OFFERING MEMORANDUM

GRUPO BIMBO S.A.B. de C.V.

U.S.$800,000,000 3.875% Notes due 2024
U.S.$500,000,000 4.875% Notes due 2044
Guaranteed by Bimbo, S.A. de C.V., Barcel, S.A. de C.V. and Bimbo Bakeries USA, Inc.

We are offering U.S.$800,000,000 aggregate principal amount of our 3.875% notes due 2024, or the 2024 notes, and U.S.$500,000,000 aggregate principal amount of our 4.875% notes due 2044, or the 2044 notes and, together with the 2024 notes, the notes. Interest on the 2024 notes will accrue at a rate of 3.875% per year. Interest on the 2044 notes will accrue at a rate of 4.875% per year. We will pay interest on each series of notes semi-annually in arrears on June 27 and December 27 of each year, commencing on December 27, 2014. The 2024 notes will mature on June 27, 2024. The 2044 notes will mature on June 27, 2044.

The notes will be our senior obligations and will be guaranteed by certain of our subsidiaries. The notes will rank at least *pari passu* in right of payment with all of our unsecured and unsubordinated debt, and the guarantees will rank at least *pari passu* in right of payment with all unsecured and unsubordinated debt of each subsidiary guarantor (in each case, subject to any priority rights pursuant to applicable law).

We may redeem the notes of any series, in whole or in part, at any time at a redemption price equal to the greater of par and a make-whole amount described herein. See "Description of the Notes—Optional Redemption—Optional Redemption." In addition, we may redeem the notes of any series, in whole but not in part, at 100% of their principal amount plus accrued interest and additional amounts, if any, upon the occurrence of specified events relating to Mexican tax law, all as described under "Description of the Notes—Optional Redemption—Redemption for Taxation Reasons." In addition, if we experience a Change of Control (as defined in the indenture governing the notes), we must offer to repurchase both series of notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any. See "Description of the Notes—Repurchase at the Option of Holders Upon a Change of Control."

This document constitutes the listing particulars, or the Listing Particulars, in respect of the admission of the notes to the Official List and to trading on the Global Exchange Market of the Irish Stock Exchange.

Application has been made to the Irish Stock Exchange for the approval of this document as Listing Particulars. Application has been made to the Irish Stock Exchange for the notes to be admitted to the Official List and trading on the Global Exchange Market, which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC.

Investing in the notes involves significant risks. See "Risk Factors" beginning on page 17 for a discussion of certain information that you should consider before investing in the notes.

Price per 2024 note: 99.590% plus accrued interest, if any, from June 27, 2014.
Price per 2044 note: 98.205% plus accrued interest, if any, from June 27, 2014.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE NATIONAL SECURITIES REGISTRY (*REGISTRO NACIONAL DE VALORES*) MAINTAINED BY THE MEXICAN NATIONAL BANKING AND SECURITIES COMMISSION (*COMISIÓN NACIONAL BANCARIA Y DE VALORES*, OR CNBV), AND MAY NOT BE OFFERED OR SOLD PUBLICLY, OR OTHERWISE BE THE SUBJECT OF BROKERAGE ACTIVITIES IN MEXICO, EXCEPT PURSUANT TO AN EXEMPTION UNDER ARTICLE 8 OF THE MEXICAN SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*). WE WILL NOTIFY THE CNBV OF THE TERMS AND CONDITIONS OF THIS OFFERING FOR INFORMATIONAL AND STATISTICAL PURPOSES ONLY, AND DELIVERY OR RECEIPT OF SUCH NOTICE DOES NOT CONSTITUTE OR IMPLY A CERTIFICATION AS TO THE INVESTMENT QUALITY OF THE NOTES OR OF OUR SOLVENCY, LIQUIDITY OR CREDIT QUALITY OR THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH HEREIN. THIS OFFERING MEMORANDUM IS SOLELY OUR RESPONSIBILITY AND HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE CNBV. IN MAKING AN INVESTMENT DECISION, ALL INVESTORS, INCLUDING ANY MEXICAN INVESTOR, WHO MAY ACQUIRE NOTES FROM TIME TO TIME, MUST RELY ON THEIR OWN EXAMINATION OF GRUPO BIMBO, S.A.B. DE C.V. AND THE SUBSIDIARY GUARANTORS.

We have not registered the notes under the U.S. Securities Act of 1933, as amended, or the Securities Act, or under any state securities laws. Therefore, we may not offer or sell the notes within the United States to, or for the account or benefit of, any U.S. person unless the offer or sale would qualify for a registration exemption from the Securities Act and applicable state securities laws. Accordingly, we are only offering the notes (1) to qualified institutional buyers (as defined in Rule 144A under the Securities Act) and (2) to persons outside the United States in compliance with Regulation S under the Securities Act. See "Transfer Restrictions" for additional information about eligible offerees and transfer restrictions. The notes are not being offered to the public within the meaning of Directive 2003/71/EC of the European Union, and this offer is not subject to the obligation to publish a prospectus under that Directive.

The notes will be delivered to purchasers in book-entry form through The Depository Trust Company and its direct and indirect participants, including Clearstream Banking, société anonyme and Euroclear S.A./N.V., as operator of the Euroclear System, on or about June 27, 2014.

Joint Bookrunning and Joint Lead Managers

Citigroup	**HSBC**	**J.P. Morgan**	**Mitsubishi UFJ Securities**

The date of this offering memorandum is June 25, 2014.

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You should only rely on the information contained in this offering memorandum. We are responsible for the information contained in this offering memorandum. To the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this offering memorandum is true and accurate in all material respects and there are no other facts, the omission of which makes this offering memorandum misleading in any material respect. Neither we nor the initial purchasers have authorized anyone to provide you with different information, and neither we nor the initial purchasers take any responsibility for any other information that others may give to you. Neither we nor the initial purchasers are making an offer of the notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the cover of this offering memorandum regardless of time of delivery or any sale of the notes.

This offering memorandum is based on information provided by us and by other sources we believe to be reliable. This offering memorandum summarizes certain documents and other information, and we refer you to those sources for a more complete understanding of what we discuss in this offering memorandum. The initial purchasers assume no responsibility for, and make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum or any other information provided by our company. Nothing contained in this offering memorandum is, or shall be, relied upon as a promise or representation by the initial purchasers, whether as to the past or the future.

This offering memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any notes offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in our affairs or the affairs of our subsidiaries or that the information set forth in this offering memorandum is correct as of any date subsequent to the date of this offering memorandum.

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the notes. We reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the notes offered by this offering memorandum. Citigroup Global Markets Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC and Mitsubishi UFJ Securities (USA), Inc., will act as initial purchasers with respect to the offering of the notes. This offering memorandum is personal to you and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the notes. The proposed offering of the notes was authorized by our board of directors on January 23, 2014.

Distribution of this offering memorandum by you to any person other than those persons retained to advise you is unauthorized, and any disclosure of any of the contents of this offering memorandum without our prior written consent is prohibited.

You must (i) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the purchase, offer or sale of the notes, and (ii) obtain any required consent, approval or permission for the purchase, offer or sale by you of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we nor the initial purchasers or their respective agents have any responsibility therefor. See ''Transfer Restrictions'' for information concerning some of the transfer restrictions applicable to the notes.

By accepting this offering memorandum you acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum;
- you have not relied on the initial purchasers or their respective agents or any person affiliated with the initial purchasers or their respective agents in connection with your investigation of the accuracy of such information or your investment decision; and
- no person has been authorized to give any information or to make any representation concerning us or the notes other than those as set forth in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us, the initial purchasers or their respective agents.

In making an investment decision, you must rely on your own examination of our business and the terms of this offering, including the merits and risks involved. The notes have not been recommended by the Securities and Exchange Commission, or the SEC, or any state securities commission or the CNBV, or any other regulatory authority. Furthermore, these authorities have not confirmed the accuracy or determined the adequacy of this offering memorandum. Any representation to the contrary is a criminal offense. In connection with this offering, the initial purchasers may over-allot notes or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail. However, there is no assurance that the initial purchasers will undertake stabilization action at all. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the notes is made and, if begun, may discontinue at any time, but must end no later than 30 days after the issuance of the notes or 60 days after the date of the allotment of the notes.

We are relying on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. The notes may not be transferred or resold except as permitted under the Securities Act and related regulations and applicable state securities laws. In making your purchase, you will be deemed to have made certain acknowledgements, representations and agreements set forth in this offering memorandum under the caption ''Transfer Restrictions.'' You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

This offering memorandum may only be used for the purpose for which it has been published.

See "Risk Factors" for a description of certain factors relating to an investment in the notes, including information about our business. None of us, the initial purchasers or any of our or their representatives is making any representation to you regarding the legality of an investment by you under applicable legal investment or similar laws. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the notes. The notes will be available initially only in book-entry form. We expect that the notes offered and sold in the United States to qualified institutional buyers, or QIBs, in reliance upon Rule 144A under the Securities Act will be represented by beneficial interests in one or more permanent global notes in fully registered form without interest coupons, collectively, the Rule 144A notes. We expect that the notes offered and sold outside the United States to persons pursuant to Regulation S under the Securities Act will be represented by beneficial interests in one or more permanent global notes in fully registered form without interest coupons, collectively, the Regulation S notes and, together with the Rule 144A notes, the global notes. The global notes will be deposited with The Depository Trust Company. Notes will be issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. See "Description of the Notes" for further discussion of these matters.

Application has been made to the Irish Stock Exchange for the notes to be admitted to the Official List and trading on the Global Exchange Market, which is the exchange regulated market of the Irish Stock Exchange. We expect the total fees and expenses in connection with the admission of the notes to trading on the Global Exchange Market to be approximately €5,000.

We accept responsibility for the information contained in these Listing Particulars and confirm that, to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the notes and is not itself seeking admission of the notes to the Official List of the Irish Stock Exchange or to trading on the Global Exchange Market of the Irish Stock Exchange.

This document is only being distributed and is only directed (i) to persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (or the FSMA) (Financial Promotion) Order 2005, or the Order, or (iii) to high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as Relevant Persons). The notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

To the extent that the offer of the notes is made in any European Economic Area, or EEA, member state that has implemented Directive 2003/71/EC, or the Prospectus Directive (together with any applicable implementing measures in any member state), before the date of publication of a prospectus in relation to the notes that has been approved by the competent authority in that member state in accordance with the Prospectus Directive (or, where appropriate, published in accordance with the Prospectus Directive and notified to the competent authority in that member state in accordance with the Prospectus Directive), the offer (including any offer pursuant to this document) is only addressed to qualified investors in that member state within the meaning of the Prospectus Directive or has been or will be made otherwise in circumstances that do not require us to publish a prospectus pursuant to the Prospectus Directive.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY

PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

MARKET AND INDUSTRY INFORMATION

Statements in this offering memorandum with respect to market and other industry data are based on statistics and other information from independent industry publications and reports by research firms or other published independent sources, as well as our own internal studies derived from our review of internal surveys and other independent sources, such as The Datamonitor Group, or Datamonitor; The Nielsen Company, or Nielsen; SymphonyIRI Group, or Symphony; and IBISWorld Inc., or IBISWorld; as well as our internal studies. As far as we are aware and are able to ascertain from such sources, no facts have been omitted which would render such information inaccurate or misleading. Although we believe that we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by us, the initial purchasers or our respective advisors and therefore we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the jurisdictions specified.

In addition, we have based certain statements contained in this offering memorandum regarding our industry and our position in the industry on certain assumptions concerning our customers and competitors. These assumptions are based on our experience in the industry, conversations with our principal vendors and our own investigation of market conditions. We cannot assure you as to the accuracy of any such assumptions, and such assumptions may not be indicative of our positions in our industry.

TRADEMARKS, SERVICE MARKS AND TRADE NAMES

We own or have rights to various trademarks used in our business, including Bimbo, Oroweat, Arnold, Brownberry, Marinela, Thomas', Barcel, Sara Lee, Entenmann's, Ricolino, Tía Rosa, Pullman, Stroehmann, Mrs. Baird's, Fargo, Freihofer's, Wonder, Vero, Nutrella, Plus Vita, El Globo, Milpa Real, Lara, Coronado, Earthgrains, Maiers, Ana María, Gabi, La Corona, Del Hogar, Holsum, Heiners, Rainbo, Sunbeam, D'Italiano, Colonial, Firenze, San Luis Sourdough, Saníssimo, Lonchibon, Chick's, Ball Pack, Monarca, Cena, Sunmaid, Laura, Europa, Tradição, Fuchs, Mamá Inés, Los Sorchantes, El Maestro Cubano, Dempster's, Villagio, POM, Bon Matin and Ben's, among others. We do not intend our use or display of other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

ENFORCEABILITY OF CIVIL LIABILITIES

We and certain of our subsidiary guarantors are companies organized and existing under the laws of the United Mexican States, or Mexico. Most of our directors and officers, and most directors and officers of certain of the subsidiary guarantors, reside outside of the United States. A significant portion of our assets and the assets of certain of the subsidiary guarantors are located, and a majority of our revenues and the revenues of certain of the subsidiary guarantors are derived from sources, outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or entities outside Mexico, as the case may be, or to enforce against such parties any judgment obtained in courts located outside of Mexico predicated on civil liabilities under the laws of jurisdictions other than Mexico, including judgments predicated on the civil liability provisions of the U.S. federal securities laws or other laws of the United States.

We have been advised by our Mexican counsel, Raz Guzmán, S.C., that no treaty exists between the United States and Mexico for the reciprocal enforcement of judgments issued in the other country. Generally, Mexican courts would enforce final judgments rendered in the United States if certain requirements are met, including the review in Mexico of the U.S. judgment to ascertain compliance with certain basic principles of due process and the non-violation of Mexican law or public policy, provided that U.S. courts would grant reciprocal treatment to Mexican judgments. Additionally, there is doubt as to the enforceability, in original actions in Mexican courts, of liabilities predicated, in whole or in part, on U.S. federal securities laws and as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions predicated on the civil liability provisions of U.S. federal securities laws. See ‘‘Risk Factors.’’

In the event that proceedings are brought in Mexico seeking to enforce our or our subsidiary guarantors' obligations in respect of the notes, we would not be required to discharge such obligations in a currency other than the Mexican peso. Pursuant to Mexican law, an obligation in a currency other than the Mexican peso, which is payable in Mexico, may be satisfied in Mexican currency at the rate of exchange in effect on the date on which payment is made. Such rate of exchange is currently determined by the Mexican Central Bank (*Banco de México*) each business day in Mexico and published the following banking-business day in the Mexican Federal Official Gazette (*Diario Oficial de la Federación*).

In connection with the issuance of the notes, we have appointed CT Corporation System as our authorized agent upon whom process may be served in connection with any action instituted in any United States federal or state court having subject matter jurisdiction in the Borough of Manhattan in New York arising out of or based upon the indenture governing the notes, the notes or the guarantees of the subsidiary guarantors. See ‘‘Description of the Notes.’’

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum contains statements that constitute estimates and forward-looking statements, including but not limited to the sections "Summary," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." These statements appear in a number of places in this offering memorandum and include statements regarding our intent, belief or current expectations, and those of our officers, with respect to (among other things) our financial condition. Our estimates and forward-looking statements are based mainly on current expectations and estimates of future events and trends, which affect, or may affect, our business, financial condition and results of operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are based on information currently available to us.

