



July 24, 2008

Dear Members of the Board:

During the second quarter of 2008 began the formal integration of our Herdez Del Fuerte association and the most important achievements were: the billing process through a single entity beginning on June 2nd, the closure of six distribution centers, and an integral organizational structure in the areas of Sales and Logistics, among other activities.

In recent months we have created supply and distribution synergies, slightly offsetting the pressures on production costs. These savings will increase as the Herdez Del Fuerte integration moves forward.

Net sales during the April-June period recorded a favorable performance reaching \$1.7 billion, an increase of 12.5% driven by good performance in all categories.

The consolidation of the Herdez Del Fuerte operation generated proportionately lower expenses that partly offset gross margin erosion.

Thus, operating income increased 9.3% from \$207.3 to \$226.5 million, despite a slight decline in the operating margin. Similarly, EBITDA increased from \$238.2 to \$253.8 million during the period.

Regarding other issues, the Company registered \$22.6 million one-time charges derived mostly from the sales structure integration -as part of the originally expected synergies- affecting the quarter's net income, which totaled \$91.5 million or a 4.9% increase.

During the first half of the year, sales grew 10.5% reaching \$3.3 billion. The reduction in operating expenses could not completely compensate the adverse effects in the cost

of sales, causing a 3.0% and 4.7% decrease in operating income and EBITDA, respectively.

Net income totaled \$372.8 million, incorporating the \$195.6 million extraordinary gain recorded in the first quarter of 2008.

Regarding the Company's financial situation, bank debt less available cash was \$1.08 billion, representing 1.1 times consolidated EBITDA, a reasonable leveraging after having paid \$324 million pesos in dividends in the second quarter.

We have high expectations for the mid-term observed in the Herdez Del Fuerte integration; but referring myself to the immediate future of the Group, it will be a great challenge to maintain the good performance in sales during the second half of the year. Our efforts will be directed towards achieving a robust pricing policy and capturing the originally planned synergies in the following quarters.

Sincerely,

Hector Hernandez-Pons Torres  
President and CEO