Buyer will pay all Transfer Taxes, and Sellers and Buyer will cooperate in timely making all filings, returns, reports and forms as may be required to comply with the provisions of Applicable Law relating thereto.

5.6 **Use of Sellers' Name**. Within 60 days after purchasing the equity interests of any Transferred Entity from a Seller and at all times thereafter, Buyer and its Affiliates will not and Buyer will cause each Transferred Entity not to use a name that includes any of "Archer", "Daniels", "Midland" or "ADM", including on letterhead or other correspondence, brochures or other marketing materials, package labeling, employee business cards, accounts or signage with respect to such Transferred Entity. Within 30 Business Days after Closing, Buyer will (a) cause the name of Gruma-ADM, Inc., a corporation organized under the laws of the State of Nevada, to be changed to a name that does not include any of "Archer", "Daniels", "Midland" or "ADM" and (b) give to ADM a true, correct and complete copy of the filings with the applicable Governmental Authorities showing that such name change occurred.

5.7 **Use of Buyer's Name**. Within 60 days after selling the equity interests of any Transferred Entity to Buyer (or any Affiliate of Buyer designated by Buyer and reasonably acceptable to Sellers) and at all times thereafter, Sellers and their Affiliates will not use a name that includes any of "Gruma", "Valores Azteca", "Consorcio Andino", "Azteca Milling", "Valley Holding", "Molinera de México" or "Valores Mundiales", including on letterhead or other correspondence, brochures or other marketing materials, package labeling, employee business cards, accounts or signage with respect to the Transferred Entities.

5.8 **Registration of Director and Officer Resignations**. Immediately after the Closing Date, (a) Sellers will cause each ADM Director and ADM Officer to resign his or her positions in each Transferred Entity; and (b) except for Gruma, Buyer will cause, to the extent within its control, the applicable Transferred Entities to revoke and cancel any ADM Director and any ADM Officer appointments with respect to such Transferred Entities and, if required by law, appoint new directors and officers for such Transferred Entities and promptly file with each applicable Governmental Authority the appointment of each such director and officer and the resignations of the ADM Directors and ADM Officers of such Transferred Entities contemplated by Section 6.2. Within 90 Business Days after the Closing Date, Buyer will give to Sellers a true, correct and complete copy of the filings with the applicable Governmental Authorities showing that such changes have occurred.

ARTICLE 6
CLOSING, CLOSING DELIVERIES, POST-CLOSING DELIVERIES AND TERMINATION

6.1 **Closing**. Subject to any earlier termination hereof, closing of the transactions contemplated herein ("Closing") will take place at the offices of Baker & McKenzie, S.C. in Mexico City, Mexico, beginning at 9:00 a.m. Mexico City, Mexico time on the first Business Day after the satisfaction or waiver of all conditions to the obligations of the Parties to consummate such transactions (other than conditions that by their nature are to be satisfied at Closing, but subject to the satisfaction or waiver of

such conditions at Closing) or such other date or time as Buyer and the applicable Seller mutually determine (the actual date Closing occurs being the "Closing Date"). Closing will be effective as of 11:59 p.m. Mexico City, Mexico time on the Closing Date (the "Effective Time"). All actions to be taken and all documents to be executed or delivered at Closing will be deemed to have been taken, executed and delivered simultaneously, and no action will be deemed taken and no document will be deemed executed or delivered until all have been taken, delivered and executed, except in each case to the extent otherwise stated in this Agreement or any such other document. To the extent the Parties agree, documents may be delivered at Closing by facsimile or other electronic means, and (except as so agreed) the receiving Party may rely on the receipt of such documents so delivered as if the original had been received.

6.2 **Deliveries by Sellers for Closing**. At or before Closing, Sellers will deliver, or cause to be delivered, to Buyer (or as Buyer or this Agreement otherwise directs), the following:

(a) all original certificates representing ADM's outstanding equity interests in Gruma and Valores, each duly endorsed, dated the Closing Date and executed by ADM;

(b) all original certificates representing Bio Productos's outstanding equity interests in Gruma, each duly endorsed, dated the Closing Date and executed by Bio Productos;

(c) all original certificates representing Bio Productos's outstanding equity interests in Molinera, each duly endorsed, dated the Closing Date and executed by Bio Productos;

(d) all original certificates representing ADM Milling's outstanding equity interests in Valley Holdings, each duly endorsed in blank, dated the Closing Date and executed by ADM Milling;

(e) notarial deed, dated the Closing Date, of sale and purchase of units number 4,704 granted on August 16, 2006 before the Notary Public of Mexico, Mr. Armando Hernández Berlanga, by means of which ADM acquired its outstanding equity interests in Consorcio;

(f) notarial deed, dated the Closing Date, of capital increase number 12,105 granted on May 10, 2006 before the Notary Public of Mexico, Mr. Mariano Morales Martínez, by means of which ADM acquired its outstanding equity interests in Valores Mundiales;

(g) Local Equity Purchase Agreements substantially in the form attached hereto as Exhibit 6.2(g), dated the Closing Date, executed by the applicable Seller, which collectively with this Agreement transfer all of the equity interests in Gruma and Valores owned by Sellers to Buyer or Buyer's designated Affiliates (collectively the "Gruma Local Equity Purchase Agreements");

(h) a Local Equity Purchase Agreement substantially in the form attached hereto as Exhibit 6.2(g), dated the Closing Date, executed by Bio Productos, which collectively with this Agreement transfer all of the equity interests in Molinera owned by Sellers to Buyer or Buyer's designated Affiliates (the "Molinera Local Equity Purchase Agreement");

(i) a Local Equity Purchase Agreement substantially in the form attached hereto as Exhibit 6.2(g), dated the Closing Date, executed by ADM, which collectively with this Agreement transfer all of the equity interests in Consorcio owned by Sellers to Buyer or Buyer's designated Affiliates (the "Consorcio Local Equity Purchase Agreement"), which shall be executed and formalized by ADM before a Notary Public in Mexico on the Closing Date;

(j) a Local Equity Purchase Agreement substantially in the form attached hereto as Exhibit 6.2(g), dated the Closing Date, executed by ADM, which collectively with this Agreement transfer all of the equity interests in Valores Mundiales owned by Sellers to Buyer or Buyer's designated

Affiliates (the "Valores Mundiales Local Equity Purchase Agreement"), which shall be executed and formalized by ADM before a Notary Public in Mexico on the Closing Date;

(k) the written resignation (or documentation reasonably satisfactory to Buyer showing the removal) of each director of Valores designated by ADM, with each such resignation (or removal) effective no later than the Effective Time;

(l) the written resignation (or documentation reasonably satisfactory to Buyer showing the removal) of each director of Molinera designated by Bio Productos, with each such resignation (or removal) effective no later than the Effective Time;

(m) the written resignation (or documentation reasonably satisfactory to Buyer showing the removal) of the directors of Valley Holding, with such resignation (or removal) effective no later than the Effective Time;

(n) a true, correct and complete copy of the resolutions of the shareholders of Valores, effective no later than the Effective Time, evidencing the acceptance of the resignation of each director of Valores designated by ADM and full release of such directors;

(o) a true, correct and complete copy of the resolutions of the shareholders of Molinera, effective no later than the Effective Time, evidencing the acceptance of the resignation of each director of Molinera designated by Bio Productos and full release of such directors;

(p) the written resignation (or documentation reasonably satisfactory to Buyer showing the removal) of each director of Gruma designated by ADM, with each such resignation (or removal) effective no later than the Effective Time;

(q) a true, correct and complete copy of the Settlement Agreement executed by the parties thereto; and

(r) all other documents and items required by this Agreement to be delivered, or caused to be delivered, by Sellers at Closing.