Our estimates and forward-looking statements, as well as our actual results and financial condition, may be influenced by, among others, the following factors:

- our ability to integrate our recent or future acquisitions and strategic alliances and benefit from synergies or expected synergies;
- costs, difficulties, uncertainties and regulations related to mergers, acquisitions, strategic alliances or joint ventures;
- competition and loss of market share;
- any damage to the public's perception of our brands;
- our ability to implement our strategy;
- the performance of our retailer customers and any preference they give to their own products or those of our competitors;
- disruption of our supply chain;
- changes in consumer preferences;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- the buying power of our customers;
- increases in commodity or other raw material costs;
- the failure of our suppliers to perform in a timely manner;
- health and product liability risks related to the food industry;
- trade barriers;
- governmental actions, including health and nutritional regulations, the imposition of price controls over our products, exchange rate controls or changes in tax regulations;
- risks inherent in international operations;
- deterioration of labor relations with our associates or increases in labor costs;
- loss of key personnel;
- loss of important clients;
- interruptions or failures in our information technology systems;
- increases in our operating costs or our inability to meet efficiency or cost reduction objectives;
- possible disruptions to commercial activities due to natural and human-induced disasters, including health epidemics, weather conditions, terrorist activities and armed conflict;
- limitation on our access to sources of financing on competitive terms and compliance with covenants; and
- other factors, some of which are described under "Risk Factors" and elsewhere in this offering memorandum.

The words ‘‘believe,’’ ‘‘may,’’ ‘‘may have,’’ ‘‘would,’’ ‘‘estimate,’’ ‘‘continue,’’ ‘‘anticipate,’’ ‘‘intend’’ and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements refer only to the date when they were made, and neither we nor the initial purchasers undertake any obligation to update or review any estimate or forward-looking statement whether as a result of new information, future events or any other factors. Estimates and forward-looking statements involve risks and uncertainties and do not guarantee future performance, as actual results or developments may be substantially different from the expectations described in the forward-looking statements. In light of the risks and uncertainties described above, the events referred to in the estimates and forward-looking statements included in this offering memorandum may or may not occur, and our business performance, financial condition and results of operations may differ materially from those expressed in our estimates and forward-looking statements, due to factors that include but are not limited to those mentioned above. Investors are warned not to place undue reliance on any estimates or forward-looking statements in making decisions regarding investment in the notes.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Statements

This offering memorandum includes (i) our audited consolidated financial statements as of and for the years ended December 31, 2013, 2012 and 2011, or the audited consolidated financial statements, and (ii) our unaudited condensed consolidated interim statements of financial position as of the three months ended March 31, 2014 and the year ended December 31, 2013, and our unaudited condensed consolidated interim statements of income for the three months ended March 31, 2014 and 2013, or the unaudited condensed consolidated interim financial statements, all of which are stated in Mexican pesos.

Our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements include information of our subsidiary guarantors and our non-guarantor subsidiaries.

Pursuant to the General Provisions Applicable to Securities Issuers and Other Participants in the Securities Market (*Disposiciones de Carácter General Aplicables a las Emisoras de Valores y a Otros Participantes del Mercado de Valores*), beginning with the year ended December 31, 2012, Mexican companies with securities listed on a Mexican securities exchange, including Grupo Bimbo, have been required to prepare and present financial information in accordance with International Financing Reporting Standards, or IFRS, as adopted by the International Accounting Standards Board. Accordingly, our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS, which differ in certain significant respects from accounting principles generally accepted in the United States, or U.S. GAAP.

Non-IFRS Financial Measures

This offering memorandum contains financial measures that are not in accordance with financial reporting standards, which we refer to as non-IFRS measures, primarily EBITDA and net debt. We define EBITDA as operating income plus depreciation, amortization, impairment and provision for multi-employer pension plans, or MEPPs, and other non-cash items. Our management uses this measure as an indicator of our operating results and financial condition; however, you should not consider it in isolation, as an alternative to net income, as an indicator of our operating performance or as a substitute for analysis of our results as reported under IFRS, since, among others:

- it does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect our interest expense; and
- it does not reflect any cash income taxes we may be required to pay.

Our management believes that, for comparison purposes with other companies, EBITDA can be useful as an objective and comparable measure of operating profitability because it excludes those elements of earnings that may not consistently provide information about the current and ongoing operations of our existing businesses. Although our calculation of EBITDA may not be comparable to calculations of similarly titled measures used by other companies, our management believes that disclosure of EBITDA can provide useful information to investors in their evaluation of our operating performance.

We define net debt as long-term debt (including the current portion) minus cash and cash equivalents. Debt levels vary in significance between companies. Thus, for comparison purposes, our management believes that net debt can be useful as an objective and comparable measure of our liquidity because it recognizes the net cash position of our current operations.

Currency

Unless otherwise specified, references herein to "U.S. dollars," "dollars" or "U.S.$" are to United States dollars, the legal currency of the United States; references to "Mexican peso," "peso," "pesos" or "Ps." are to the Mexican peso, the legal currency of Mexico; and references to "Canadian dollars" or "C$" are to Canadian dollars, the legal currency of Canada.

This offering memorandum contains translations of various peso and Canadian dollar amounts, respectively, into U.S. dollars at specified rates solely for the convenience of the reader. You should understand these translations are not representations that the peso or Canadian dollar amounts, as the case may be, actually represent these U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, we have translated Mexican peso amounts for the year ended December 31, 2013 and the three months ended March 31, 2014 in the sections entitled ''Summary Consolidated Financial and Other Information,'' ''Selected Consolidated Financial and Other Information'' and ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' in this offering memorandum at the exchange rate of Ps.13.06 to U.S.$1.00, which was the exchange rate published by the Board of Governors of the Federal Reserve System, as certified by the Federal Reserve Bank of New York, expressed in pesos per U.S. dollar on March 31, 2014. Unless otherwise indicated, we have translated Canadian dollar amounts for the year ended December 31, 2013 in the sections entitled ''Business—Recent Developments'' and ''Summary—Recent Developments'' in this offering memorandum at the exchange rate of C$1.06 to U.S.$1.00, which was the exchange rate published by the Board of Governors of the Federal Reserve System, as certified by the Federal Reserve Bank of New York, expressed in Canadian Dollars per U.S. dollar on December 31, 2013.

Rounding

Certain figures included in this offering memorandum have been rounded for ease of presentation. Percentage figures included in this offering memorandum have not, in all cases, been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this offering memorandum may vary from those obtained by performing the same calculations using the figures in our 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.

Consolidation

Unless otherwise indicated, consolidated numbers included in this offering memorandum derived from our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements, are presented after giving effect to intercompany eliminations. For this reason, figures shown as consolidated in some tables may not be an arithmetic aggregation of the figures that preceded them.

SUMMARY

This summary highlights selected information described in greater detail elsewhere in this document. It does not contain all of the information that may be important to you. This offering memorandum describes the terms of the offering, as well as information regarding our business and detailed financial information. You should read the entire offering memorandum carefully, including the risk factors and financial statements. The terms "Grupo Bimbo," "our company," "we," "us," and "our" in this offering memorandum refer to Grupo Bimbo, S.A.B. de C.V. together with its subsidiaries on a consolidated basis except as otherwise specified.

Overview

We are the largest baking company in the world and one of the largest consumer food companies in the Americas. We operate in 21 countries, including the United States, Mexico, Canada, most of Latin America, Spain and, to a lesser extent, Portugal, China and the United Kingdom. We produce a diversified portfolio of over 10,000 products and more than 100 renowned brands, including Bimbo, Oroweat, Arnold, Marinela, Thomas', Barcel, Sara Lee, Entenmann's, Ricolino, Tía Rosa, Pullman, Rainbo, Nutrella, Dempster's, POM and New York Bakery Co. We produce, distribute and market a wide variety of baked goods in every category, including fresh and frozen bread, rolls, cakes and pastries; fresh cookies, crackers, morning goods, pretzels and tortillas, as well as salted snacks, confectionary goods and packaged foods. Through brand development, fresh and quality products and continuous innovation, we have established a leading market share in bakery products in the United States, Mexico, Canada, most of the Latin American countries in which we operate and Spain. In 2013, our banner label and company name, Bimbo, was named the seventh strongest food brand in the world by Kantar World Panel. According to Datamonitor and our own market research, as of 2013, we were the number one or number two market participant in our primary markets (the United States, Mexico, Canada, Latin America, and Spain) in each of the fresh and frozen bread and rolls, cakes and pastries and morning goods categories, and one of the leading participants in the cookies, salted snacks, crackers, confectionery goods and tortillas categories. Our shares are publicly traded in Mexico and listed on the Mexican Stock Exchange under the ticker symbol "BIMBO." As of March 31, 2014, our market capitalization was Ps.166 billion (U.S.$13 billion).

Since our formation in 1945, we have expanded broadly through organic growth as well as acquisitions and have experienced significant growth in our business over recent years. From 2008 to 2013, our EBITDA increased from Ps.9,829 million to Ps.17,326 million at a compounded annual growth rate (in nominal terms), or CAGR, of 12.0%. Also, from 2008 to 2013, our net sales grew at a CAGR of 16.4%, fueled by a CAGR of 34.6% in the United States, 5.9% in Mexico and 14.0% in Latin America. We became the largest packaged bread market participant in the United States following the acquisitions of Weston Foods Inc., or WFI, in 2009 and Earthgrains, Sara Lee Corporation's North American fresh bakery business, in 2011. Also in 2011, we accessed the European market with our acquisition of Sara Lee's bakery business in Europe. On May 23, 2014, we entered the Canadian and United Kingdom markets with our acquisition of Canada Bread, Inc., or Canada Bread, producer of Dempster's, the leading bread brand in Canada. With these acquisitions, accompanied by our organic growth in Mexico and Latin America, driven mainly by market penetration and product innovation, we have consolidated our position as the largest global baking company.

Currently, we operate 169 plants worldwide. To ensure the freshness and quality of our products, we have developed an extensive direct-distribution network, which fields one of the largest sales fleets in the Americas. As of March 31, 2014, our direct-distribution network consisted of approximately 53,000 distribution routes, spread across more than 1,500 distribution centers and reaching more than two million points of sale.

For the year ended December 31, 2013, we reported net sales and EBITDA of Ps.176,041 million (U.S.$13,479 million) and Ps.17,326 million (U.S.$1,327 million), respectively. For this period, our operations in the United States accounted for 45.3% and 33.5% of our net sales and EBITDA, respectively, and our operations in Mexico accounted for 41.6% and 66.7% of our net sales and EBITDA, respectively.

For the three months ended March 31, 2014, we reported net sales and EBITDA of Ps.41,979 million (U.S.$3,214 million) and Ps.2,972 million (U.S.$228 million), respectively. For this period, our operations in the United States accounted for 43.9% and 27.0% of our net sales and EBITDA, respectively, and our operations in Mexico accounted for 42.2% and 69.7% of our net sales and EBITDA, respectively.

For the year ended December 31, 2013, our pro-forma net sales and EBITDA (assuming that our acquisition of Canada Bread occurred on the first day of such year) were Ps.193,955 million (U.S.$14,851 million) and Ps.19,494 million (U.S.$1,493 million), respectively.

The tables below show our pro-forma net sales and EBITDA per region for the year ended December 31, 2013 (assuming that our acquisition of Canada Bread occurred on the first day of such year).

Net Sales

	Year Ended December 31, 2013		
Region	**(in millions of U.S.$.)[1]**	**(in millions of Ps.)**	**Percentage**
United States	$ 6,108	79,767	41.1%
Mexico[2]	$ 5,603	73,179	37.7%
Canada[3]	$ 1,372	17,914	9.2%
Latin America	$ 1,671	21,822	11.3%
Europe	$ 408	5,323	2.7%
Consolidated[4]	**$14,851**	**193,955**	**100%**

EBITDA

	Year Ended December 31, 2013		
Region[5]	**(in millions of U.S.$.)[1]**	**(in millions of Ps.)**	**Percentage**
United States	$ 444	5,798	29.7%
Mexico[2]	$ 885	11,557	59.3%
Canada[3]	$ 166	2,168	11.1%
Latin America	$ 11	141	0.7%
Europe	$ (16)	(204)	(1.0)%
Consolidated[4]	**$1,493**	**19,494**	**100%**

(1) Translated to U.S. dollars for convenience only at the rate of Ps.13.06 per U.S.$1.00, the exchange rate reported on March 31, 2014 by the Board of Governors of the Federal Reserve System, as certified by the Federal Reserve Bank of New York. See "Exchange Rates."

(2) These figures include results from operations in Asia, which were not material.

(3) Translated from the original amount in Canadian dollars, for convenience only, first to U.S. dollars at the rate of C$1.06 per U.S.$1.00, the exchange rates reported on December 31, 2013 by the Board of Governors of the Federal Reserve System, as certified by the Federal Reserve Bank of New York; and then from U.S. dollars to Mexican pesos at the rate of Ps.13.06 per U.S.$1.00, the exchange rates reported on March 31, 2014 by the Board of Governors of the Federal Reserve System, as certified by the Federal Reserve Bank of New York. See "Exchange Rates."

(4) Consolidated figures include the effect of intercompany eliminations.

(5) Results by region do not include intercompany royalties.

For the year ended December 31, 2013,

- the aggregate EBITDA and net sales of our subsidiary guarantors (without giving effect to intercompany eliminations) was Ps.17,015 million (U.S.$1,303 million) and Ps.149,038 million (U.S.$11,412 million), respectively, or 98.2% and 84.7% of our consolidated EBITDA and consolidated net sales, respectively; and
- the aggregate EBITDA and net sales of our non-guarantor subsidiaries (without giving effect to intercompany eliminations) was Ps.277 million (U.S.$21 million) and Ps.31,053 million (U.S.$2,378 million), respectively, or 1.6% and 17.6% of our consolidated EBITDA and consolidated net sales, respectively.

As of December 31, 2013, the aggregate total assets of our subsidiary guarantors (without giving effect to intercompany eliminations) was Ps.96,445 million (U.S.$7,385 million) or 71.6% of our consolidated total assets, and the aggregate total assets of our non-guarantor subsidiaries (without giving effect to intercompany eliminations) was Ps.40,162 million (U.S.$3,075 million) or 29.8% of our consolidated total assets.

For the three-month period ended March 31, 2014,

- the aggregate EBITDA and net sales of our subsidiary guarantors (without giving effect to intercompany eliminations) was Ps.3,039 million (U.S.$233 million) and Ps.35,258 million (U.S.$2,700 million), respectively, or 102.3% and 84.0% of our consolidated EBITDA and consolidated net sales, respectively; and
- the aggregate EBITDA and net sales of our non-guarantor subsidiaries (without giving effect to intercompany eliminations) was Ps.(68) million (U.S.$(5) million) and Ps.7,811 million (U.S.$598 million), respectively, or (2.3)% and 18.6% of our consolidated EBITDA and consolidated net sales, respectively.

As of March 31, 2014, the aggregate total assets of our subsidiary guarantors (without giving effect to intercompany eliminations) was Ps.94,251 million (U.S.$7,217 million), or 70.2% of our consolidated total assets, and the aggregate total assets of our non-guarantor subsidiaries (without giving effect to intercompany eliminations) was Ps.41,878 million (U.S.$3,207 million), or 31.2% of our consolidated total assets.

