



February 26, 2009.

Dear Members of the Board:

With no doubt 2008 was a year filled with economic challenges and unprecedented volatility in the financial system globally. The volatility in the price of inputs and the real variables of the economy was present throughout the year and increased uncertainty about future global economic performance.

In this challenging situation, Grupo Herdez achieved outstanding results due to the strength of our brands, the capitalization of synergies in Herdez Del Fuerte, and a prudent financial and operational administration.

During the fourth quarter of 2008, Grupo Herdez's sales totaled \$2.2 billion, increasing 18.3 percent versus the previous year, standing out the domestic sales of: mayonnaise, tomato puree, tuna, mole sauces, ketchup and homemade sauces, among others.

The company recorded a charge of \$ 49.4 million in the cost of sales as a result of the loss in financial instruments to cover the cost of raw materials, corresponding to the open positions held at December 31, 2008. Due to this, the gross profit only increased 3.8 percent.

Derived from this item, operating income and EBITDA decreased 15.7 and 12.3 percent respectively. Net income for the period October-December 2008 totaled \$109.4 million, 36.2% more than the amount recorded in 2007 which included a charge for discontinued operations.

In 2008, the Company's sales amounted \$7,247.2 million, 12% higher than the sales recorded in 2007 - a new record --

The cost of sales was affected by pressure on raw materials' prices throughout the year, as well as by the strengthening of the U.S. dollar over recent months, resulting in a gross profit increase of only 3.5 percent.

Operating income decreased slightly, from \$885.1 to \$863.2 million, while EBITDA fell 2.7 percent to \$976.9 million. Both figures were affected by the detriment in the commodities hedging instruments position mentioned earlier.

From the second half of the year, non-recurring expenses related to the Herdez Del Fuerte integration were offset by the recognition of an extraordinary gain derived from the contribution of the shares of several companies to the creation of the mentioned joint venture. The sum of these items resulted in a \$157.5 million benefit, favoring annual net income, which reached \$582.5 million, 8.0% of net sales and 91 percent higher than that recorded in 2007.

Regarding the financial situation of the Company, bank loans less cash available at December 31, 2008 was \$1,072.5 million, \$51 million less than the balance at September 30, and slightly higher than the EBITDA for the year.

Over 95% of bank debt is denominated in pesos and more than 60% has maturities of more than 18 months. The Group has enough credit lines to meet its financial needs for the coming years.

It is particularly important to mention that the return to shareholders, without considering the non-recurring gains, was 19.2% compared to 15.5% in 2007. For its part, the return on capital employed before taxes decreased from 24.1 to 21.6% due to a greater use of capital.

Of the three targets settled in 2008: the successful integration of Herdez Del Fuerte, efficient risk management in commodities and an effective pricing policy, I can say that we met the three objectives satisfactorily.

In this current year, we will continue with the operational integration of Herdez Del Fuerte, concentrating our efforts on increasing the efficiency of the supply chain to maintain the continuous improvement of service levels and reduce working capital requirements.

At the same time we will initiate the construction of a new, modern distribution center in the State of Mexico.

In 2009, capital investment in the companies of the Group will amount over \$600 million.

Despite the adverse economic environment, we see the future with optimism, looking for opportunities to capitalize on our consumers' preference, the trust of our customers and the talent of our people.

Sincerely,
Hector Hernandez-Pons Torres
President and CEO