6.3 **Deliveries by Buyer for Closing**. At or before Closing, Buyer will deliver, or cause to be delivered, to Sellers (or as Sellers or this Agreement otherwise directs), the following:

(a) payment of the Purchase Price pursuant to Section 2.2 and the Additional Closing Payment pursuant to Section 2.4;

(b) the Gruma Local Equity Purchase Agreements and the Molinera Local Equity Purchase Agreement, each dated the Closing Date and executed by Buyer or its applicable designated Affiliate;

(c) the Consorcio Local Equity Purchase Agreement and the Valores Mundiales Local Equity Purchase Agreement, each dated the Closing Date, executed and formalized by Buyer or its applicable designated Affiliate before a Notary Public in Mexico on the Closing Date;

(d) documentation, dated on or before the Closing Date, executed by the Trust and Buyer, evidencing the designation of Gruma as the third party to exercise all of the Trust's Rights of First Refusal (as defined in the Right of First Refusal Agreement) to Buyer and whereby Buyer agrees to exercise such Rights of First Refusal and assume and fulfill all obligations of the Trust with respect to such Rights of First Refusal;

(e) an officer's certificate of a duly authorized officer of Buyer, in a form approved in advance by the Sellers, dated the Closing Date and executed by such officer, certifying that the Board of Directors of Buyer has authorized the execution, delivery and performance of this Agreement (including payment of the Purchase Price, any contingent payments contemplated under Section 2.3 hereof and the Additional Closing Payment) and each Ancillary Document of Buyer and the transactions contemplated herein and therein, in each case as are then in full force and effect; and

(f) all other documents and items required by this Agreement to be delivered, or caused to be delivered, by Buyer at Closing.

6.4 **Termination of Agreement**. The sole and exclusive rights to terminate this Agreement before Closing (and the Party that has any such right) are as follows:

(a) by mutual written consent of the Parties;

(b) by either Party, if Closing has not occurred by 11:59 p.m. Mexico City, Mexico time on December 18, 2012;

(c) by Buyer, if any condition in Section 7.1 becomes incapable of fulfillment at Closing; provided that Buyer has not waived such condition; or

(d) by Sellers, if any condition in Section 7.2 becomes incapable of fulfillment at Closing; provided that Sellers have not waived such condition.

A termination of this Agreement under any of the preceding clauses (b) through (d) will be effective two Business Days after the Party seeking termination gives to the other Parties written notice of such termination. Notwithstanding any term in this Section 6.4, a Party will not have the right to terminate this Agreement (except by mutual written consent pursuant to Section 6.4(a)) if the failure to satisfy any condition to Closing or consummate the transactions contemplated herein results in any material respect from the breach by such Party of any of its representations, warranties, covenants or agreements herein or in any Ancillary Document (provided that any breach by any Seller will be attributed to each other Seller for purposes of determining if Buyer has the right to terminate this Agreement under this Section).

6.5 **Effect of Termination**. If this Agreement is terminated pursuant to Section 6.4, then this Agreement will be of no further force or effect, except for the terms of Section 5.4, Section 9.2, Section 9.5, Section 9.6, and this Section 6.5. Upon any termination pursuant to Section 6.4, no Party will have any further Liability hereunder, except pursuant to a Section listed in the immediately preceding sentence or for any pre-termination intentional fraud.

ARTICLE 7
CONDITIONS TO OBLIGATIONS TO CLOSE

7.1 **Conditions to Obligation of Buyer to Close**. The obligation of Buyer to effect the closing of the transactions contemplated herein is subject to the satisfaction at or before Closing of all of the following conditions, any one or more of which may be waived by Buyer, in Buyer's sole discretion:

(a) **Accuracy of Representations and Warranties**. Each representation and warranty of Sellers in Article 3 (other than the representations and warranties in Section 3.2) will have been true and correct in all material respects as of the date of this Agreement and will be true and correct as of the Closing Date as if made on the Closing Date (or, in each case, if any such representation and warranty is expressly stated to have been made as of a specific date, then, for such representation and warranty, as of such specific date), except for any inaccuracy in any representation or warranty that,

individually or in the aggregate with any other such inaccuracy, has not materially and adversely affected the ability of any applicable Seller to consummate Closing; provided, however, that the representations and warranties in Section 3.2 will have been true and correct in all material respects as of the date of this Agreement and will be true and correct in all material respects as of the Closing Date as if made on the Closing Date. Solely for purposes of this Section 7.1(a), any representation or warranty of Sellers in Article 3 that is qualified by any Materiality Qualifier will be read as if each such Materiality Qualifier were not present.

(b) **Observance and Performance**. Sellers will have performed and complied with, in all material respects, all covenants and agreements required by this Agreement to be performed and complied with by Sellers on or before the Closing Date.

(c) **Officer's Certificate**. Each Seller will have delivered to Buyer a certificate from a duly authorized officer of such Seller, dated the Closing Date and executed by such officer certifying the items in Section 7.1(a) and Section 7.1(b).

(d) **Competition Laws**. Any applicable waiting periods, as extended (if at all), or authorizations under Competition Laws will have expired or been terminated or obtained (as applicable).

(e) **Delivery of Other Items**. Sellers will have delivered (or caused to be delivered) to Buyer each of the other items contemplated to be so delivered by this Agreement, including the Call Options and each item listed in Section 6.2.

(f) **No Legal Actions**. No Governmental Authority of competent jurisdiction will have instituted any Proceeding to restrain, prohibit or otherwise challenge the legality or validity of the transactions contemplated herein that has not been dismissed or otherwise resolved in a manner that does not materially and adversely affect the transactions contemplated herein and no injunction, order or decree of any Governmental Authority will be in effect that restrains or prohibits the purchase or sale of the Equity Interests or the consummation of the other transactions contemplated herein.

(g) **Good Standing Certificate**. Sellers will have delivered to Buyer a good standing certificate, dated within five (5) Business Days before Closing, from the Secretary of State of the State of Delaware, stating that Valley Holding is in good standing therein.