Our Strengths

We have grown rapidly over the last five years, and we believe our business strengths will allow us to continue to grow and successfully fulfill our strategy:

- *Leading Market Position.* We are the largest baking company in the world and one of the largest food companies in the Americas, with a diversified portfolio of approximately 10,000 products and more than 100 renowned brands, which allows us to reach all of our market categories in most of the countries in which we operate. We have a leading position in established markets as well as developing markets with high potential for growth. We are the number one or number two market participant in terms of sales in our primary markets (the United States, Mexico, Canada, Latin America and Spain) in each of the fresh and frozen bread and rolls, cakes and pastries and morning goods categories. We also are a leading participant in the cookies, salted snacks, crackers, confectionery goods and tortillas categories. We believe many of our other product lines are also top participants in their respective markets. For example, Thomas' is among the most recognized brands in the English muffins subcategory. In Mexico, the iconic Bimbo brand is currently the market leader in the breads category, Marinela is currently the market leader in the cakes category, and Barcel and Ricolino are currently the number two market participants in the salted snacks and confectionery market, respectively. In Canada, the Dempster's brand is the leading bread brand. In Brazil, Pullman holds a leading position in the breads, pastries and cakes categories. We believe that our leading market position is a key driver of our organic growth.
- *Strong Brand Recognition.* We have a strong track record of creating, nurturing and managing brands, resulting in an unrivaled international portfolio of wholesome, indulgent, healthy and premium products. Of our top-selling brands, 15 hold the number one or two positions in their respective markets, including brands with global reach and revenues of billions of dollars per year. In 2013, our banner label and company name, Bimbo, was named the seventh strongest food brand in the world by Kantar World Panel. We invest significant resources to enhance and protect the value of our brands, with a priority on their long-term positioning. Our brands are leaders in market recognition in the United States, Mexico, Canada, Latin America, Spain, Portugal and the United Kingdom. In the United States, we are the strongest market participant in terms of sales, with strong nationwide and regional brands. As we have expanded our operations internationally, we have acquired local brands while introducing products marketed under our global brand names. We have a strong brand franchise that enables us to innovate and launch line extensions and new products. Our brand portfolio in the United States, Mexico, Canada, Argentina, Brazil, Spain, Portugal and the United Kingdom includes other recognized brands such as Bimbo, Marinela, Thomas', Arnold, Entenmann's, Dempster's, POM, New York Bakery Co., Ricolino, Vero, Fargo, Lactal, Pullman, Ana María, Sara Lee, Earthgrains, Sunbeam, Rainbo, Silueta, Martínez and Eagle. Each of our brands is targeted to a specific consumer segment and supported by a comprehensive marketing plan. Some of our brand symbols, such as the Bimbo bear, the Thomas' carriage, the Arnold, Oroweat and Brownberry wheat stalk, the Gansito goose, the Ana María girl and the Paleta Payaso clown have developed iconic status and are immediately recognizable to millions of consumers.

- *Extensive Direct-Distribution Network*. We have developed an extensive direct-distribution network, with one of the largest sales fleets in the Americas with approximately 53,000 distribution routes worldwide. We maintain what we believe is a highly efficient and sophisticated logistics operation to address distribution requirements across the markets we serve. Our network allows us to distribute products from our 169 plants, more than 1,500 distribution centers and warehouses to more than two million points of sale every day to ensure the freshness and quality of our products and to meet the needs of every type of customer from hypermarkets to family-owned businesses. For example, in Mexico our bread is delivered to our customers in less than six hours from the time it leaves our plant. Through our acquisition of Canada Bread, we have further strengthened our distribution capabilities in the Americas, which we expect will enable us to increase our market penetration and brand recognition in North America. We have also developed strong relationships with our customers that enable us to tailor our approach and response to their diverse and changing needs, including with respect to frequency of delivery, in a cost-effective manner. We believe this results in strong customer loyalty.

- *Efficient and Sustainable Production Chain*. We manage our supply chain, production and distribution processes in order to provide our consumers with high quality products at the lowest possible cost. We achieve costs savings through waste reductions, economies of scale in procurement, manufacturing and distribution, among other initiatives focused on becoming a low-cost producer. We have developed an integrated and efficient supply chain of raw materials and packaging. We select suppliers based on a number of factors, including price competitiveness, on-time delivery, quantity and speed of response, quality and innovation. Our supplier audit program gauges the performance of each supplier and the extent to which it complies with our requirements. We employ state-of-the-art technology in order to increase efficiency, reduce waste and optimize energy and water usage in our production facilities. We aim to locate our manufacturing assets optimally in their markets with relation to warehousing and population centers. We believe our focus on cost control allows us to pass value along to our customers and increase our profitability.

- *Vast and Innovative Lines of Products*. We offer our consumers, through our different brands, a wide variety of baked goods spanning a broad range of product categories, pricing levels, flavors and sizes. We offer products for every meal, occasion and consumer profiles. We continuously expand and create innovative product lines based on a deep understanding of our consumer's needs and our ability to anticipate specific consumer needs and preferences in each market. For example, we regularly improve our existing products by increasing their nutritional value and introduce new and healthy options. We have gained this understanding by our continued market research and retrieving and analyzing key information from our consumers, including through our four research and development centers across the Americas and the use of sophisticated technology by our sales force. The quality of our market intelligence allows us to both track and create new market trends and target the right products to each point of sale at the right time. Since 2011 we have successfully met the ongoing challenge of significantly reducing the saturated fat, sodium and sugar content of our products and introducing new products with improved nutritional profiles. We aim to continue to be one of the leading innovators within our product categories and have consistently introduced new products that have been well received by consumers.

- *Experienced Management Team and Focus on Leadership Development*. Our strong senior management team has proven industry expertise, with an average of 18 years with us and over 320 years of collective experience in our industry. It has successfully developed and consolidated our market leadership by focusing on our baked goods business and its effective and rapid response to the constantly changing consumer demands and competitive environment in the markets in which we operate. Our management team has completed and integrated over 45 acquisitions during the past ten years and implemented innovative ideas and best practices in manufacturing and distribution across Grupo Bimbo. For example, in 2013 we achieved over U.S.$170 million in savings resulting from synergies deriving out of the integration of recent acquisitions. We are committed to leadership development and retention; in 2013 we provided a total of 1.2 million training hours to our associates.

- *Strong Corporate Culture with a Commitment to Social and Environmental Responsibility*. We place great emphasis on our relationship with our associates and are strongly committed to developing and supporting socially responsible and environmentally sustainable initiatives. We view workforce satisfaction and an active corporate social responsibility as essential to the development of a strong corporate culture and customer loyalty. We developed and extensively use biodegradable packaging technology which, unlike normal polyethylene, is degraded up to ten times faster than conventional packaging. In 2013, we reused 32% of the water we consumed in our operations and reduced our water consumption by over 240,000 cubic meters as compared to the previous year. We consume most of the energy required by our production plants in Mexico from a 90 megawatt wind farm in the state of Oaxaca, Mexico, known as "Piedra Larga," completed in 2012. In July 2013, we started operating a fleet of vehicles powered by electricity generated in the Piedra Larga wind farm, for delivery of our products in downtown Mexico City. In addition to our sustainable development efforts, we continuously introduce innovative products that offer healthy choices to our customers. For example, we have engaged in efforts to eliminate trans fatty acids from our products. In recognition of our transnational campaign to promote the benefits of whole grains, in February 2011 we received the WGC Global Award from the Whole Grains Council.

Strategy

To achieve our goal of nourishing more people at each meal every day, we aim to continue strengthening our position as the largest baking company in the world and one of the world's top food companies. Our strategy includes the following elements:

- *Development of Innovative New Products*. We intend to continue to invest in research and development to introduce new products that suit the tastes and budgets of our consumers according to changing customs, needs and trends, while providing nutritional value. We plan to continue using the strength of our brands and our low-cost manufacturing base to increase our opportunities for continued expansion of our product offerings. Through our innovations, we intend to reinforce our identity as a global company with a local character through a constant pipeline of new products that seek to address our diverse consumers' needs and preferences and enhance our consumer base. Our commitment to wellness is a key driver of our innovation efforts and we intend to continue to enhance the nutritional value of our products.
- *Continued Development of Our Brands*. Based on our market research, our brands have an extraordinary "top of mind awareness" in the market of most of our product categories. We believe our global presence, combined with our strong understanding of our local markets, uniquely positions us to continue developing a highly marketable portfolio of brands. We believe our Thomas' English muffins are one of the most popular breakfast options in the United States. These capabilities provide a platform for us to develop new product lines under our existing brands as well as entirely new categories. We intend to increase the recognition of our existing brands, which include our global brands, such as Bimbo, and strong regional brands, while developing new brands targeted to our markets.
- *Best in Class Manufacturing Capabilities*. Our growth has generated valuable economies of scale in manufacturing, distribution, procurement and marketing as well as dissemination of best practices and innovation. We intend to remain focused on driving additional efficiencies and improved profitability in our business. In particular, we aim for constant improvement in the use of our production and distribution resources and by periodically reinvesting in our plants and equipment. We strive to maintain a low-cost operation with a focus on environmentally sustainable and effective cost controls that will create value that we can pass to our consumers.
- *Strategic Geographic Diversification with Balanced Presence in Established and Developing Markets*. During the last decade, we evolved from a strong local leader to a global participant. Our global character is reflected in our revenue stream diversification that reduces reliance on any single geographic region to drive performance. We believe that our geographic diversification allows us to benefit from participation in steady and mature markets, while capitalizing on promising growth opportunities in markets such as Latin America and Asia. Through this geographic footprint, we intend to take advantage of proven business models and strategically approach regions with a potential for growth.
- *Continuous Growth*. We seek to continue to expand our geographic reach through organic growth and strategic acquisitions in regions and categories that provide a platform for growth of our existing brand

and product portfolio and to increase the penetration of our brands. We seek to maintain a strategic balance between our continued expansion in developed markets and participation in existing and new high-growth markets. We believe our presence in various markets around the world will provide a platform for us to identify selective growth opportunities.

- *Conservative Financial Policy*. As a result of proactive and responsible financial management, we hold a strong and flexible financial structure, with a favorable credit profile. As part of our financial discipline, we strive to maintain an amortization profile aligned with our cash generation, strict cash management, responsible risk management and a conservative dividend policy. We also intend to continue to maintain a healthy balance sheet that enables us to pursue strategic opportunities. Our balanced capital structure reflects a well-diversified funding base, reducing reliance on any single market.

Recent Developments

Acquisition of Canada Bread

On May 23, 2014, we completed the acquisition of Canada Bread, one of Canada's largest food processing and distribution companies, for an all-cash purchase price of C$1,830 million (U.S.$1,726 million). We financed our acquisition of Canada Bread with debt under our existing U.S.$2 billion committed multi-currency revolving credit facility, or the Syndicated Revolving Credit Facility, and cash on hand.

Canada Bread produces and markets bakery products in its 25 production plants and has one of Canada's largest direct store distribution networks, with over 982 distribution routes operated by independent franchisees and distributors, and over 41,200 delivery locations, with over 5,400 associates, primarily in Canada, the United States and the United Kingdom. Canada Bread holds a leading position in the Canadian fresh bread market, with a share of 36.3%, in 2013, according to Nielsen, and it also holds a leading position in bagels and croissants and other *viennoiserie* in the United Kingdom. In addition, Canada Bread has a frozen bakery business in Canada and the United States, as well as a fresh and frozen bakery business in the United Kingdom. Canada Bread's fresh bakery business accounted for 66% of its total sales in 2013, with its frozen bakery business accounting for 26% of its total sales, and its business in the United Kingdom accounting for 8% of its total sales.

Canada Bread produces fresh and frozen bread, buns and rolls, morning goods and pastries; frozen pie shells and fresh tortillas. Its brand portfolio includes the Dempster's brand, the leading Canadian fresh bread brand, and its other leading brands include:

- Tenderflake, Grace Baking and California Sour Dough, which are brands for frozen bread and pie shell;
- New York Bakery Co. in the United Kingdom; and
- POM, Bon Matin, Tenderflake, Ben's, McGavin's and Villaggio, which are brands for fresh bread.

Canada Bread's brands occupy the number one or number two position in all major fresh and frozen bakery categories in the Canadian market. In addition to selling under its own brands, Canada Bread sells bread, buns and pastries in the private label segment.

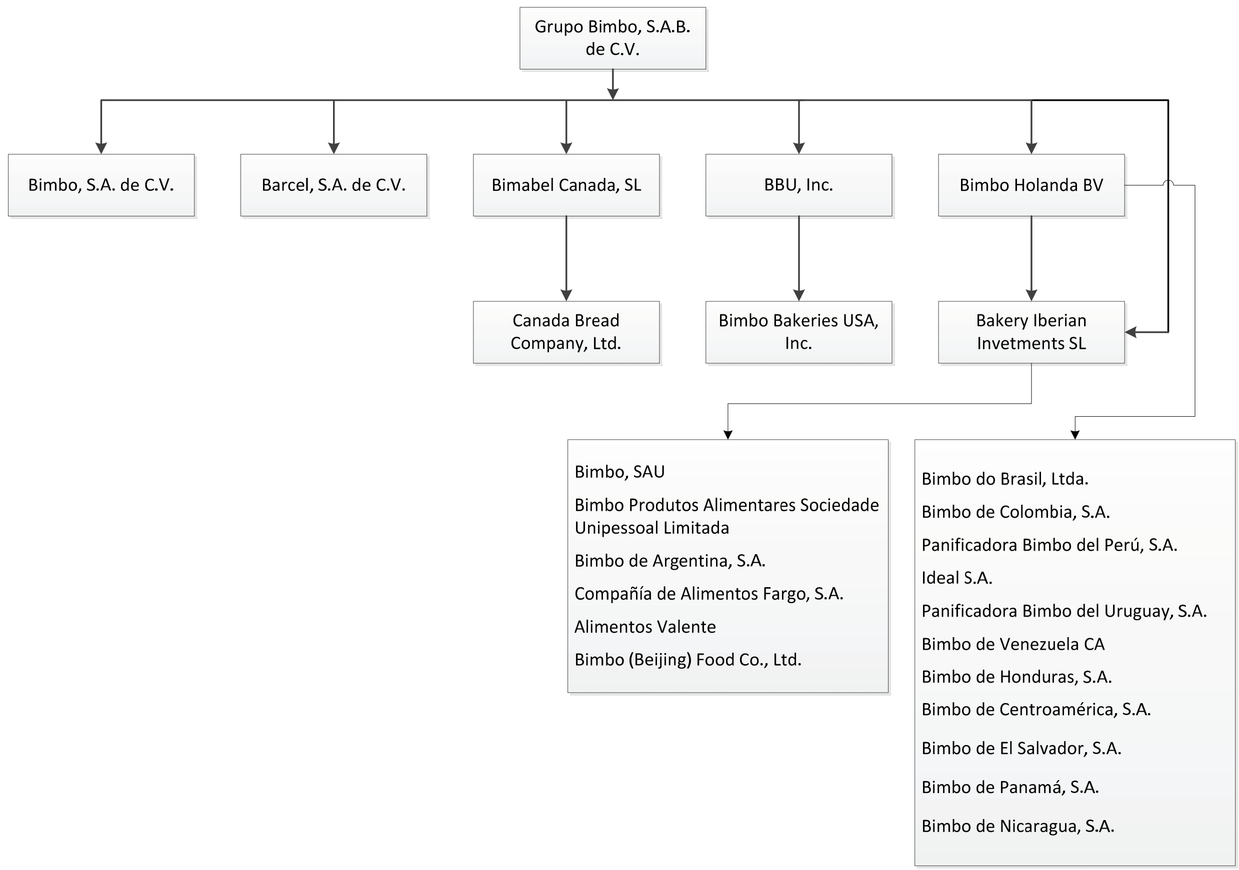
With the integration of Canada Bread's business, we have expanded our geographic footprint in North America and Europe, reaching a Canadian and United Kingdom customer base and expanding our product portfolio to new product categories, such as frozen bread and rolls. We intend to further increase our market penetration in Canada and the United Kingdom by introducing additional product categories to those currently offered by Canada Bread.