7.2 **Conditions to Obligation of Sellers to Close**. The obligation of Sellers to effect the closing of the transactions contemplated herein is subject to the satisfaction at or before Closing of all of the following conditions, any one or more of which may be waived by Sellers, in Sellers' sole discretion:

(a) **Accuracy of Representations and Warranties**. Each representation and warranty of Buyer in Article 4 will have been true and correct in all material respects as of the date of this Agreement and will be true and correct in all material respects as of the Closing Date as if made on the Closing Date (or, in each case, if any such representation and warranty is expressly stated to have been made as of a specific date, then, for such representation and warranty, as of such specific date), except for any inaccuracy in any representation or warranty that, individually or in the aggregate with any other such inaccuracy, has not materially and adversely affected the ability of Buyer to consummate Closing. Solely for purposes of this Section 7.2(a), any representation or warranty of Buyer in Article 4 that is qualified by any Materiality Qualifier will be read as if each such Materiality Qualifier were not present.

(b) **Observance and Performance**. Buyer will have performed and complied with, in all material respects, all covenants and agreements required by this Agreement to be performed and complied with by Buyer on or before the Closing Date.

(c) **Officer's Certificate**. Buyer will have delivered to Sellers a certificate of a duly authorized officer of Buyer, dated the Closing Date and executed by such officer certifying the items in Section 7.2(a) and Section 7.2(b).

(d) **Competition Laws**. Any applicable waiting periods, as extended (if at all), or authorizations under Competition Laws will have expired or been terminated or obtained (as applicable).

(e) **Legal Opinion**. Buyer will have caused Heather & Heather S.C., as legal counsel to Buyer, to have delivered to Sellers a written legal opinion addressed to Sellers, dated on or before the Closing Date and in a form reasonably satisfactory to Sellers, and which (1) expressly permits reliance thereon by Sellers and (2) states that the repurchase of the shares of Gruma contemplated herein will not need to be performed through a public offering on the Mexican Stock Exchange and that such repurchase is contemplated within the exceptions of the Mexican Securities Laws (*Ley del Mercado de Valores*).

(f) **Solvency Opinion**. Buyer will have caused PricewaterhouseCoopers S.C. to have delivered to Sellers a written solvency opinion with respect to Gruma addressed to Sellers, dated on or before the Closing Date and in a form reasonably satisfactory to Sellers, and which expressly permits reliance thereon by Sellers.

(g) **Valores Mundiales and Consorcio**. Buyer will have caused Valores Mundiales to properly notify RFB Holdings de Mexico, S.A. de C.V., a corporation organized under the laws of Mexico ("RFB") of the transactions contemplated herein and RFB's right to purchase the shares of Valores Mundiales owned by ADM pursuant to the bylaws of Valores Mundiales so that any right of RFB to purchase such shares is either exercised or expires on or before the Closing Date. Buyer will have caused Consorcio to (i) properly notify RFB of the transactions contemplated herein and RFB's right to purchase the shares of Consorcio owned by ADM and (ii) properly convene a General Members' Meeting, in each case pursuant to the bylaws of Consorcio, so that any right of RFB to purchase such shares is either exercised or expires on or before the Closing Date.

(h) **Delivery of Other Items**. Buyer will have delivered (or caused to be delivered) to Sellers each of the other items contemplated to be so delivered by this Agreement, including the Exercise Notice and each item listed in Section 6.3.

(i) **No Legal Actions**. No Governmental Authority of competent jurisdiction will have instituted any Proceeding to restrain, prohibit or otherwise challenge the legality or validity of the transactions contemplated herein that has not been dismissed or otherwise resolved in a manner that does not materially and adversely affect the transactions contemplated herein and no injunction, order or decree of any Governmental Authority will be in effect that restrains or prohibits the purchase or sale of the Equity Interests or the consummation of the other transactions contemplated herein.

ARTICLE 8
INDEMNIFICATION AND RESOLUTION OF CERTAIN DISPUTES

8.1 **Indemnification by Sellers**. Subject to the other terms of this Article 8, Sellers will jointly and severally indemnify, defend and hold harmless Buyer and each of Buyer's Other Indemnified Persons from and against all Losses to the extent arising out of or resulting from, directly or indirectly, any:

(a) breach of any representation or warranty made by Sellers herein or in any Ancillary Document of a Seller; or

(b) breach of any covenant or agreement of Sellers herein or in any Ancillary Document of a Seller.

8.2 **Indemnification by Buyer**. Subject to the other terms of this Article 8, Buyer will indemnify, defend and hold harmless Sellers and each of Sellers' Other Indemnified Persons from and against all Losses to the extent arising out of or resulting from, directly or indirectly, any:

(a) breach of any representation or warranty made by Buyer herein or in any Ancillary Document of Buyer;

(b) breach of any covenant or agreement of Buyer herein or in any Ancillary Document of Buyer; or

(c) breach of the Mexican Securities Law (*Ley del Mercado de Valores*) in connection with the sale of the Equity Interests in Gruma to Buyer.

8.3 **Certain Limitations and Other Matters Regarding Claims**.

(a) **Cap on Sellers' Obligations**. Sellers' obligations under Section 8.1, in the aggregate, will not exceed an amount equal to the Purchase Price (the "Cap"), subject to the other terms of this Article 8.

(b) **Cap on Buyer's Obligations**. Buyer's obligations under Section 8.2, in the aggregate, will not exceed an amount equal to the Cap, subject to the other terms of this Article 8.

(c) **Sole and Exclusive Remedies**. Notwithstanding any other term herein, other than in connection with intentional fraud, the sole and exclusive remedies of the Parties arising out of or resulting from this Agreement will be strictly limited to those contained in this Article 8.

(d) **Specific Performance**. Each Party acknowledges and agrees that each other Party will be damaged irreparably if this Agreement is not performed in accordance with its terms or otherwise is breached and that a Party will be entitled to an injunction and other equitable relief (without posting any bond or other security) to prevent breaches hereof and to enforce specifically this Agreement and its terms in addition to any other remedy to which such Party may be entitled hereunder.

(e) **No Special Losses**. Notwithstanding any other term herein, no Party will be obligated to any other Person for any consequential, incidental, indirect, special, exemplary or punitive damages or Losses based thereon, including regarding loss of future revenue, income or profits, diminution of value or loss of business reputation or opportunity, and no Party will be obligated to any other Person for any Loss determined as a multiple of income, revenue or the like, relating to the breach of any representation, warranty, covenant or agreement herein or in any Ancillary Document; provided, however, that the foregoing will not apply to: (1) Sellers' rights to recover any Losses if Buyer fails to effect the Closing in breach hereof, (2) Buyer's rights to recover any Losses if a Seller or Sellers fail to effect the Closing in breach hereof, or (3) any Third Party Claim.

(f) **Effect of Knowledge**. Notwithstanding any other term herein, there will be no right to indemnification hereunder for (1) Buyer (whether for itself or any of Buyer's Other Indemnified Persons) regarding any breach of a representation or warranty by any Seller if Buyer had actual knowledge of such breach at the time such representation or warranty was made or (2) a Seller (whether for itself or any of such Seller's Other Indemnified Persons) regarding any breach of a representation or warranty by Buyer if such Seller had actual knowledge of such breach at the time such representation or warranty was made.

8.4 **Certain Survival Periods.**

(a) **Survival of Representations and Warranties**. Subject to Section 8.4(b), each representation or warranty herein or in any Ancillary Document will survive the execution and delivery of this Agreement and remain in full force and effect until all Liability hereunder relating thereto is barred by all applicable statutes of limitation, at which time such representation or warranty will expire and terminate and no indemnification obligation will be associated therewith or based thereon.

(b) **Survival of Representations and Warranties Until Final Determination**. Notwithstanding Section 8.4(a), for each claim for indemnification hereunder regarding a representation or warranty that is validly made before expiration of such representation or warranty, such claim and associated right to indemnification (including any right to pursue such indemnification, including via any Proceeding) will not terminate before final determination and satisfaction of such claim.

(c) **Survival of Covenants and Agreements**. Each covenant and agreement (*i.e.*, other than representations and warranties) herein or in any Ancillary Document, and all associated rights to indemnification, will survive Closing and will continue in full force thereafter until all Liability hereunder relating thereto is barred by all applicable statutes of limitation, subject to any applicable limitation stated herein.

8.5 **Notice of Claims and Procedures**.

(a) **Notice of Claims**. A Party entitled to indemnification hereunder (the "Claiming Party") will give the Party obligated to provide such indemnification (the "Indemnifying Party") prompt notice of any claim, for which such Claiming Party proposes to demand indemnification, (1) by a Person that is not a Party nor an Other Indemnified Person (such a claim being a "Third Party Claim" and such notice of such Third Party Claim being the "Initial Claim Notice") or (2) that does not involve a Third Party Claim, in each case specifying the amount and nature of such claim (to the extent known). Thereafter, the Claiming Party will give the Indemnifying Party, promptly after the Claiming Party's (or any of its applicable Other Indemnified Person's) receipt or delivery thereof, copies of all documents (including court papers) received or delivered by the Claiming Party (or any such Other Indemnified Person) relating to any such Third Party Claim. The failure to promptly give such notice or to promptly give such copies will not relieve the Indemnifying Party of any Liability hereunder, except if the Indemnifying Party was prejudiced thereby, but only to the extent of such prejudice.

(b) **Access and Cooperation**. Each Party will, and will cause its Other Indemnified Persons to, cooperate and assist in all reasonable respects regarding such Third Party Claim, including by promptly making available to such other Party (and its legal counsel and other professional advisers with a reasonable need to know) all books and records of such Person relating to such Third Party Claim, subject to reasonable confidentiality precautions.

(c) **Defense and Participation Regarding Non-Tax Matters**.

(1) **Election to Conduct Defense**. Promptly after receiving an Initial Claim Notice under Section 8.5(a), the Indemnifying Party will have the option to conduct the Defense of such Third Party Claim, at the expense of the Indemnifying Party. To elect to conduct such Defense, the Indemnifying Party must give written notice of such election to the Claiming Party within 10 days (or within the shorter period, if any, during which a Defense must be commenced for the preservation of rights) after the Claiming Party gives the corresponding Initial Claim Notice to the Indemnifying Party. If the Indemnifying Party validly makes such election, it will nonetheless lose such right to conduct such Defense if it fails to continue to actively and diligently conduct such Defense.

(2) **Conduct of Defense, Participation and Settlement**. If the Indemnifying Party conducts the Defense of such Third Party Claim, then (A) the Claiming Party may participate, at its own expense, in such Defense (including any Proceeding regarding such Third Party Claim) and will have the right to receive copies of all notices, pleadings or other similar submissions regarding such Defense, (B) each Party will keep the other Party reasonably informed of all matters material to such Defense and Third Party Claim at all stages thereof, (C) the Claiming Party will not (and will cause its Other Indemnified Persons not to) admit Liability with respect to, or compromise or settle, such Third Party Claim without the Indemnifying Party's prior written consent (which consent will not be unreasonably withheld) and (D) the Indemnifying Party will not compromise or settle such Third Party Claim, without the consent of the Claiming Party (which consent will not be unreasonably withheld), if such compromise or settlement (x) involves any material limitation on any future operations of the Claiming Party (or any of its Other Indemnified Persons), (y) affects in a manner materially adverse to the Claiming Party (or any of its Other Indemnified Persons) any other existing Third Party Claim that reasonably may be expected to be made against such Person or (z) does not release the Claiming Party (and any applicable Other Indemnified Person) from all Liability regarding such Third Party Claim, other than any Liability being satisfied by the Indemnifying Party hereunder.

(3) **Indemnifying Party Does Not Conduct Defense**. If the Indemnifying Party does not validly elect to conduct the Defense of such Third Party Claim, then the Claiming Party may conduct the Defense of such Third Party Claim in any manner that the Claiming Party reasonably deems appropriate, at the expense of the Indemnifying Party (subject to the other limitations of this Article 8), and the Claiming Party will have the right to compromise or settle such Third Party Claim after receiving the consent of the Indemnifying Party (which consent will not be unreasonably withheld).

8.6 **Reduction for Insurance, Taxes and Other Offsets**.

(a) The obligations of each Indemnifying Party hereunder regarding any Loss will be reduced, including retroactively, by the amount of any insurance proceeds, benefit regarding Taxes (a "Tax Benefit") or other amount or benefit recoverable, directly or indirectly, using commercially reasonable efforts by the Claiming Party (or any of its Other Indemnified Persons) regarding such Loss. Without limiting the generality of the foregoing, if (1) the Claiming Party (or such Other Indemnified Person) receives from or on behalf of an Indemnifying Party, or an Indemnifying Party pays on behalf of the Claiming Party (or such Other Indemnified Person), a payment regarding a Loss, and (2) the Claiming Party (or such Other Indemnified Person) subsequently becomes able to recover, directly or indirectly, using commercially reasonable efforts any insurance proceeds, Tax Benefit or other amount or benefit regarding such Loss, then such Claiming Party (for itself or on behalf of such Other Indemnified Person, as applicable) will promptly pay to the Indemnifying Party the amount of such insurance proceeds, Tax Benefit or other amount or benefit, or, if less, the amount of the payment regarding such Loss. The amount of such insurance proceeds, Tax Benefit or other amount or benefit so recoverable will be net of any costs and expenses that would be incurred by the Claiming Party (or such Other Indemnified Person) in procuring the same.

(b) In computing the amount of any such Tax Benefit, the Claiming Party (or such Other Indemnified Person) will be deemed to fully utilize, at the highest marginal Tax rate then in effect under Applicable Law, all Tax items arising from the incurrence or payment of any indemnified Losses. To permit the Parties to fully resolve the claim regarding such Loss at one time, for any such Tax Benefit that is reasonably likely to be received in the future by the Claiming Party (or such Other Indemnified Person), the indemnification owed regarding such Loss will be reduced (without duplication) by the Parties' agreed upon determination of the present value of such future Tax Benefit (such agreement not to be unreasonably withheld). For purposes of this Section 8.6, a Tax Benefit will be deemed to be

recoverable with respect to a Taxable period to the extent that (1) the Claiming Party's (or such Other Indemnified Person's) cumulative Liability for Taxes through the end of such Taxable period, calculated by excluding any Tax items attributable to such Loss from all Taxable periods, exceeds (2) its actual cumulative Liability for Taxes through the end of such Taxable period, calculated by taking into account any Tax items attributable to such Loss for all Taxable periods (to the extent permitted by relevant Tax law and not already taken into account for a previous Taxable period pursuant to this Section 8.6 and treating such Tax items as the last items claimed for any Taxable period).