This acquisition represents one of the most important acquisition in our company's history, and one more step in our growth strategy to consolidate our global platform and continue to strengthen our position as the largest baking company in the world and one of the world's top food companies while reducing our reliance on any single market to drive performance. Additionally, the acquisition enhances our unique geographic reach. As a result of the consummation of this acquisition we now employ more than 125,000 associates, operate 169 plants in 21 countries and distribute our products through approximately 53,000 distribution routes.

For the year ended December 31, 2013, net sales and EBITDA* of Canada Bread were C$1,454 million (U.S.$1,372 million) and C$176 million (U.S.$166 million), respectively. For the year ended December 31, 2013, our pro-forma net sales and EBITDA (assuming that our acquisition of Canada Bread occurred on the first day of such year) were Ps.193,955 million (U.S.$14,851 million) and Ps.19,494 million (U.S.$1,493 million), respectively.

Corporate Structure

Set forth below is our simplified corporate structure:



Company Information

Our global headquarters are located at Prolongación Paseo de la Reforma No. 1000, Colonia Peña Blanca Santa Fe, Delegación Álvaro Obregón, México D.F., 01210, México, and our telephone number is +52(55) 5268-6600. We were incorporated under the laws of Mexico on June 15, 1966. Our commercial registry *(folio mercantil)* with the Public Registry of Property and Commerce of Mexico City (*Registro Público de la Propiedad y de Comercio del Distrito Federal*), or the Mexican Registry, is number is 9506 and our taxpayer's identification number is GBI 810615 RI8.

Bimbo, S.A. de C.V., with registered offices located at Prolongación Paseo de la Reforma No. 1000, Colonia Peña Blanca Santa Fe, Delegación Álvaro Obregón, México D.F., 01210, México, was incorporated under the laws of Mexico on November 7, 2001. Its commercial registry *(folio mercantil)* with the Mexican Registry is number 282114 and its taxpayer's identification number is BIM011108DJ5.

Barcel, S.A. de C.V., with registered offices located at Prolongación Paseo de la Reforma No. 1000, Colonia Peña Blanca Santa Fe, Delegación Álvaro Obregón, México D.F., 01210, México, was incorporated under the

* EBITDA of Canada Bread is calculated as earnings from operations and before interest and income taxes plus depreciation and intangible asset amortization (adjusted for items that are not considered representative of ongoing operational activities of the business and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred).

laws of Mexico on November 7, 2001. Its commercial registry *(folio mercantil)* with the Mexican Registry is number 282615 and its taxpayer's identification number is BAR011108CC6.

Bimbo Bakeries USA, Inc., with registered offices located at 615 South Dupont Hwy, Dover, Kent County, Delaware 19901, was incorporated under the laws of the State of Delaware on July 13, 1993. Its taxpayer's identification number is 75-2491201.

The information included on our website or which may be accessed through our website is not part of this offering memorandum, is not incorporated by reference herein or otherwise and should not be relied upon in determining whether to make an investment in the notes.

The Offering

Issuer	Grupo Bimbo, S.A.B. de C.V.
Guarantors	Each series of notes will be irrevocably and unconditionally guaranteed on a senior basis by Bimbo, S.A. de C.V., Barcel, S.A. de C.V. and Bimbo Bakeries USA, Inc. Other existing and future subsidiaries of the issuer may, at our option, become guarantors of the notes. See ''Description of the Notes—Note Guarantees.''
Notes Offered	U.S.$800,000,000 aggregate principal amount of 3.875% Notes due 2024. U.S.$500,000,000 aggregate principal amount of 4.875% Notes due 2044.
Maturity Date.	The 2024 notes will mature on June 27, 2024. The 2044 notes will mature on June 27, 2044.
Interest	The 2024 notes will bear interest from and including June 27, 2014 at the rate of 3.875% per annum, payable semi-annually in arrears. The 2044 notes will bear interest from and including June 27, 2014 at the rate of 4.875% per annum, payable semi-annually in arrears.
Interest Payment Dates	Interest on each series of notes will be payable on June 27 and December 27 of each year, commencing on December 27, 2014.
Ranking	The notes will be unsecured obligations and will, other than with respect to certain obligations given preferential treatment pursuant to the laws of Mexico, rank *pari passu* in right of payment with all of our unsecured and unsubordinated indebtedness. The notes will not have the benefit of any collateral securing any of our existing or future secured indebtedness. Each subsidiary guarantee will be an unsecured obligation and will, other than with respect to certain obligations given preferential treatment pursuant to the laws of Mexico with respect to the Mexican subsidiary guarantors, rank *pari passu* in right of payment with such subsidiary guarantor's other existing and future unsecured and unsubordinated indebtedness. The subsidiary guarantees will not have the benefit of any collateral securing any of our and the subsidiary guarantors' existing and future secured indebtedness. See ''Risk Factors—Risk Related to the Notes—The notes and the subsidiary guarantees will be effectively subordinated to our secured debt.'' At March 31, 2014, our total consolidated indebtedness less cash and cash equivalents was Ps.34,272 million (U.S.$2,624 million) of which (i) less than U.S.$50 million constituted secured indebtedness and (ii) less than U.S.$150 million constituted indebtedness of our non-guarantor subsidiaries.
Use of Proceeds	We intend to use the net proceeds of this offering to prepay existing indebtedness and for general corporate purposes. See ''Use of Proceeds.''
Certain Covenants	The indenture relating to the notes contains certain covenants, including limitations on liens, limitations on sale and leaseback transactions and limitations on consolidations, mergers, sales or

	conveyances. All of these limitations and restrictions are subject to a number of significant qualifications and exceptions. See "Description of the Notes—Covenants."
Change of Control	If we experience a Change of Control (as defined in the indenture governing the notes), we must offer to repurchase any outstanding series of notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any. See "Description of the Notes—Repurchase at the Option of Holders Upon a Change of Control."
Additional Amounts	We are required by Mexican law to deduct Mexican withholding taxes from payments of interest (and amounts deemed interest, such as any discount on the principal amount of the notes) to holders who are not residents of Mexico for tax purposes as described under "Taxation—Certain Mexican Federal Income Tax Considerations." We will pay additional amounts in respect of those payments of interest so that the amount holders receive after withholding tax will equal the amount that they would have received if no such withholding tax had been applicable, subject to limitations and exceptions as described under "Description of the Notes—Payment of Additional Amounts."
Redemption for Taxation Reasons	We may redeem all, but not less than all, of the notes of any series at any time at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, if, as a result of certain changes in tax laws, there is an increase in the additional amounts we are obligated to pay under any series of notes. See "Description of the Notes—Redemption for Taxation Reasons."
Optional Redemption	We may, at our option, at any time and from time to time, redeem the notes of any series, in whole or in part, at the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon, discounted to the date of redemption at the applicable treasury rate plus 20 basis points in the case of the 2024 notes or 25 basis points in the case of the 2044 notes, plus accrued interest on the principal amount of the notes being redeemed to the date of redemption. See "Description of the Notes—Optional Redemption."
Transfer Restrictions	We have not registered the notes under the Securities Act. The notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See "Transfer Restrictions."
Further Issuances	Subject to the covenants in the indenture governing the notes, we may from time to time, without the consent of the holders of the notes of any series, issue further securities having the same terms and conditions as the notes of a series in all respects. Any further issue may be consolidated with, and form a single series with, the notes of that series sold in this offering.
Form and Denomination	The notes of each series will be issued in the form of global notes in fully registered form. The global notes will be exchangeable or transferable, as the case may be, for definitive certificated notes in fully registered form without interest coupons only in limited

circumstances. The notes will be issued in registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. See ''Description of the Notes—Form and Denomination.''

The notes will be delivered in book-entry form through the facilities of The Depository Trust Company, or DTC, for the accounts of its participants, including Euroclear S.A./N.V., as operator of the Euroclear System, or Euroclear, and Clearstream Banking, société anonyme, or Clearstream, and will trade in DTC's Same-Day Funds Settlement System. See ''Form of Notes, Clearing and Settlement.''

Governing Law	New York.
Trustee, Registrar, Paying Agent and Transfer Agent	Wells Fargo Bank, National Association.
Irish Listing Agent	Arthur Cox Listing Services Limited.
Listing	Application has been made to list the notes on the Global Exchange Market of the Irish Stock Exchange. However, we cannot assure you that the listing application will be approved.
Risk Factors	Investing in the notes involves significant risks. See ''Risk Factors'' beginning on page 17 for a discussion of certain risk factors you should carefully consider in evaluating an investment in the notes.
Securities Codes	The notes will be assigned the following securities codes:

144A:	CUSIP for the 2024 notes:	40052V AC8
	ISIN for the 2024 notes:	US40052VAC81
	CUSIP for the 2044 notes:	40052V AD6
	ISIN for the 2044 notes:	US40052VAD64
Regulation S:	CUSIP for the 2024 notes:	P4949B AJ3
	ISIN for the 2024 notes:	USP4949BAJ37
	CUSIP for the 2044 notes:	P4949B AK0
	ISIN for the 2044 notes:	USP4949BAK00

Summary Consolidated Financial and Other Information

The following tables present our summary consolidated financial and operating information, as of the dates and for each of the periods indicated. This information should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements, including the notes thereto, contained elsewhere in this offering memorandum and the ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' section of this offering memorandum.

The consolidated financial information as of and for the years ended December 31, 2013, 2012 and 2011 has been derived from our audited consolidated financial statements contained elsewhere in this offering memorandum.

The consolidated financial information as of and for the three months ended March 31, 2014 and 2013 has been derived from our unaudited condensed consolidated interim financial statements contained elsewhere in this offering memorandum. The results of operations for the three months ended March 31, 2014 are not necessarily indicative of the results to be expected for the year ending December 31, 2014 or for any other period.

Our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS and our audited consolidated financial statements have been audited in accordance with International Standards on Auditing. We are not providing any reconciliation to U.S. GAAP of our consolidated financial statements or other financial information in this offering memorandum. We cannot assure you that a reconciliation would not identify material quantitative differences between our consolidated financial statements and other financial information as prepared on the basis of IFRS if such information were to be prepared on the basis of U.S. GAAP.

Our consolidated financial statements are stated in Mexican pesos. Certain financial information concerning us as of and for the year ended December 31, 2013 and the three months ended March 31, 2014 included in this offering memorandum is presented in U.S. dollars for the convenience of the reader. See ''Presentation of Financial and Other Information—Currency.'' For additional information regarding financial information presented in this offering memorandum, see ''Presentation of Financial and Other Information.''

	Three Months Ended March 31,			Year Ended December 31,			
	2014	2014	2013	2013	2013	2012	2011
	(in millions of U.S. dollars)(1)(2)	(in millions of Ps.)(2)		(in millions of U.S. dollars)(1)(2)	(in millions of Ps.)(2)		
CONSOLIDATED STATEMENTS OF INCOME							
Net sales	3,214	41,979	41,455	13,479	176,041	173,139	133,496
Cost of sales	1,514	19,774	20,279	6,427	83,942	85,354	65,396
Gross profit	1,700	22,205	21,176	7,052	92,099	87,785	68,100
General expenses:							
Distribution and selling	1,302	17,003	16,014	5,121	66,882	65,635	48,270
Administrative expenses	226	2,958	2,863	900	11,750	11,599	9,553
Integration costs	48	625	312	140	1,834	1,950	—
Other general expenses	6	76	—	88	1,143	1,214	743
Operating income	118	1,543	1,987	803	10,490	7,387	9,534
Interest expense	58	752	756	241	3,146	3,332	2,760
Interest income	(5)	(67)	(68)	(21)	(268)	(510)	(432)
Exchange loss (gain), net	(3)	(35)	138	—	(1)	91	(651)
Monetary position gain	(3)	(41)	(29)	(6)	(81)	(103)	(127)
Net financing costs	47	609	797	214	2,796	2,810	1,550
Equity in (loss) income of associated companies	(1)	(10)	(2)	(3)	(38)	49	51
Income before income taxes	71	924	1,188	586	7,656	4,626	8,035
Income tax expense	27	359	539	220	2,878	2,195	2,829
Consolidated net income	43	565	649	366	4,778	2,431	5,206
Net income attributable to owners of the company	39	513	570	337	4,404	2,028	4,875
Net income attributable to non-controlling interests	4	52	79	29	374	403	331
Basic and diluted earnings per common share(3)	U.S.$0.01	Ps.0.11	Ps.0.12	U.S.$0.07	Ps.0.94	Ps.0.43	Ps.1.04
Weighted average number of shares outstanding (000's)(3)	4,703,200	4,703,200	4,703,200	4,703,200	4,703,200	4,703,200	4,703,200

(1) Translated to U.S. dollars for convenience only at the rate of Ps.13.06 per U.S.$1.00, the exchange rate reported on March 31, 2014 by the Board of Governors of the Federal Reserve System, as certified by the Federal Reserve Bank of New York. See "Exchange Rates."

(2) Except basic and diluted earnings per common share and weighted average number of shares outstanding.

(3) Effective April 29, 2011, as a result of a four-to-one stock split, Grupo Bimbo's authorized capital stock increased from 1,175,800,000 to 4,703,200,000 common shares. Basic earnings per common share are presented above as if the stock split had occurred at the beginning of the first period presented in the statements above.

	As of March 31,			As of December 31,			
	2014	2014	2013	2013	2013	2012	2011
	(in millions of U.S. dollars)(1)(2)	(in millions of Ps.)(2)		(in millions of U.S. dollars)(1)(2)	(in millions of Ps.)(2)		
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION							
Assets							
Current assets:							
Cash and cash equivalents	274	3,579	4,770	192	2,504	4,278	3,966
Total current assets	1,921	25,093	25,325	1,934	25,253	27,138	28,477
Total assets	**10,287**	**134,349**	**130,819**	**10,316**	**134,727**	**137,140**	**143,235**
Liabilities and stockholders' equity							
Current liabilities:							
Total current liabilities	2,472	32,290	23,405	2,548	33,278	25,565	26,232
Current portion of long-term debt	455	5,946	1,238	612	7,997	1,573	4,042
Long-term debt	2,443	31,905	39,147	2,476	32,332	40,398	41,950
Total liabilities	6,552	85,575	86,742	6,657	86,944	90,082	94,536
Stockholders' equity:							
Equity attributable to owners of the company	3,558	46,461	42,066	3,493	45,619	44,736	46,664
Non-controlling interest in consolidatedsubsidiaries	177	2,313	2,011	166	2,164	2,322	2,035
Total stockholders' equity	3,735	48,774	44,077	3,659	47,783	47,058	48,699
Total liabilities and stockholders' equity	**10,287**	**134,349**	**130,819**	**10,316**	**134,727**	**137,140**	**143,235**
OTHER FINANCIAL DATA							
EBITDA(3)	228	2,972	3,225	$ 1,327	17,326	14,076	14,719
Total debt/LTM EBITDA(3)	2.2	2.2	2.8	2.3	2.3	3.0	3.1
Net debt(4)/LTM EBITDA(3)	2.0	2.0	2.5	2.2	2.2	2.7	2.9
LTM EBITDA(3)/LTM Interest Expense	5.4	5.4	4.3	5.5	5.5	4.2	5.3

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(1) Translated to U.S. dollars for convenience only at the rate of Ps.13.06 per U.S.$1.00, the exchange rate reported on March 31, 2014 by the Board of Governors of the Federal Reserve System, as certified by the Federal Reserve Bank of New York. See "Exchange Rates."

(2) Except ratios.

(3) We define EBITDA as operating income plus depreciation, amortization, impairment, provisions for MEPPs and other non-cash items. Our management uses this measure as an indicator of our operating results and financial condition; however, you should not consider it in isolation, as an alternative to net income, as an indicator of our operating performance or as a substitute for analysis of our results as reported under IFRS, since, among others:

- it does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect our interest expense; and
- it does not reflect any cash income taxes we may be required to pay.

Because of the above, our EBITDA measure should not be considered a measure of discretionary cash available to us to invest in the growth of our business or as a measure of cash that will be available to us to meet our obligations. EBITDA is not a recognized financial measure under IFRS and it may not be comparable to similar titled measures presented by other companies in our industry because not all companies use the same definition. As a result, you should rely primarily on our IFRS results and use our EBITDA measurement only as a supplement.

The following is a reconciliation of EBITDA for the periods presented:

	Three Months Ended March 31,			Twelve Months Ended March 31,			Year Ended December 31,			
	2014	2014	2013	2014	2014	2013	2013	2013	2012	2011
	(in millions of U.S. dollars)	(in millions of Ps.)		(in millions of U.S. dollars)	(in millions of Ps.)		(in millions of U.S. dollars)	(in millions of Ps.)		
EBITDA	228	2,972	3,225	1,307	17,073	14,393	1,327	17,326	14,076	14,719
Deduct: Depreciation, amortization, impairment, provisions for MEPPs and other non-cash items	110	1,429	1,238	538	7,027	6,736	524	6,836	6,689	5,185
Operating income	118	1,543	1,987	769	10,046	7,654	803	10,490	7,387	9,534

(4) Net debt represents our long-term debt (including the current portion) minus cash and cash equivalents. Net debt measures may not be comparable to similarly titled measures used by other companies. Net debt is not a measurement presented in accordance with IFRS, and we do not intend net debt to represent debt as defined by IFRS. You should not consider net debt to be an alternative to debt or any other items calculated in accordance with IFRS. We believe net debt, which is a non-IFRS measure, provides useful information to investors as a measure of our debt obligations. The following is the reconciliation as of the dates indicated:

	As of March 31,			As of December 31,			
	2014	2014	2013	2013	2013	2012	2011
	(in millions of U.S. dollars)	(in millions of Ps.)		(in millions of U.S. dollars)	(in millions of Ps.)		
Current portion of long-term debt	455	5,946	1,238	612	7,997	1,573	4,042
Long-term debt	2,443	31,905	39,147	2,476	32,332	40,398	41,950
Deduct: Cash and cash equivalents	274	3,579	4,770	192	2,504	4,278	3,966
Net debt	2,624	34,272	35,615	2,896	37,825	37,693	42,026

RISK FACTORS

You should consider carefully the following risk factors, as well as the other information presented in this offering memorandum, before buying the notes. The risks and uncertainties described below are not the only ones that we face. Additional risks and uncertainties that we do not know about or that we currently think are immaterial or we do not view as risks may also affect us. Any of the following risks, if they actually occur, could materially and adversely affect our business, results of operations, financial condition and our ability to service our debt. In that event, the market price and liquidity of the notes could be materially adversely affected, and you could lose all or part of your investment in the notes.

Risks Related to our Business and Industry

Increases in prices and shortages of raw materials, fuels and utilities could cause our costs to increase.

Raw materials, including, among others, wheat flour, water, sugar, plastics used to package our products and edible oils and fats, are or may be subject to price and supply fluctuations. The prices for raw materials are influenced by a number of factors, including weather, crop production, transportation and processing costs, government regulation and policies and worldwide market supply and demand, among others. Any substantial increase in the prices of raw materials that is not reflected as an increase of the price of our products may adversely affect our financial condition, results of operations and cash flows. Any reduction in sales revenue as a result of competitive pressures would negatively affect profit margins and, if our sales volumes fail to offset any reduction in margins, we will be materially and adversely affected.

We also rely on utilities to operate our business. For example, our bakeries and other facilities use natural gas, liquefied petroleum gas and electricity to operate. In addition, our distribution operations use gasoline and diesel fuel and electricity to deliver our products. For these reasons, substantial future increases in prices for, or shortages of, these fuels or electricity could adversely affect us.

We enter into wheat, natural gas and other hedging arrangements to mitigate our exposure against price volatility. These contracts could cause us to pay higher prices for raw materials than those available in the spot markets, materially and adversely affecting us.

Competition could adversely affect our results of operations.

The baked goods industry is highly competitive and increased competition could reduce our market share or force us to reduce prices or increase promotional spending in response to competitive pressures, all of which would adversely affect our results of operations. Competitive pressures may also restrict our ability to increase prices, including in response to commodity and other cost increases. Competition is based on product quality, price, customer service, brand recognition and loyalty, effective promotional activities, access to retail outlets and sufficient shelf space and the ability to identify and satisfy consumer preferences.

We compete with large national and transnational companies, local traditional bakeries, smaller regional operators, small family-owned bakeries, supermarket chains with their own bakeries and brands, grocery stores with their own in-store bakery departments or private label products and diversified food companies. To varying degrees, our competitors may have strengths in particular product lines and regions as well as greater financial resources. We expect that we will continue to face strong competition in all of our markets and anticipate that existing or new competitors may broaden their product lines and extend their geographic scope.

In particular, from time to time, we experience price pressure in certain of our markets as a result of our competitors' promotional pricing practices, which could be exacerbated by excess industry capacity. As a result, we may need to reduce the prices for some of our products to respond to competitive and customer pressures and to maintain market share. Such pressures also may restrict our ability to increase prices in response to raw material and other cost increases. Our competitors may also improve their competitive position by introducing new products, or products that can be substituted for ours, improving manufacturing processes or expanding the capacity of manufacturing facilities. If we are unable to maintain our pricing structure and keep pace with our competitors' product and manufacturing process initiatives, we could be materially adversely affected.

The reputation of our brands and our intellectual property rights are key to our business.

The substantial majority of our net sales derive from sales of products offered under brands that we own. Our brand names are key assets of our business. Maintaining the reputation of our brands is essential to our ability to attract and retain retailers, consumers and associates and is critical to our future success. Failure to maintain the reputation of our brands could have a material adverse effect on our business, results of operations and financial condition. If we fail, or appear to fail, to deal with various issues that may give rise to reputational risk, we could harm our business prospects. These issues include, but are not limited to, appropriately dealing with potential conflicts of interest, legal and regulatory requirements, safety conditions in our operations, ethical issues, money-laundering, privacy, record-keeping, sales and trading practices and the proper identification of the legal, reputational, credit, liquidity and market risks inherent in our business.

Our principal trademarks are registered in the countries in which we use such trademarks. While we intend to enforce our trademark rights against infringement by third parties, our actions to establish and protect our trademark rights may not be adequate to prevent imitation of our products by others or to prevent others from seeking to block sales of our products on grounds that our products violate their trademarks and proprietary rights. If a competitor were to infringe on our trademarks, enforcing our rights would likely be costly and would divert resources that would otherwise be used to operate and develop our business. Although we intend to actively defend our brands and trademark rights, we may not be successful in enforcing our intellectual property rights, which could materially and adversely affect us. See ''Business—Intellectual Property.''

Inability to anticipate changes in consumer preferences may result in decreased demand for products.

Our success depends in part on our ability to anticipate the tastes and dietary habits of consumers and to offer products that appeal to their preferences. Changes in consumer preferences combined with our failure to anticipate, identify or react to these changes could result in reduced demand for our products, which could in turn adversely affect us. In particular, demand for our products could be impacted by the popularity of trends such as low carbohydrate diets and by concerns regarding the health effects of trans fats, sugar content and processed wheat.

Our success depends in part on our ability to enhance our product portfolio by adding innovative new products in fast growing, profitable categories as well as increasing market share in our existing product categories.

Introduction of new products and product extensions requires significant research and development as well as marketing initiatives. If our new products fail to meet consumers' preferences, then the return on that investment will be less than anticipated and our strategy to grow net sales and profits may not be successful, materially and adversely affecting us.

Health and product liability risks related to the food industry could adversely affect us.

We are subject to risks affecting the food industry generally, including risks posed by contamination or food spoilage, evolving nutritional and health-related concerns, consumer product liability claims, product tampering, the availability and expense of liability insurance and the potential cost and disruption of product recalls. We may also become involved in lawsuits and legal proceedings if it is alleged that the consumption of any of our products causes injury, illness or death. A product recall or an adverse result in any such litigation could adversely affect us.

Any actual or perceived health risks associated with our products, including any adverse publicity concerning these risks, could cause customers to lose confidence in the safety and quality of our products. Even if our own products are not affected by contamination, our industry may face adverse publicity if the products of other producers become contaminated, which could result in reduced consumer demand for our products in the affected category. In addition, adverse publicity about the safety and quality of certain food products, such as the publicity about foods containing genetically modified ingredients, whether or not valid, may discourage consumers from buying our products or cause production and delivery disruptions.

We maintain systems designed to monitor food safety risks throughout all stages of the production process. However, our systems and internal policies may not be fully effective in mitigating risks related to food safety. Any product contamination could have a material adverse impact on us.

We rely on retailers, and if they perform poorly or give preference to competing products, we could be negatively affected.

We derive significant operating revenues from sales to retailers. We sell our products to non-traditional retailers, such as supermarkets and hypermarkets, and to traditional retailers, such as small convenience stores. These retailers, in turn, sell our products to consumers. Any significant deterioration in the business performance of our customers could adversely affect the sales of our products. Retailers also carry products that directly compete with our products for retail space and consumer purchases. There is a risk that retailers may give higher priority to products of, or form alliances with, our competitors or their own private labels other than with respect to products that we produce for such private labels. If retailers fail to purchase our products, or provide our products with promotional support, we could be adversely affected.

Further consolidation in the baking and retail food industries may adversely impact us.

As supermarket chains continue to consolidate and as mass merchants gain scale, our larger customers may seek to improve their profitability by demanding improved efficiency and more favorable terms for their purchases of our products, including increased spending on promotional programs or specifically tailored products. Sales to our larger customers on terms less favorable to us than our current terms could adversely affect us. In addition, consolidation among our competitors in the baked goods and retail food industry may cause our competitors to gain in size and strength, adversely affecting us.

Changes in health-related regulations could have a negative impact on our business.

Our U.S. products and packaging materials are regulated by the U.S. Food and Drug Administration, or FDA. This agency enacts and enforces regulations relating to the manufacturing, distribution and labeling of food products in the United States. In addition, various states regulate our U.S. operations by licensing plants, enforcing federal and state standards for selected food products, grading food products, inspecting plants and warehouses, regulating trade practices related to the sale of food products and imposing their own labeling requirements on food products.

Our operations in Mexico are subject to extensive laws, rules, regulations and standards of hygiene and quality regulation and oversight by designated authorities such as the Ministry of Health (*Secretaría de Salud*), the Ministry of Agriculture, Farming, Rural Growth, Fish and Food (*Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación*), the Federal Commission for Protection from Sanitary Risks (*Comisión Federal para la Protección contra Riesgos Sanitarios*) and the Ministry of Economy (*Secretaría de Economía*) and other authorities regarding the processing, packaging, labeling, storage, distribution and advertising of our products.

We are subject to comparable hygiene and quality-related local laws and regulations in other countries in which we operate. Government policies and regulations in the United States, Mexico and our other markets may adversely affect the supply of, demand for, and prices of, our products, restrict our ability to do business in existing and target local and export markets and could adversely affect our results of operations and financial condition. In addition, if we are required to comply with future material changes in food safety or health-related regulations, we could be subject to material increases in operating costs and also be required to implement regulatory changes on schedules that cannot be met without interruptions in our operations. Increased governmental regulation of the food industry, such as proposed requirements designed to enhance food safety, impose health-related requirements or to regulate imported ingredients, could increase our costs and adversely affect us.

We may not achieve our targeted cost savings and efficiencies from cost reduction initiatives.

Our success depends in part on our ability to be an efficient producer in a highly competitive industry. We periodically make investments in our operations to improve our production facilities and reduce operating costs. We may experience operational issues when carrying out major production, procurement, or logistical changes and these, as well as any failure by us to achieve our planned cost savings and efficiencies, could have a material adverse effect on us.

Disruption of our supply chain and distribution network could adversely affect our operations.

Our operations depend on the continuous operation of our supply chain and distribution network. Damage or disruption to our manufacturing or distribution capabilities due to weather, natural disaster, fire, electricity shortages, terrorism, pandemics, strikes, disputes with, or the financial and/or operational instability of, key suppliers, distributors, warehousing and transportation providers, or other reasons could impair our ability to manufacture or distribute our products.

To the extent that we are unable, or it is not financially feasible, to mitigate interruptions in our supply chain, whether through insurance arrangements or otherwise, or their potential consequences, there could be an adverse effect on us, and additional resources could be required to restore our supply chain.

Commodity, and other input prices are volatile and may rise significantly.

We purchase large quantities of commodities, including wheat flour, edible oils and fats, sugar, eggs and plastic to package our products. We are also exposed to changes in oil prices, which influence both our packaging and transportation costs. Prices for commodities, other supplies, and energy are volatile and can fluctuate due to conditions that are difficult to predict, including global competition for resources, currency fluctuations, severe weather or global climate change, consumer, industrial or commodity investment demand, and changes in governmental regulation and trade, alternative energy, and agricultural programs. Rising commodity, energy, and other input costs could materially and adversely affect our cost of operations, including the manufacture, transportation, and distribution of our products, which could materially and adversely affect our financial condition and operating results.

We may be subject to unknown or contingent liabilities related to our recent and future acquisitions.

Our recent and future acquisitions of assets and entities, including, among others, our acquisition of Canada Bread, may be subject to unknown or contingent liabilities or breaches of representations and warranties for which we may have no recourse, or only limited recourse, against the former owners. In some of our acquisitions the former owners agreed, or may agree, to indemnify us for certain of these matters, such indemnification obligations are often subject to materiality thresholds and guaranty limits, and such obligations are generally time limited. In the case of our acquisition of Canada Bread, we have no recourse against the former owners for unknown or contingent liabilities or breaches of representations and warranties. As a result, we may not recover any amounts with respect to losses due to unknown or contingent liabilities or breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that may be incurred with respect to liabilities associated with the acquired assets and entities may exceed our expectations, and we may experience other unanticipated adverse effects, all of which may adversely affect us.

Our future growth opportunities through mergers, acquisitions or joint ventures may be impacted by antitrust laws and other challenges in integrating significant acquisitions.