8.7 **Mitigation**. Each Party will use its reasonable best efforts to mitigate each Loss for which such Party is or may become entitled to be indemnified hereunder. No Party (or any of its Other Indemnified Persons) will be entitled to indemnification hereunder in respect of any such Loss to the extent the indemnification obligations hereunder have increased due to the failure of such Person to use such reasonable best efforts.

8.8 **Indemnification Adjusts Purchase Price for Tax Purposes**. Each Party will, including retroactively, treat indemnification payments under this Agreement as adjustments to the Purchase Price for Tax purposes to the extent permitted under Applicable Law.

8.9 **Certain Disclaimers**.

(a) Notwithstanding any other term herein or any other limitation herein, other than as expressly made by Sellers in Article 3 or elsewhere in this Agreement, Sellers have not made (and no Person on behalf of Sellers has made), nor will Sellers (or any other Person) have or be subject to any Liability arising out of, relating to or resulting from, any representation or warranty or similar assurance (whether direct or indirect, written or oral, or statutory, express or implied), including in each case regarding (a) any information or document given or made available (or not given or made available) to Buyer or any Person on Buyer's behalf regarding the Equity Interests or the Transferred Entities (including any financial information provided in Buyer's due diligence of the Transferred Entities or in or referred to in any confidential information memorandum) or (b) the effect of any of the transactions contemplated herein on the Transferred Entities or the business of Buyer or the reaction thereto of any Person. Buyer hereby (on its own behalf and on behalf of its Affiliates) expressly assumes all risks arising out of, relating to or resulting from, and Buyer (on its own behalf and on behalf of its Affiliates) hereby disclaims all reliance upon, the matters in the immediately preceding sentence (other than as expressly made by Sellers in Article 3 or elsewhere in this Agreement). EXCEPT AS SET FORTH EXPRESSLY IN THIS AGREEMENT, SELLERS DISCLAIM ANY EXPRESS OR IMPLIED WARRANTY RELATING TO THE EQUITY INTERESTS OR THE TRANSFERRED ENTITIES OR ANY ASSET (TANGIBLE, INTANGIBLE OR MIXED) OF ANY TRANSFERRED ENTITY, INCLUDING IMPLIED WARRANTIES OF FITNESS, NONINFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE (OR SIMILAR IMPLIED WARRANTIES UNDER APPLICABLE LAW).

(b) Notwithstanding any other term herein or any other limitation herein, other than as expressly made by Buyer in Article 4 or elsewhere in this Agreement, Buyer has not made (and no Person on behalf of Buyer has made), nor will Buyer (or any other Person) have or be subject to any Liability arising out of, relating to or resulting from, any representation or warranty or similar assurance (whether direct or indirect, written or oral, or statutory, express or implied), including in each case regarding (a) any information or document given or made available (or not given or made available) to Sellers or any Person on Sellers' behalf regarding the subject matter hereof or (b) the effect of any of the transactions contemplated herein on the Transferred Entities or the business of Buyer or the reaction thereto of any Person. Sellers hereby (on their own behalf and on behalf of their Affiliates) expressly assume all risks arising out of, relating to or resulting from, and Sellers (on their own behalf and on behalf of their Affiliates) hereby disclaims all reliance upon, the matters in the immediately preceding sentence

(other than as expressly made by Buyer in Article 4 or elsewhere in this Agreement). EXCEPT AS SET FORTH EXPRESSLY IN THIS AGREEMENT, BUYER DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTY RELATING TO THE ADEQUACY OR SUFFICIENCY OF THE PURCHASE PRICE AND ANY OTHER CONSIDERATION TO SELLERS HEREUNDER (OR SIMILAR IMPLIED WARRANTIES UNDER APPLICABLE LAW).

8.10 **Effect of Officer's Certificates**. Any written certification by a Person (or any officer thereof) of the accuracy of any representation or warranty in this Agreement (or of any other matter), including any certification contemplated in Article 7, will be deemed to constitute the making or re-making of such representation or warranty by such Person (or a representation or warranty hereunder regarding such other matter) at the time of such certification in the manner and to the extent stated in such certification, including for purposes of Section 8.1(a) and Section 8.2(a). Any written certification by such an officer is made in such capacity, and no Person will have any recourse against such officer in any personal capacity in connection therewith.

8.11 **Sellers Act in Unison**. Each Seller agrees with each other Seller that each of them will act in unison and in agreement with each other with respect to all matters in this Article 8.

ARTICLE 9
CERTAIN GENERAL TERMS AND OTHER AGREEMENTS

9.1 **Notices**. All notices or other communications required to be given hereunder will be in writing and will be (a) delivered by hand, (b) sent by United States registered or certified mail or (c) sent by nationally recognized overnight delivery service for next Business Day delivery, in each case as follows:

(1) if to any Seller, to:

c/o Archer-Daniels-Midland Company
4666 Faries Parkway
Box 1470
Decatur, IL 62525
USA
Attn: General Counsel

with copies to:

Faegre Baker Daniels LLP
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402-3901
USA
Attn: W. Morgan Burns

Baker & McKenzie, S.C.
Edificio Scotiabank Inverlat, Piso 12
Blvd. M. Ávila Camacho 1
Col. Lomas de Chapultepec
11009 México, D.F.
Attn: Miguel A. Ruggeri Correa

(2) if to Buyer, to:

Gruma, S.A.B. de C.V.
Calzada del Valle No. 407
Colonia del Valle
San Pedro Garza García, N.L. México
CP 66220
Attn: Chief Financial Officer and
General Counsel

Such notices or communications will be deemed given (A) if so delivered by hand, when so delivered, (B) if so sent by mail, three Business Days after mailing, or (C) if so sent by overnight delivery service, one Business Day after delivery to such service. A Party may change the address to which such notices and other communications are to be given by giving the other Party notice in the foregoing manner.

9.2 **Expenses**. Except as is expressly stated otherwise herein, each Party will bear its own costs and expenses incurred in connection with the transactions contemplated herein.