We may pursue further acquisitions in the future. We do not know if we will be able to successfully complete any acquisitions or whether we will be able to successfully integrate any acquired business into our business or retain key personnel, suppliers or distributors. Also, there can be no assurance that a challenge on antitrust grounds, in connection with our existing operations or any acquisition that we may pursue in the future, will not be made. If any such challenge is made, we may be required to sell or divest a significant portion of our business or prevented from consummating a specific acquisition. Our ability to successfully grow through acquisitions depends upon our ability to identify, negotiate, complete and integrate suitable acquisitions and to obtain any necessary financing. These efforts could be expensive and time consuming, disrupt our ongoing business and distract management. If we are unable to integrate any acquired businesses effectively, including Canada Bread, we could be materially adversely affected.

We may be unable to successfully expand our operations into new markets.

If the opportunity arises, we may expand our operations into new markets. Each of the risks applicable to our ability to successfully operate in our current markets is also applicable to our ability to successfully operate in new markets. In addition to these risks, we may not possess the same level of familiarity with the dynamics and market conditions of any new markets that we may enter, which could adversely affect our ability to expand into or operate in those markets. We may be unable to create similar demand for our products and business, which could adversely affect our profitability. If we are unsuccessful in expanding our operations into new markets, we could be materially and adversely affected.

Currency fluctuations may adversely affect us.

We generate revenues and incur operating expenses and indebtedness in local currencies in the countries in which we operate. The amount of our revenues denominated in a particular currency in a particular country typically varies from the amount of expenses or indebtedness incurred by our operations in that country given that certain costs may be incurred in a currency different from the local currency of that country, such as the U.S. dollar. This situation exposes us to potential losses and reductions in our margins resulting from currency fluctuations, which may materially and adversely affect us.

As of March 31, 2014, 97% of our consolidated debt and a significant portion of our operating costs and taxes were denominated in U.S. dollars. However, other significant portions of our operating costs, taxes and income are denominated in Mexican pesos and certain other currencies. As a result, the appreciation or depreciation of the Mexican peso against the U.S. dollar affects our results of operations and financial condition. Significant fluctuation of the Mexican peso relative to the U.S. dollar has occurred in the past, negatively affecting our results. According to the Board of Governors of the Federal Reserve System, as certified by the Federal Reserve Bank of New York, relative to the U.S. dollar, the Mexican peso depreciated by 12.2% in 2011, appreciated by 5.5% in 2012 and depreciated by 2.6% in 2013, all in nominal terms. See ''Exchange Rates.''

We selectively hedge our exposure to the U.S. dollar with respect to the Mexican peso and other currencies, our U.S. dollar-denominated debt obligations and the purchase of certain U.S. dollar-denominated raw materials. A severe depreciation of the Mexican peso or any currency of the countries in which we operate, may result in a disruption of the international foreign exchange markets and may limit our ability to transfer or to convert Mexican pesos into U.S. dollars or other currencies for the purpose of making timely payments of interest and principal on our U.S. dollar-denominated indebtedness or obligations in other currencies. While the Mexican government does not currently restrict, and since 1982 has not restricted, the right or ability of Mexican or foreign persons or entities to convert Mexican pesos into U.S. dollars or to transfer other currencies out of Mexico, the Mexican government could institute restrictive exchange rate policies in the future. Currency fluctuations may have an adverse effect on us in future periods.

We may be subject to interruptions or failures in our information technology systems.

We rely on sophisticated information technology systems and infrastructure to support our business, including process control technology. Any of these systems may be susceptible to outages due to natural disasters, fire, floods, power loss, telecommunications failures and similar events. A portion of our information technology systems and infrastructure are maintained by third-party service providers, over which we have no control. The failure of any of our information technology systems may cause disruptions in our operations, adversely affecting us.

Failure to maintain our relationships with labor unions may have an adverse effect on us.

The majority of our workforce is represented by labor unions. While we have enjoyed satisfactory relationships with all of the labor organizations that represent our associates and we believe our relationships with labor organizations will continue to be satisfactory, labor-related disputes may still arise. Labor disputes that result in strikes or other disruptions could also cause increases in operating costs, which could damage our relationships with our customers and adversely affect us.

In addition, we may be materially and adversely impacted as a result of increases in labor costs. A shortage in the labor pool or other general inflationary pressures or changes in applicable laws and regulations could increase labor cost, which could have a material adverse effect on us.

Our labor costs include the cost of providing benefits for associates. We sponsor a number of defined benefit plans for associates in most of the regions where we operate, including pension, retiree health and welfare, active health care, severance and other post-employment benefits. We also participate in a number of MEPPs for certain of our manufacturing locations. The annual cost of benefits can vary significantly from year to year and is materially affected by such factors as changes in the weighted-average discount rate used to measure obligations, the rate or trend of health care cost inflation, the provisions of collectively-bargained wage and benefit agreements or material adjustments in the MEPP sponsors.

We depend on the expertise of our senior management and skilled personnel, and our business may be disrupted if we lose their services.

Our senior management team possesses extensive operating experience and industry knowledge. We depend on our senior management to set our strategic direction and manage our business and we believe that their involvement in us is crucial to our success. Furthermore, our continued success also depends upon our ability to attract and retain experienced professionals. The loss of the services of our senior management or our inability to recruit, train or retain a sufficient number of experienced personnel could have an adverse effect on us. We do not maintain any key person insurance on any of our senior management or associates for these purposes. Our ability to retain senior management as well as experienced personnel will in part depend on us having in place appropriate staff remuneration and incentive schemes. The remuneration and incentive schemes we have in place may not be sufficient in retaining the services of our experienced personnel.

Compliance with environmental and other governmental laws and regulations could result in added expenditures or liabilities.

Our operations are subject to federal, state and municipal laws, regulations and official standards, relating to the protection of the environment and natural resources.

In the United States, we are subject to federal, state and local laws and regulations relating to the protection of the environment. These laws and regulations include the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act and Superfund, which imposes joint and several liability on each responsible party. We have specific programs across our business units designed to meet applicable environmental compliance requirements.

In Mexico, we are subject to various Mexican federal, state and municipal environmental laws and regulations that govern the discharges into the environment, as well as the handling and disposal of hazardous substances and wastes. Environmental laws impose liability and clean-up responsibility for releases of hazardous substances into the environment. We are subject to strict regulation in Mexico by, among other agencies, the Environmental and National Resources Ministry (*Secretaría de Medio Ambiente y Recursos Naturales*), the Labor and Social Security Ministry (*Secretaría del Trabajo y Previsión Social*), the Federal Environmental Protection Bureau (*Procuraduría Federal de Protección al Ambiente*) and the National Water Commission (*Comisión Nacional del Agua*). These agencies may initiate administrative proceedings for violations of environmental and safety ordinances and impose economic penalties on violators.

We are also subject to strict environmental regulations in the other markets in which we operate.

Modifications of existing environmental laws and regulations or the adoption of more stringent environmental laws and regulations may result in the need for investments that are not currently provided for in our capital expenditures program and may otherwise result in a material adverse effect on us.

An impairment in the carrying value of goodwill or other acquired intangibles could negatively affect our consolidated operating results and net worth.

The carrying value of goodwill represents the fair value of acquired businesses in excess of identifiable assets and liabilities as of the acquisition date. The carrying value of other intangibles represents the fair value of trademarks, trade names, and other acquired intangibles as of the acquisition date. Goodwill and other acquired intangibles expected to contribute indefinitely to our cash flows are not amortized, but must be evaluated by management at least annually for impairment. If carrying value exceeds current fair value, the intangible is considered impaired and is reduced to fair value via a charge to earnings. Events and conditions which could result in an impairment include changes in the industries in which we operate, including competition and advances in technology; a significant product liability or intellectual property claim; or other factors leading to reduction in expected sales or profitability. Should the value of one or more of the acquired intangibles become impaired, our consolidated earnings and net worth may be materially and adversely affected.

Financing to meet our future capital needs may not be available or sufficient on terms acceptable to us and/or at all.

We may need additional financing to build new facilities, expand existing ones, undertake mergers and acquisitions or refinance our debt or for other purposes. Some of the financing agreements entered into by us and by our subsidiaries contain financial ratios and other customary covenants for transactions of this type which may limit our ability to incur additional debt.

The global market and economic conditions are unpredictable and may continue to be so in the future. Debt capital markets have in the past been affected by significant losses in the international financial services industry and economic events in certain countries, among other factors. In the future, the cost of fundraising in debt capital markets may increase significantly, while funds available from these markets may materially decrease. Our growth strategy may require financing by public or commercial banks and loans from other public or private financial institutions. In the event there are no funds available from public or private banks, or if such funds are provided on less favorable terms, we may not be able to meet our capital needs, or these needs may be limited or hampered, and we may not be able to (i) take advantage of certain business opportunities, (ii) respond to competitive pressures, (iii) fund needed capital expenditures or (iv) fund required margin calls or margin deposits in connection with hedging transactions, which may adversely affect us.

We may incur additional indebtedness in the future that could adversely affect our financial health and our ability to satisfy our total outstanding debt obligations from our cash flow.

After the offering of the notes, we may incur additional indebtedness that may have the following direct or indirect effects:

- limit our ability to satisfy our obligations under the instruments governing our debt;
- limit our ability to pay dividends;
- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a portion of our cash flow from operations to servicing and repaying our indebtedness, which may place us at a competitive disadvantage with respect to our competitors with less debt;
- limit our flexibility in planning for or reacting to changes in our business and the industry in which we operate;
- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and
- increase the cost of additional financing.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations depend on our operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness, or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

In addition, certain of our financing arrangements impose operating and financial restrictions on our business. These provisions may negatively affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund needed capital expenditures, or overcome downturns in our business.

In the future, we may from time to time incur substantial additional indebtedness. If we or our subsidiaries incur additional debt, the risks that we face as a result of our existing indebtedness could further intensify.

Legal and regulatory developments may adversely affect our business.

We are subject to regulation in each of the countries in which we operate. The principal areas in which we are subject to regulation are water, environment, labor, taxation, health and antitrust. The adoption of new laws or regulations or a stricter interpretation or enforcement thereof 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. In particular, environmental standards are becoming more stringent in several of the countries in which we operate, and we are in the process of complying with these standards, although we cannot assure you that we will be able to meet the timelines for compliance established by the relevant regulatory authorities. Further changes in current regulations may result in an increase in compliance costs, which may have an adverse effect on our future results or financial condition.

We are affected by governmental regulations and guidelines imposing health, food safety and nutritional standards. Our compliance with such standards may require us to incur substantial costs for research and development and use more costly ingredients in our products. We may not be able to make corresponding increases in the prices we charge consumers for our products, which would adversely affect us.

In 2014, fundamental changes to the Mexican tax code were enacted that seek to boost Mexican federal tax revenue. We cannot predict the effects that these changes or other changes to tax regulations in the jurisdictions where we operate will have on our company. For example, since these changes occurred, most of our products are subject to the Special Tax on Products and Services (*Impuesto Especial Sobre Producción y Servicios*), or IEPS, which currently taxes 8% on certain products. Additional excise taxes in Mexico or other countries in Mexico or other countries may affect the profitability of our operations.

Voluntary price restraints or statutory price controls have been imposed historically in several of the countries in which we operate. Currently, price controls on our products exist in certain of the territories in which we have operations. The imposition of these restrictions or voluntary price restraints in other territories may have an adverse effect on our results and financial position. We cannot assure you that governmental authorities in any country where we operate will not impose statutory price controls or that we will not need to implement voluntary price restraints in the future.

Our operations have from time to time been subject to investigations and proceedings by antitrust authorities, and litigation relating to alleged anticompetitive practices. We have also been subject to investigations and proceedings on environmental and labor matters. We cannot assure you that these investigations and proceedings will not have an adverse effect on us. See "Legal Proceedings."

Risks Related to Mexico and the Other Countries in Which We Operate

Adverse economic conditions in Mexico may adversely affect our financial condition and results of operations.

We are a company incorporated in Mexico, and a significant portion of our operations are conducted in Mexico. For the year ended December 31, 2013, 41.6% and 66.7% of our total net sales and EBITDA, respectively, were attributable to Mexico. As a result, our business, financial condition and results of operations may be affected by the general condition of the Mexican economy, price instability, inflation, interest rates, regulation, taxation, increasing crime rates and other political, social and economic developments in or affecting Mexico, over which we have no control. The Mexican economy continues to be heavily influenced by the U.S. economy, and therefore, deterioration in economic conditions in the U.S. economy may affect the Mexican economy. In the past, Mexico has experienced both prolonged periods of weak economic conditions and deteriorations in economic conditions that have had a negative impact on us. Such conditions may return and could have a material and adverse effect on our business, financial condition or result of operations.

Mexico has, in the past, experienced periods of high real and nominal interest rates. The annualized interest rates on 28-day *Certificados de la Tesorería de la Federación*, or *Cetes*, averaged 4.2%, 4.2% and 3.8% for 2011, 2012 and 2013, respectively. Accordingly, if we incur debt denominated in Mexican pesos in the future, it could be at high interest rates.

Our business may be significantly affected by the general condition of the Mexican economy, the rate of inflation in Mexico and interest rates in Mexico. Decreases in the growth rate of the Mexican economy, periods of negative growth and/or increases in inflation or interest rates may result in lower demand for our products, lower real pricing of our services and products or a shift to lower margin products. Because a large percentage of our costs and expenses are fixed, we may not be able to reduce costs and expenses upon the occurrence of any of these events, and we may be materially adversely affected.

Political events in Mexico could adversely affect our operations.

Mexican political events may significantly affect our operations. On July 2012, the presidential election in Mexico led to the election of a new president and political party, Enrique Peña Nieto of the Partido Revolucionario Institucional. Mexico's president has and may continue to implement significant changes in laws, public policy and/or regulations that could affect Mexico's political and economic situation. Any such changes may have an adverse effect on us.

Political disagreements between the executive and the legislative branches could result in deadlock and prevent the timely implementation of political and economic reforms. We cannot predict the impact that political, economic and social conditions will have on the Mexican economy. Furthermore, we cannot provide any assurances that political, economic or social developments in Mexico, over which we have no control, will not have an adverse effect on our business, financial condition, results of operations and prospects.

Economic and political conditions in the other countries in which we operate may adversely affect us.

Given the relevance of our non-Mexican operations, including in the United States, Canada, Latin America and Europe, our results continue to be affected by the economic and political conditions in the countries, other than Mexico, where we conduct operations. Consumer demand, preferences, real prices and the costs of raw materials are heavily influenced by macroeconomic and political conditions in the other countries in which we operate. These conditions vary by country and may not be correlated to conditions in our Mexican operations. Our business may be affected by the general conditions of the economies, rates of inflation, interest rates or exchange rates for the currencies of the countries in which we operate. Decreases in the growth rate of these countries' economies, periods of negative growth and/or increases in inflation or interest rates in these countries may result in lower demand for our products, lower real pricing of our products or a shift to lower margin products. Deterioration in economic and political conditions in any of these countries would have an adverse effect on our company.

The market value of securities of Mexican companies is, to varying degrees, affected by economic and market conditions in other emerging market countries. Although economic conditions in these countries may differ significantly from economic conditions in Mexico, investors' reactions to developments in any of these other countries may have an adverse effect on the market value of securities of Mexican issuers, including our company.

In addition, the direct correlation between economic conditions in Mexico and the United States has sharpened in recent years as a result of the North American Free Trade Agreement, or NAFTA, and increased economic activity between the two countries. As a result of the slowing economy in the United States and the uncertainty it could have on the general economic conditions in Mexico and the United States, our financial condition and results of operations could be adversely affected. In addition, due to the unpredictable dynamics of the international credit markets, capital availability and cost could be significantly affected and could restrict our ability to obtain financing or refinance our existing indebtedness on favorable terms, if at all, materially adversely affecting us.

Political or social developments in any of the countries in which we have operations, over which we have no control, may have an adverse effect on the global market or on us.

Our business and financial performance may be adversely affected by risks inherent in international operations.

We currently maintain production facilities and operations in Mexico, the United States, Argentina, Brazil, Canada, Chile, China, Colombia, Costa Rica, El Salvador, Honduras, Guatemala, Nicaragua, Panama, Paraguay, Peru, Portugal, Spain, Uruguay, the United Kingdom and Venezuela. Our ability to conduct and expand our business and our financial performance are subject to the risks inherent in international operations. Our liquidity, results of operations and financial condition may be adversely affected by trade barriers, currency fluctuations and exchange controls, political unrest, high levels of inflation and increases in duties, taxes and governmental royalties, as well as changes in local laws and policies of the countries in which we conduct business, including changes to environmental laws that could affect our manufacturing facilities or to health safety laws that could affect our products. The governments of the countries in which we operate, or may operate in the future, could take actions that materially adversely affect us, including the taking, expropriation or condemnation of our assets or subsidiaries.

Risks Related to the Notes

The notes and the subsidiary guarantees will be effectively subordinated to our secured debt.

The notes will be our senior unsecured debt and will rank equally in right of payment with all of our other existing and future unsubordinated debt, including borrowings under our Syndicated Revolving Credit Facility. The notes will be effectively junior to any secured debt we may incur in the future and to the future secured debt of any subsidiary guarantor. At March 31, 2014, our total consolidated indebtedness less cash and cash equivalents was Ps.34,272 million (U.S.$2,624 million) of which (i) less than U.S.$50 million constituted secured indebtedness and (ii) less than U.S.$150 million constituted indebtedness of our non-guarantor subsidiaries. In the event that we or any subsidiary guarantor becomes subject to a dissolution, liquidation or reorganization proceeding (*concurso mercantil*) or to bankruptcy (*quiebra*), any secured debt holders would be paid before you receive any amounts due under the notes to the extent of the value of the assets securing their debt and creditors of our subsidiaries may also be paid before you receive any amounts due under the notes. In that event, you may not be able to recover any principal or interest you are due under the notes.

There is no existing market for the trading of the notes, and we cannot assure you that you will be able to sell your notes in the future.

The notes offered hereby will constitute one or more new issues of securities. There is no existing market for trading of the notes, and we cannot assure you that in the future, a market for any series of notes will develop, or that you will be able to sell any notes you have purchased, or that any such notes may be sold for any particular price. Although we have applied to the Irish Stock Exchange for the notes to be admitted to the Official List and trading on the Global Exchange Market, which is the exchange regulated market of the Irish Stock Exchange, we cannot provide you with any assurances regarding the future development of a market for any series of notes, the ability of holders of the notes to sell their notes, or the price at which such holders may be able to sell their notes. If such a market were to develop, the applicable series of notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, our results of operations and financial condition, political and economic developments in and affecting Mexico and the markets for similar securities. The initial purchasers have advised us that they currently intend to make a market in each series of notes but they are not under any obligation to do so, and any market-making with respect to any series of notes may be discontinued at any time without notice at the sole discretion of the initial purchasers.

In addition, trading or resale of the notes (or beneficial interests therein) may be negatively affected by other factors described in this offering memorandum arising from this transaction or the market for securities of Mexican issuers generally. As a result, we cannot assure you of the level of liquidity of any trading market for the notes and, as a result, you may be required to bear the financial risk of your investment in the notes indefinitely.

The notes are subject to transfer restrictions, which could limit your ability to resell your notes.

The notes have not been registered under the Securities Act or any U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. These exemptions include those for offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined under Rule 144A under the Securities Act. For a discussion of certain restrictions on resale and transfer, see "Transfer Restrictions."

There may not be a liquid trading market for the notes, which could limit your ability to sell your notes in the future.

The notes offered hereby will constitute one or more new issues of securities for which, prior to an offering of the applicable series of notes, there has been no public market, and the notes may not be widely distributed. Accordingly, an active trading market for any series of notes may not develop. If a market for any series of notes offered hereby does develop, the price of such notes may fluctuate and liquidity may be limited. If a market for any series of notes offered hereby does not develop, purchasers may not be able to resell such notes for an extended period of time, if at all.

We may not be able to fulfill our repurchase obligations with respect to the notes upon a change of control.

If we experience certain change of control events, we are required by the indenture governing the notes to offer to repurchase all outstanding notes at a repurchase price equal to 100% of the principal amount of notes repurchased, plus accrued and unpaid interest, if any, to the applicable repurchase date. If a change of control event were to occur, we may not have sufficient funds to repay any notes tendered for purchase or that would become immediately due and payable as a result of such change of control event. We may require additional financing from third parties to fund any such repurchases, and we may not be able to obtain additional financing on satisfactory terms or at all. Our failure to repay holders who tender notes for repurchase following a change of control event could result in an event of default under the indenture governing the notes.

If we or the Mexican subsidiary guarantors were to be declared insolvent or bankrupt, holders of notes may find it difficult to collect payment on the notes.

Under the Mexican Business Reorganizations Law (*Ley de Concursos Mercantiles*), if we or any of the Mexican subsidiary guarantors are declared bankrupt (*en quiebra*) or become subject to insolvency proceedings (*concurso mercantil)*, our obligations and the obligations of such subsidiary guarantor under the notes, respectively, (i) would be converted to pesos and then from pesos into *unidades de inversión*, or UDIs, which is a Mexican synthetic unit adjusted by inflation, and would not be adjusted to take into account any devaluation of the peso relative to the U.S. dollar occurring after such conversion, (ii) would cease to accrue interest from the date the *concurso mercantil* is declared, (iii) would be subject to the outcome of, and priorities recognized in, the relevant proceedings (including statutory preferences for tax, social security and labor claims) and (iv) would be satisfied at the time claims of all our creditors are satisfied.

Payments of judgments against us on the notes would be in pesos.

In the event that proceedings are brought against us or the subsidiary guarantors in Mexico, either to enforce a judgment or as a result of an original action brought in Mexico, we and such subsidiary guarantors would not be required to discharge those obligations in a currency other than Mexican currency. Under the Monetary Law of the United Mexican States (*Ley Monetaria de los Estados Unidos Mexicanos*), an obligation, whether resulting from a judgment or by agreement, denominated in a currency other than Mexican pesos, which is payable in Mexico, may be satisfied in Mexican pesos at the rate of exchange in effect at the time and place of payment or judgment. Such rate is currently determined by the Mexican Central Bank and published every banking-business day in the Mexican Federal Official Gazette. As a result, you may suffer a United States dollar shortfall if you obtain a judgment or a distribution in bankruptcy in Mexico and we elect to make payments due under the notes in Mexican pesos.

It may be difficult to enforce civil liabilities against us or our directors, executive officers and controlling persons.

Grupo Bimbo and certain of the subsidiary guarantors are organized under the laws of Mexico. A majority of our directors, executive officers and controlling persons reside outside the United States; a significant portion of the assets of our directors, executive officers and controlling persons, and a significant portion of our assets, are located outside the United States, and certain of the experts named in this offering memorandum also reside outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon these persons or to enforce against them or us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States. We have been advised by our Mexican counsel, Raz Guzmán, S.C., that there is doubt as to the enforceability, in original actions in Mexican courts, of liabilities predicated solely on U.S. federal securities laws and as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of U.S. federal securities laws.

The notes will be structurally subordinated to the liabilities of our non-guarantor subsidiaries.

At issuance each series of notes will only be guaranteed by the subsidiary guarantors and therefore are effectively subordinated to all existing and future liabilities of our other non-guarantor subsidiaries. As of March 31, 2014, the aggregate amount of indebtedness of our non-guarantor subsidiaries was less than U.S.$150 million (excluding intercompany liabilities). The non-guarantor subsidiaries are separate legal entities and have no obligation, contingent or otherwise, to pay any amounts due under any series of notes or to make any funds available for such purpose. The payment of dividends by such non-guarantor subsidiaries will be subject to legal and, in certain instances, contractual restrictions and will depend upon the earnings and cash flow of each non-guarantor subsidiary, which are speculative. In the event of a bankruptcy, liquidation or dissolution of one or more of our subsidiaries, following payment by such subsidiaries of their liabilities, they may not have sufficient assets to make payments to us.

The subsidiary guarantees may not be enforceable against the Mexican subsidiary guarantors.

Each series of notes will be fully and unconditionally guaranteed jointly and severally by certain of our Mexican subsidiaries; however, it is possible that the guarantees may not be enforceable under Mexican law. While Mexican law does not prohibit the giving of guarantees and, as a result, does not prevent the guarantees of the notes from being valid, binding and enforceable against the Mexican subsidiary guarantors, in the event that a Mexican subsidiary guarantor becomes subject to a reorganization proceeding (*concurso mercantil*) or to bankruptcy (*quiebra*), the relevant guarantee may be deemed to have been a fraudulent transfer and declared void based upon the subsidiary guarantor being deemed not to have received fair consideration in exchange for such guarantee.

The collection of interest on interest may not be enforceable in Mexico.

Mexican law does not permit the collection of interest on interest and, as a result, the accrual of default interest on past due ordinary interest accrued in respect of the notes may be unenforceable in Mexico.

USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting the underwriting discount and other estimated expenses payable in connection with this offering, will be approximately U.S.$1,281 million. We intend to use the net proceeds of this offering to prepay existing indebtedness and for other general corporate purposes.

EXCHANGE RATES

The following table sets forth, for the periods indicated, the period-end, average, high and low exchange rate between the Mexican peso and U.S. dollar, based on buying rates published by the Board of Governors of the Federal Reserve System, as certified by the Federal Reserve Bank of New York. The average annual rates presented in the following table were calculated by using the average of the exchange rates on the last day of each month during the relevant period and the average monthly rates were calculated by using the daily average of the exchange rates on each day during the relevant period. All amounts are stated in pesos, and we have not restated the rates in constant currency units. We make no representation that the peso amounts referred to in this offering memorandum could have been or could be converted into U.S. dollars at any particular rate or at all. See "Risk Factors—Risks Factors Related to our Business and Industry—Our business and financial performance may be adversely affected by risks inherent in international operations" and "—Currency fluctuations may adversely affect us." On May 30, 2014, the exchange rate between the peso and U.S. dollar was Ps.12.86 to U.S. $1.00. The exchange rates in this table are provided solely for reference of the investors.

	Exchange Rate			
	Low	High	Period Average	Period End
Year:				
2009	12.63	15.41	13.58	13.06
2010	12.16	13.19	12.64	12.38
2011	11.51	14.25	12.46	13.95
2012	12.63	14.37	13.14	12.96
2013	11.98	13.43	12.86	13.10
Month ended:				
October 31, 2013	12.77	13.25	12.99	13.00
November 30, 2013	12.87	13.24	13.06	13.11
December 31, 2013	12.85	13.22	13.01	13.10
January 31, 2014	13.00	13.46	13.22	13.36
February 28, 2014	13.20	13.51	13.29	13.23
March 31, 2014	13.06	13.33	13.19	13.06
April 30, 2014	12.95	13.14	13.07	13.08
May 30, 2014	12.85	13.05	12.93	12.86

CAPITALIZATION

The following table sets forth our capitalization and indebtedness under IFRS as of March 31, 2014 on (i) an actual basis and (ii) as adjusted to give effect to the issuance of the notes offered hereby and the use of the proceeds thereby.

This table should be read in conjunction with, and is qualified in its entirety by reference to, ''Use of Proceeds,'' ''Management's Discussion and Analysis of Financial Condition and Results of Operations,'' ''Selected Financial and Other Information'' and our unaudited condensed consolidated interim financial statements included elsewhere in this offering memorandum.

	As of March 31, 2014		As of March 31, 2014	
	Actual	As adjusted	Actual	As adjusted
	(in millions of U.S.$)(1)(2)		(in millions of Ps.)(2)	
Debt:				
Denominated in U.S. dollars:				
4.875% Notes due 2020	800	800	10,467	10,467
4.50% Notes due 2022	800	800	10,467	10,467
3.875% Notes due 2024	—	800	—	10,448
4.875% Notes due 2044	—	500	—	6,530
Total	1,600	2,900	20,934	37,912
Denominated in Mexican pesos:				
TIIE28 + 1.55% Notes due 2014	383	383	5,000	5,000
10.60% Notes due 2016	153	153	2,000	2,000
6.05% Notes due 2016	278	278	3,634	3,634
6.83% Notes due 2018	383	383	5,000	5,000
Total	1,197	1,197	15,634	15,634
Denominated in Canadian dollars	—	—	—	—
Other debt (subsidiaries)	117	117	1,523	1,523
Total Debt	2,917	4,216	38,091	55,069
Less current portion of long-term debt	(455)	(455)	(5,946)	(5,946)
Less debt issuance costs and debt discounts	(18)	(37)	(240)	(483)
Long-term debt	2,443	3,724	31,905	48,640
Total stockholders' equity	3,735	3,735	48,774	48,774
Total capitalization	6,651	7,951	86,865	103,843
Total debt as a percentage of total capitalization	44%	53%	44%	53%

(1) The U.S. dollar amount for debt denominated in U.S. dollars represents the outstanding balance in U.S. dollars of such debt as of the relevant date, and are not translations of the respective Mexican peso amount using the convenience translation exchange rate used throughout this offering memorandum. However, the total long-term debt in the U.S. dollar columns represents a translation of the respective amount in Mexican pesos or Canadian dollars, as applicable, using the convenience translation exchange rate used throughout this offering memorandum and, therefore, does not constitute the sum of the individual debt amounts listed on the U.S. dollar columns.

(2) Except percentages.

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables present our selected consolidated financial and operating information, as of the dates and for each of the periods indicated. This information should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements, including the notes thereto, contained elsewhere in this offering memorandum and the ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' section of this offering memorandum.

The consolidated financial information as of and for the years ended December 31, 2013, 2012 and 2011 has been derived from our audited consolidated financial statements contained elsewhere in this offering memorandum.

The consolidated financial information as of and for the three months ended March 31, 2014 and 2013 has been derived from our unaudited condensed consolidated interim financial statements contained elsewhere in this offering memorandum. The results of operations for the three months ended March 31, 2014 are not necessarily indicative of the results to be expected for the year ending December 31, 2014 or for any other period.

Our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS and our audited consolidated financial statements have been audited in accordance with International Auditing Standards. We are not providing any reconciliation to U.S. GAAP of our consolidated financial statements or other financial information in this offering memorandum. We cannot assure you that a reconciliation would not identify material quantitative differences between our consolidated financial statements and other financial information as prepared on the basis of IFRS if such information were to be prepared on the basis of U.S. GAAP.