9.3 **Interpretation; Construction**. In this Agreement:

(a) the table of contents and headings are for convenience of reference only and will not affect the meaning or interpretation of this Agreement;

(b) the words “herein,” “hereunder,” “hereby” and similar words refer to this Agreement as a whole (and not to the particular sentence, paragraph or Section where they appear);

(c) terms used in the plural include the singular, and vice versa, unless the context clearly requires otherwise;

(d) unless expressly stated herein to the contrary, reference to any document means such document as amended or modified and as in effect from time to time in accordance with the terms thereof;

(e) unless expressly stated herein to the contrary, reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or reenacted, in whole or in part, and as in effect from time to time, including any rule or regulation promulgated thereunder;

(f) the words “including,” “include” and variations thereof are deemed to be followed by the words “without limitation”;

(g) “or” is used in the sense of “and/or”; “any” is used in the sense of “any or all”; and “with respect to” any item includes the concept “of,” “under” or “regarding” such item or any similar relationship regarding such item;

(h) unless expressly stated herein to the contrary, reference to a document, including this Agreement, will be deemed to also refer to each annex, addendum, exhibit, schedule or other attachment thereto;

(i) unless expressly stated herein to the contrary, reference to an Article, Section or Exhibit is to an article, section or exhibit, respectively, of this Agreement;

(j) all dollar amounts are expressed in United States dollars and will be paid in cash (unless expressly stated herein to the contrary) in United States currency;

(k) when calculating a period of time, the day that is the initial reference day in calculating such period will be excluded and, if the last day of such period is not a Business Day, such period will end on the next day that is a Business Day;

(l) with respect to all dates and time periods in or referred to in this Agreement, time is of the essence;

(m) the phrase “the date hereof” means the date of this Agreement, as stated in the first paragraph hereof; and

(n) the Parties participated jointly in the negotiation and drafting of this Agreement and the documents relating hereto, and each Party was (or had ample opportunity to be) represented by legal counsel in connection with this Agreement and such other documents and each Party and each Party's counsel has reviewed and revised (or had ample opportunity to review and revise) this Agreement and such other documents; therefore, if an ambiguity or question of intent or interpretation arises, then this Agreement and such other documents will be construed as if drafted jointly by the Parties and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any of the terms hereof or thereof.

9.4 **Parties in Interest; No Third-Party Beneficiaries**. There is no third party beneficiary hereof and nothing in this Agreement (whether express or implied) will or is intended to confer any right or remedy under or by reason of this Agreement on any Person (including any Other Indemnified Person or any employee), except each Party and their respective permitted successors and assigns.

9.5 **Governing Law**. This Agreement will be construed and enforced in accordance with the substantive laws of the State of New York without reference to principles of conflicts of law.

9.6 **Jurisdiction, Venue and Waiver of Jury Trial**. EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE STATE OF NEW YORK, IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY ANCILLARY DOCUMENT AND TO THE RESPECTIVE COURT TO WHICH AN APPEAL OF THE DECISIONS OF ANY SUCH COURT MAY BE TAKEN, AND EACH PARTY AGREES NOT TO COMMENCE, OR COOPERATE IN OR ENCOURAGE THE COMMENCEMENT OF, ANY SUCH PROCEEDING, EXCEPT IN SUCH A COURT. EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE THEREIN OF SUCH A PROCEEDING. EACH PARTY HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF A COPY OF THE SUMMONS AND COMPLAINT, AND ANY OTHER PROCESS WITH RESPECT TO ANY SUCH PROCEEDING THAT MAY BE SERVED IN ANY SUCH PROCEEDING, BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, BY DELIVERING A COPY THEREOF TO SUCH PARTY AT ITS RESPECTIVE ADDRESS, BY THE REQUIREMENTS OF SECTION 9.1 OR BY ANY OTHER METHOD PROVIDED BY APPLICABLE LAW. EACH PARTY HEREBY AGREES THAT A FINAL JUDGMENT IN ANY SUCH PROCEEDING WILL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY JURISDICTION BY SUIT ON THE JUDGMENT OR BY ANY OTHER MANNER PROVIDED BY APPLICABLE LAW. EACH PARTY HEREBY EXPRESSLY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL IN ANY SUCH PROCEEDING.

9.7 **Entire Agreement; Amendment; Waiver**. This Agreement, including the Disclosure Schedule, constitutes the entire Agreement between the Parties pertaining to the subject matter herein and supersedes any other existing representation, warranty, covenant, or agreement of any Party regarding such subject matter, including the Right of First Refusal Agreement. No supplement, modification or amendment hereof will be binding unless expressed as such and executed in writing by each Party. Except to the extent as may otherwise be stated herein, no waiver of any term hereof will be binding unless expressed as such in a document executed by the Party making such waiver. No waiver of any term hereof will be a waiver of any other term hereof, whether or not similar, nor will any such waiver be a continuing waiver beyond its stated terms. Except to the extent as may otherwise be stated herein, failure to enforce strict compliance with any term hereof will not be a waiver of, or estoppel with respect to, any existing or subsequent failure to comply.

9.8 **Assignment; Binding Effect**. Neither this Agreement nor any right or obligation hereunder will be assigned, delegated or otherwise transferred (directly or indirectly, by operation of law

or otherwise) by either Party without the prior written consent of the other Party. This Agreement will be binding on and inure to the benefit of the respective permitted successors and assigns of the Parties. Any purported assignment, delegation or other transfer not permitted by this Section is void.

9.9 **Severability**. The terms of this Agreement will, where possible, be interpreted and enforced so as to sustain their legality and enforceability, read as if they cover only the specific situation to which they are being applied and enforced to the fullest extent permissible under Applicable Law. If any term of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced, then all other terms of this Agreement will nevertheless remain in full force and effect.

9.10 **Counterparts**. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

9.11 **Disclosure Schedule**. Certain information is contained in the Disclosure Schedule solely for informational purposes, may not be required to be disclosed pursuant hereto and will not imply that such information or any other information is required to be disclosed. Inclusion of such information will not establish any level of materiality or similar threshold or be an admission that any of such information is material to the Transferred Entities. Each matter disclosed in any section of the Disclosure Schedule in a manner that makes its relevance to one or more other sections of the Disclosure Schedule, representations or warranties reasonably apparent on the face of such disclosure will be deemed to have been appropriately included in each such other section of the Disclosure Schedule or with respect to each other such representation or warranty.

9.12 **Updated Disclosure Schedule**. From time to time on or before the Closing Date (but before Closing and subject to Section 9.11), Sellers may supplement or otherwise update the Disclosure Schedule with respect to any event, circumstance or change that would make any representation or warranty in Article 3 inaccurate if such representation or warranty were given at or immediately before Closing or as is otherwise necessary to correct any information in the Disclosure Schedule or in any representation or warranty of any Seller made in Article 3 on the date of this Agreement (the Disclosure Schedule, together with such supplements and updates, is the "Updated Disclosure Schedule").

(a) For purposes of determining the satisfaction of the conditions in Section 7.1(a), the Disclosure Schedule will only contain the items contained in the Disclosure Schedule upon this Agreement's execution and the Updated Disclosure Schedule will have no effect.

(b) For purposes of determining the presence of a breach of any representation or warranty made on the Closing Date for purposes of Article 8 and rights to indemnification, the Disclosure Schedule will not be deemed to contain each matter in the Updated Disclosure Schedule.

ARTICLE 10
CERTAIN DEFINITIONS

"Additional Closing Payment" is defined in Section 2.4.

"ADM" is defined in the first paragraph of this Agreement.

"ADM Directors" means Frederico Gorbea Quintero and Mark L. Kolkhorst with respect to Molinera; Frederico Gorbea Quintero and Mark L. Kolkhorst with respect to Gruma; and Mark L. Kolkhorst, Marschall I. Smith and Ray G. Young with respect to Valley Holding; and Frederico Gorbea Quintero and Mark L. Kolkhorst with respect to Valores.

"ADM Milling" is defined in the first paragraph of this Agreement.

"ADM Officers" means Mark L. Kolkhorst, Marschall I. Smith, Ray G. Young and Stuart E. Funderburg with respect to Valley Holding and Mark L. Kolkhorst with respect to Gruma-ADM.

"Affiliate" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such Person. For purposes of this definition, "control," "controlled by" and "under common control with," as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by Contract or otherwise.

"Agreement" is defined in the first paragraph of this Agreement.

"Ancillary Document" means the Gruma Local Equity Purchase Agreements, Molinera Local Equity Purchase Agreement, Consorcio Local Equity Purchase Agreement and Valores Mundiales Local Equity Purchase Agreement.

"Applicable Law" means any applicable provision of any constitution, treaty, statute, law (including the common law), rule, regulation, ordinance, code or order enacted, adopted, issued or promulgated by any Governmental Authority.

"Azteca Equity Interests" is defined in Section 3.2.

"Azteca Milling" is defined in Section 3.2.

"Beneficial Ownership" means, with respect to any shares of Gruma, the ability to control the voting and investment of such shares.

"Bio Productos" is defined in the first paragraph of this Agreement.

"Business Day" means any day, other than a Saturday or Sunday and other than a day that banks in the State of New York, United States of America, and in Mexico City, Mexico are generally authorized or required by Applicable Law to be closed.

"Buyer" is defined in the first paragraph of this Agreement.

"Call Option" means the options issued by each of ADM and Bio Productos substantially in the form of Exhibit B.

"Cap" is defined in Section 8.3(b).

"Claiming Party" is defined in Section 8.5(a).

"Closing" is defined in Section 6.1.

"Closing Date" is defined in Section 6.1.

"Code" means the Internal Revenue Code of 1986, as amended.

"Competition Law" means any Applicable Law in any jurisdiction that is applicable to the transactions contemplated herein that requires notification to, filing with or clearance or approval from, a Governmental Authority with respect to antitrust, competition, market concentration or any similar matter.

"Consorcio" is defined in Section 1.1(e).

"Consorcio Local Equity Purchase Agreement" is defined in Section 6.2(i).

"Contingent Period" is defined in Section 2.3(b).

"Contract" means any contract, agreement, purchase order, warranty or guarantee, license, use agreement, lease (whether for real estate, a capital lease, an operating lease or other), instrument or note, in each case that creates a legally binding obligation, and in each case whether oral or written.

"Cumulative Gain" is defined in Section 2.3(b)(3).

"Defense" means legal defense (which may include related counterclaims) reasonably conducted by reputable legal counsel of good standing selected with the consent of the Claiming Party (which consent will not be unreasonably withheld).

"Disclosure Schedule" means the disclosure schedule delivered and made a part of this Agreement on the date hereof, subject to Section 9.12.

"Effective Time" is defined in Section 6.1.

"Encumbrance" means any mortgage, pledge, security interest, charge, lien, option or other right to purchase, restriction or reservation or any other encumbrance whatsoever.

"Enforcement Limitation" means any applicable bankruptcy, reorganization, insolvency, moratorium or other similar Applicable Law affecting creditors' rights generally and principles governing the availability of equitable remedies.

"Equity Interests" is defined in the Recitals.

"Exercise Notice" means a notice whereby Buyer exercises the Call Options.

"Governmental Authority" means any: (a) nation, state, county, city, district or other similar jurisdiction of any nature; (b) national, provincial, state or local government; (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, commission, bureau, instrumentality, department, official, entity, court or tribunal); (d) multi-national organization or body; or (e) body entitled by Applicable Law to exercise any arbitrative, administrative, executive, judicial, legislative, police, regulatory or Taxing authority or power.

"Gruma" is defined in the first paragraph of this Agreement.

"Gruma Local Equity Purchase Agreements" is defined in Section 6.2(g).

"Gruma-ADM" is defined in Section 3.2.

"Hurdle Value" is defined in Section 2.3(c)(1).

"Income Tax" means any Tax (other than sales, use, stamp, duty, value-added, business, goods and services, property, transfer, recording, documentary, conveyancing or similar Tax) based upon or measured by gross or net receipts of gross or net income (including any Tax in the nature of minimum taxes, tax preference items and alternative minimum taxes) and including any Liability arising pursuant to the application of Treasury Regulation section 1.1502-6 or any similar provision of any Applicable Law regarding any Tax.

"Indemnifying Party" is defined in Section 8.5(a).

"Initial Claim Notice" is defined in Section 8.5(a).

"Knowledge" means the actual knowledge of Ray G. Young, Ronald S. Bandler and Stuart E. Funderburg.

"Liability" means any existing liability or obligation (which includes any obligation under any Contract).

"Loss" means any loss, fine, interest, penalty, assessment, cost or expense (including reasonable attorneys' fees or expenses), damage or any other Liability.

"Materiality Qualifier" means a qualification to a representation or warranty by use of the word "material," "materially" or other variations of the root word "material."

"Molinera" is defined in Section 1.1(c).

"Molinera Local Equity Purchase Agreement" is defined in Section 6.2(h).

"MXN" means Mexican pesos.

"MXN Exchange Rate" means the exchange rate expressed in MXN per USD 1.00, using the exchange rate quoted by the *Wall Street Journal* on a given date.

"Order" means any order, writ, injunction, decree, judgment, award or determination, that is exclusive to the applicable Person, of or from any Governmental Authority.

"Ordinary Course of Business" means the ordinary and usual course of normal day-to-day operations of the Transferred Entities, consistent with past practice.

"Organizational Document" means, for any Person: (a) the articles or certificate of incorporation, formation or organization (as applicable) and the by-laws or similar governing document of such Person; (b) any limited liability company agreement, partnership agreement, operating agreement, shareholder agreement, voting agreement, voting trust agreement or similar document of or regarding such Person; (c) any other charter or similar document adopted or filed in connection with the incorporation, formation, organization or governance of such Person; or (d) any amendment to any of the foregoing.

"Other Indemnified Person" means, for any Person, such Person's Affiliates and each of such Person's and each of such Affiliate's stockholders, officers, directors, partners, members, governors, managers, and permitted successors and assigns.

"Party" means any Seller or Buyer.

"Permit" means any license, permit or registration from a Governmental Authority.

"Person" means any individual, partnership, corporation, limited liability company, association, joint stock company, trustee or trust, joint venture, unincorporated organization or any other business entity or association or any Government Authority.

"Proceeding" means any action, arbitration, audit, litigation, proceeding or suit (whether civil, criminal or administrative), in each case that is commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Authority.

"Purchase Price" is defined in Section 2.1.

"RFB" is defined in Section 7.2(g).

"Right of First Refusal Agreement" is defined in the Recitals.

"Seller" is defined in the first paragraph of this Agreement.

"Settlement Agreement" means the Settlement Agreement and Release entered into by and between ADM and Mr. Fernando Gerardo Chico Pardo, a resident of Mexico, dated December 10, 2012.

"Tax" means any national, provincial, state or local income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under section 59A of the Code), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated or other tax of any kind whatsoever, including any interest, fine, penalty or similar addition thereto, whether disputed or not.

"Tax Benefit" is defined in Section 8.6(a).

"Tax Return" means any return, declaration, report, filing, claim for refund or information return or statement relating to any Tax, including any schedule or attachment thereto and including any amendment thereof.

"Third Party Claim" is defined in Section 8.5(a).

"Threatened" means, with respect to any matter, that a demand, notice or statement has been made or given, in writing, that states that such matter is being or will be asserted, commenced, taken or otherwise pursued.

"Transfer Tax" means any sales, use, value-added, business, goods and services, transfer (including any stamp duty or other similar tax chargeable in respect of any instrument transferring property), documentary, conveyancing or similar tax or expense or any recording fee, in each case that is imposed as a result of any transaction contemplated herein, together with any penalty, interest and addition to any such item with respect to such item.

"Transferred Entities" is defined in the Recitals.

"Trust" is defined in the Recitals.

"Updated Disclosure Schedule" is defined in Section 9.12.

"USD" means United States dollars.

"Valley Holding" is defined in the Recitals.

"Valores" is defined in Section 1.1(b).

"Valores Mundiales" is defined in Section 1.1(f).

"Valores Mundiales Local Equity Purchase Agreement" is defined in Section 6.2(j).

* * * * *

[Signature Page Follows]

IN WITNESS WHEREOF, each Party has executed this Equity Purchase Agreement effective as of the date first written above.

GRUMA, S.A.B. DE C.V.

By: /s/ Raul Cavazos
Its: Attorney-in-Fact

GRUMA, S.A.B. DE C.V.

By: /s/ Salvador Vargas
Its: Attorney in Fact

SELLERS:

ARCHER-DANIELS-MIDLAND COMPANY

By: [Illegible Signature]
Its: Chief Financial Officer

ADM MILLING CO.

By: [Illegible Signature]
Its: Treasurer

ADM BIO PRODUCTOS, S.A. DE C.V.

By: [Illegible Signature]
Its: Attorney in Fact

EXHIBIT A

Transferred Entities

Transferred Entity	Seller	Equity Interests
Gruma, S.A.B. de C.V.	Archer-Daniels-Midland Company ADM Bio Productos, S.A. de C.V.	103,704,353 Series "B", Class I shares 2,630,716 Series "B", Class I shares
Valley Holding, Inc.	ADM Milling Co.	1,000 shares of Common Stock
Molinera de Mexico, S.A. de C.V.	ADM Bio Productos, S.A. de C.V.	25,000 Series "A" shares 338,893,831 Series "B" shares
Consorcio Andino, S.L.	Archer-Daniels-Midland Company	300 units numbered 5,701 to 6,000, both inclusive, each with a par value of €10
Valores Mundiales, S.L.	Archer-Daniels-Midland Company	25,797 units numbered 834,092 to 859,888, both inclusive, each with a par value of €10
Valores Azteca, S.A. de C.V.	Archer-Daniels-Midland Company	3,857,175 Series "A" shares

EXHIBIT 2.2

Allocation of Purchase Price

Entity	Purchase Price
Gruma, S.A.B. de C.V.	USD$303,800,000, plus up to $48,700,000 of contingent consideration
Valores Azteca S.A.	USD$70,200,000, plus up to $11,300,000 of contingent consideration
Valley Holding, Inc.	USD$50,000,000
Molinera de Mexico, S.A. de C.V.	USD$18,000,000
Consorcio Andino, S.L.	USD$1,500,000
Valores Mundiales, S.L.	USD$6,500,000
TOTAL	**USD$450,000,000, plus up to $60,000,000 of contingent consideration**

EXHIBIT 6.2(g)

Form Local Equity Purchase Agreement

See attached.

EXHIBIT B

Form Call Option

See attached.

DISCLOSURE SCHEDULE

Section 3.1

ADM is a corporation organized under the laws of the State of Delaware

ADM Milling is a corporation organized under the laws of the State of Minnesota

Bio Productos is a corporation organized under the laws of Mexico

Valley Holding is a corporation organized under the laws of the State of Delaware

Section 3.2

Seller	Equity Interests
Archer-Daniels-Midland Company	103,704,353 Series "B", Class I shares of Gruma, S.A.B. de C.V. 300 units numbered 5,701 to 6,000, both inclusive, each with a par value of €10 of Consorcio Andino, S.L. 25,797 units numbered 834,092 to 859,888, both inclusive, each with a par value of €10 of Valores Mundiales, S.L. 3,857,175 Series "A" shares of Valores Azteca, S.A. de C.V.
ADM Milling Co.	1,000 shares of Common Stock of Valley Holding, Inc.
ADM Bio Productos, S.A. de C.V.	2,630,716 Series "B", Class I shares of Gruma, S.A.B. de C.V. 25,000 Series "A" shares of Molinera de Mexico, S.A. de C.V. 338,893,831 Series "B" shares of Molinera de Mexico, S.A. de C.V.

Section 3.5

Valley Holding has a deferred tax liability of $10,881,162.

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Exhibit 8

List of Principal Subsidiaries
of
Gruma, S.A.B. de C.V.

Subsidiary	Jurisdiction of Incorporation
Gruma Corporation	Nevada, United States
Azteca Milling, L.P.	Texas, United States
Compañía Nacional Almacenadora, S.A. de. C.V.	Mexico
Molinos Nacionales C.A. (Monaca)	Venezuela

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Exhibit 12(a)(1)

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. §1350)

I, Juan Antonio González Moreno, certify that:

1. I have reviewed this Annual Report on Form 20-F of Gruma, S.A.B. de C.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2013

s/s Juan Antonio González Moreno
Name: Juan Antonio González Moreno
Title: Chief Executive Officer

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Exhibit 12(a)(2)

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. §1350)

I, Juan Antonio Quiroga García, certify that:

1. I have reviewed this Annual Report on Form 20-F of Gruma, S.A.B. de C.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2013

s/s Juan Antonio Quiroga García
Name: Juan Antonio Quiroga García
Title: Chief Corporate Officer

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Exhibit 13

Officer Certifications
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Gruma, S.A.B. de C.V., a *sociedad anónima bursátil de capital variable* organized under the laws of Mexico (the "Company"), does hereby certify to such officer's knowledge that:

The annual report on Form 20-F for the fiscal year ended December 31, 2012 (the "Form 20-F") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 30, 2013

s/s Juan Antonio González Moreno
Name: Juan Antonio González Moreno
Title: Chief Executive Officer

Date: April 30, 2013

s/s Juan Antonio Quiroga García
Name: Juan Antonio Quiroga García
Title: Chief Corporate Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.