Our consolidated financial statements are stated in Mexican pesos. Certain financial information concerning us as of and for the year ended December 31, 2013 and the three months ended March 31, 2014 included in this offering memorandum is presented in U.S. dollars for the convenience of the investors. See ''Presentation of Financial and Other Information—Currency.''

For additional information regarding financial information presented in this offering memorandum, see ''Presentation of Financial and Other Information.''

	Three Months Ended March 31,			Year Ended December 31,			
	2014	2014	2013	2013	2013	2012	2011
	(in millions of U.S. dollars)(1)(2)	(in millions of Ps.)(2)		(in millions of U.S. dollars)(1)(2)	(in millions of Ps.)(2)		
CONSOLIDATED STATEMENTS OF INCOME							
Net sales	3,214	41,979	41,455	13,479	176,041	173,139	133,496
Cost of sales	1,514	19,774	20,279	6,427	83,942	85,354	65,396
Gross profit	1,700	22,205	21,176	7,052	92,099	87,785	68,100
General expenses:							
Distribution and selling	1,302	17,003	16,014	5,121	66,882	65,635	48,270
Administrative expenses	226	2,958	2,863	900	11,750	11,599	9,553
Integration costs	48	625	312	140	1,834	1,950	—
Other general expenses	6	76	—	88	1,143	1,214	743
Operating income	118	1,543	1,987	803	10,490	7,387	9,534
Interest expense	58	752	756	241	3,146	3,332	2,760
Interest income	(5)	(67)	(68)	(21)	(268)	(510)	(432)
Exchange loss (gain), net	(3)	(35)	138	—	(1)	91	(651)
Monetary position gain	(3)	(41)	(29)	(6)	(81)	(103)	(127)
Net financing costs	47	609	797	214	2,796	2,810	1,550
Equity in (loss) income of associated companies	(1)	(10)	(2)	(3)	(38)	49	51
Income before income taxes	71	924	1,188	586	7,656	4,626	8,035
Income tax expense	27	359	539	220	2,878	2,195	2,829
Consolidated net income	43	565	649	366	4,778	2,431	5,206
Net income attributable to owners of the company	39	513	570	337	4,404	2,028	4,875
Net income attributable to non-controlling interests	4	52	79	29	374	403	331
Basic and diluted earnings per common share(3)	U.S.$0.01	Ps.0.11	Ps.0.12	U.S.$0.07	Ps.0.94	Ps.0.43	Ps.1.04
Weighted average number of shares outstanding (000's)(3)	4,703,200	4,703,200	4,703,200	4,703,200	4,703,200	4,703,200	4,703,200

(1) Translated to U.S. dollars for convenience only at the rate of Ps.13.06 per U.S.$1.00, the exchange rate reported on March 31, 2014 by the Board of Governors of the Federal Reserve System, as certified by the Federal Reserve Bank of New York. See ''Exchange Rates.''

(2) Except basic and diluted earnings per common share and weighted average number of shares outstanding.

(3) Effective April 29, 2011, as a result of a four-to-one stock split, Grupo Bimbo's authorized capital stock increased from 1,175,800,000 to 4,703,200,000 common shares. Basic earnings per common share are presented above as if the stock split had occurred at the beginning of the first period presented in the statements above.

	As of March 31,			As of December 31,			
	2014	2014	2013	2013	2013	2012	2011
	(in millions of U.S. dollars)	(in millions of Ps.)		(in millions of U.S. dollars)	(in millions of Ps.)		
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION							
Assets							
Current assets:							
Cash and cash equivalents	274	3,579	4,770	192	2,504	4,278	3,966
Accounts and notes receivable-net	1,220	15,939	14,787	1,214	15,848	16,294	17,574
Inventories-net	299	3,905	4,161	362	4,729	4,591	4,980
Prepaid expenses	87	1,140	690	109	1,421	621	766
Derivative financial instruments	36	475	107	3	38	123	18
Guarantee deposits for derivative financial instruments	—	—	810	50	659	566	470
Assets available for sale	4	55	—	4	54	665	703
Total current assets	1,921	25,093	25,325	1,934	25,253	27,138	28,477
Notes receivable from independent operators	110	1,434	1,409	119	1,560	1,484	1,686
Property, plant and equipment-net	3,230	42,186	40,124	3,268	42,683	42,011	42,419
Investment in shares of associated companies and other permanent investments	166	2,162	2,194	163	2,132	2,142	1,803
Derivative financial instruments	59	774	774	53	695	533	417
Deferred income taxes	403	5,260	5,611	413	5,399	6,054	7,605
Intangible assets-net	2,078	27,135	25,315	2,066	26,977	26,690	28,193
Goodwill	2,282	29,804	28,207	2,283	29,822	29,754	32,048
Other assets-net	38	501	1,860	16	206	1,334	587
Total assets	**10,287**	**134,349**	**130,819**	**10,316**	**134,727**	**137,140**	**143,235**
Liabilities and stockholders' equity							
Current liabilities:							
Current portion of long-term debt	455	5,946	1,238	612	7,997	1,573	4,042
Trade accounts payable	695	9,077	8,288	743	9,698	9,488	9,090
Other accounts payable and accrued liabilities	999	13,048	9,761	825	10,779	10,800	10,499
Due to related parties	27	353	543	40	523	677	904
Income taxes	153	1,996	2,025	182	2,372	2,040	719
Statutory employee profit sharing	78	1,025	1,022	67	876	750	756
Derivative financial instruments	65	845	528	79	1,033	237	222
Total current liabilities	2,472	32,290	23,405	2,548	33,278	25,565	26,232
Long-term debt	2,443	31,905	39,147	2,476	32,332	40,398	41,950
Derivative financial instruments	17	222	318	18	236	936	1,961
Employee labor obligations and workers' compensation	1,287	16,804	21,151	1,332	17,399	20,369	19,340
Deferred income taxes	110	1,433	1,326	119	1,554	1,382	1,725
Other liabilities	224	2,921	1,395	164	2,145	1,432	3,328
Total liabilities	6,552	85,575	86,742	6,657	86,944	90,082	94,536
Stockholders' equity:							
Capital stock	324	4,227	4,227	324	4,227	4,227	4,227
Reserve for repurchase of shares	70	917	917	70	917	906	754
Retained earnings	3,379	44,130	42,205	3,340	43,617	41,635	40,312
Accumulated translation effects of foreign subsidiaries	(325)	(4,247)	(4,493)	(304)	(3,975)	(1,470)	1,870
Remeasurement effects of employee benefits	82	1,067	(430)	82	1,067	(430)	(145)
Valuation effects of cash flow hedges	28	367	(360)	(18)	(234)	(132)	(354)
Equity attributable to owners of the company	3,558	46,461	42,066	3,493	45,619	44,736	46,664
Non-controlling interest in consolidated subsidiaries	177	2,313	2,011	166	2,164	2,322	2,035
Total stockholders' equity	3,735	48,774	44,077	3,659	47,783	47,058	48,699
Total liabilities and stockholder's equity	**10,287**	**134,349**	**130,819**	**10,316**	**134,727**	**137,140**	**143,235**

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

The following discussion and analysis should be read together with our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements, including the notes thereto, contained elsewhere in this offering memorandum. Our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements contained elsewhere in this offering memorandum have been prepared in accordance with IFRS, which differs in certain significant respects from U.S. GAAP. See ''Presentation of Financial and Other Information—Financial Statements.''

Our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements are stated in Mexican pesos. Certain financial information concerning us as of and for the year ended December 31, 2013 and the three months ended March 31, 2014 included in this offering memorandum is presented in U.S. dollars solely for the convenience of the reader.

Overview

We are the largest baking company in the world and one of the largest consumer food companies in the Americas. We operate in 21 countries, including the United States, Mexico, Canada, most of Latin America, Spain and, to a lesser extent, Portugal, China and the United Kingdom. We produce a diversified portfolio of over 10,000 products and more than 100 renowned brands, including Bimbo, Oroweat, Arnold, Marinela, Thomas', Barcel, Sara Lee, Entenmann's, Ricolino, Tía Rosa, Pullman, Rainbo, Nutrella, Dempster's, POM and New York Bakery Co. We produce, distribute and market a wide variety of baked goods in every category, including fresh and frozen bread, rolls, cakes and pastries; fresh cookies, crackers, morning goods, pretzels and tortillas, as well as salted snacks, confectionary goods and packaged foods. Through brand development, fresh and quality products and continuous innovation, we have established a leading market share in bakery products in the United States, Mexico, Canada, most of the Latin American countries in which we operate and Spain. In 2013, our banner label and company name, Bimbo, was named the seventh strongest food brand in the world by Kantar World Panel. According to Datamonitor and our own market research, as of 2013, we were the number one or number two market participant in our primary markets (the United States, Mexico, Canada, Latin America, and Spain) in each of the fresh and frozen bread and rolls, cakes and pastries and morning goods categories, and one of the leading participants in the cookies, salted snacks, crackers, confectionery goods and tortillas categories. Our shares are publicly traded in Mexico and listed on the Mexican Stock Exchange under the ticker symbol ''BIMBO.'' As of March 31, 2014, our market capitalization was Ps.166 billion (U.S.$13 billion).

The primary factors that impact our results of operations are:

Raw material prices. We use a number of commodities in the manufacture of our products, including wheat flour, edible oils and fats, sugar, eggs and plastic to package our products. As a result, our consolidated operating results are impacted by changes in the prices of these commodities.

Sales volume. Our consolidated sales volume is impacted by general economic conditions, product prices, new product launches and the extent and effectiveness of our advertising and promotion.

Cost of advertising and promotion. We support our brands and products as well as new product launches through extensive advertising and promotions tailored to our brands and targeted to consumers in the specific markets in which we operate. We typically increase advertising and promotional spending during periods where we are experiencing pressure on sales volume.

Product prices. Prices for our products are impacted by the cost of raw materials and distribution as well as the IEPS tax imposed on our products and the price sensitivity of consumers in the various food categories and markets in which we operate. In the years ended December 31, 2013, 2012 and 2011, we were able to introduce price increases for certain of our product lines to partially offset the increased cost of raw materials and other operating costs.

Distribution efficiencies. We consistently review our distribution processes to reduce costs and increase efficiency across our organization. For example, we have recently implemented initiatives that have improved our sales execution and leveraged our distribution, including customizing sales execution by type of customer and implementing action of a more efficient sales mix.

Foreign exchange rates. Our consolidated financial statements are stated in Mexican pesos. We generate revenue primarily in Mexican pesos and U.S. dollars and, to a lesser extent, in other local currencies in the countries in which we operate. As a result, differences in the currency exchange rate can impact our financial statements, particularly with respect to our results of operations in the United States.

Factors Affecting Comparability of Recent Results of Operations and Financial Condition

Acquisitions

On May 23, 2014, we completed our acquisition of Canada Bread. See ''Business—Recent Developments.''

The following chart shows major acquisitions that we have consummated in the past five years:

Year	Acquired Company/Assets	Country
2014		
May 23	Canada Bread	Canada
2013		
August 26	Valente	Argentina
April 5	Beefsteak	United States
2012		
n/a	None	n/a
2011		
December 5	(Bimbo Iberia) Sara Lee	Spain and Portugal
November 6	Sara Lee	United States
September 19	Fargo	Argentina
2010		
December 3	Dulces Vero	Mexico
May 5	Jin Hong Wei	China
May 1	Biman Foods	United States
2009		
November 18	Saníssimo	Mexico
April 14	Million Land	China
January 21	Bimbo Foods, Inc. (formerly known as Weston Foods, Inc.)	United States
January 19	Guadalupe	Colombia

Critical Accounting Policies

The preparation of financial statements in conformity with IFRS requires that management make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting policies used in the preparation of our consolidated financial statements included elsewhere in this offering memorandum are those that are important both to the presentation of financial condition and results of operations as well as those that require significant judgments with regard to estimates used in arriving at recognition of amounts in the financial statements.

We disclose our significant accounting policies in the notes accompanying our audited consolidated financial statements included elsewhere in this offering memorandum.

The following policies affect the more significant estimates and judgments used in the preparation of our financial statements and changes in these judgments and estimates may impact our future results of operations and financial condition.

Critical judgment in applying accounting policies

Consolidation of structured entities. BBU and Sara Lee have entered into agreements with third party contractors, or Independent Operators, in which they hold no direct or indirect interest but that qualify as structured entities. We have concluded that we have control with respect to certain Independent Operators, primarily with respect to rights or obligations to secure or grant financing, as well as the maintenance obligation related to distribution routes. In other cases, we have concluded we do not exercise control over such Independent Operators.

Key sources of estimation uncertainty

Useful lives, residual values and depreciation and amortization methods of long-lived assets. We periodically review the estimated useful lives, residual values and depreciation and amortization methods of long-lived assets, including property, plant and equipment and intangibles. Additionally, for intangibles, we determine whether their useful lives are finite or infinite.

Allowance for doubtful accounts. In determining the allowance for doubtful accounts we consider the credit risk of the customer, unguaranteed accounts and significant delays in collection according to the established credit limits.

Impairment of goodwill. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires us to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Fair value. Derivative financial instruments are recognized at fair value as of the date of the consolidated statement of financial position. A detailed description of the methodologies to determine fair values of derivative instruments is included in Note 13 to our audited consolidated financial statements. Additionally, we have acquired businesses that require fair value to be determined, at the date of acquisition, for consideration paid, identifiable assets acquired and liabilities assumed and non-controlling interest (if the fair value option is elected).

The fair values described above are estimated using valuation techniques that may include inputs that are not based on observable market data. The main assumptions, used by management are described in the respective notes to our consolidated financial statements. Management considers the valuation techniques and selected assumptions appropriate.

Employee benefits. Cost of defined benefit plans and MEPP provided to employees is determined using actuarial valuations that involve assumptions related to discount rates, future salary increases, employee turnover rates and mortality rates, among others. Due to the long-term nature of these plans, such estimates are sensitive to changes in assumptions.

Determination of income taxes. To determine whether a deferred income tax asset related to tax losses carryforward is impaired, we prepare tax projections to determine its recoverability.

Employee benefits, insurance and other liabilities. Insurance risks exist in the United States with respect to the liability for general damages to other parties, car insurance and employee benefits that are self-insured by us with coverage subject to specific limits agreed in an insurance program. Provisions for claims are recorded on a claim-incurred basis. Insurable risk liabilities are determined using historical data.

Results of Operations

The following discussion comparing our financial results of operations for the years ended December 31, 2013, 2012 and 2011 and for the three months ended March 31, 2014 and 2013 is based on our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements included elsewhere in this offering memorandum.

Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013

Net Sales

Net sales for the three months ended March 31, 2014 increased by Ps.524 million, or 1.3%, to Ps.41,979 million from Ps.41,455 million for the three months ended March 31, 2013. The increase in net sales was primarily a result of good performance in Latin America and Europe, and to a lesser extent, good performance in the United States in Mexican peso terms, which was partially offset by weak performance in Mexico.

- *United States*. Net sales from our United States operations for the three months ended March 31, 2014 increased by Ps.199 million, or 1.1%, to Ps.18,415 million from Ps.18,216 million for the three months ended March 31, 2013. Although net sales from our United States operations increased in Mexican peso terms, net sales in local currency decreased 3.3% primarily as a result of the negative impact of certain divestitures of our operations in California, United States completed in July of 2013, combined with weaker consumption under further pressure from extreme winter weather and a more competitive market environment.
- *Mexico*. Net sales from our Mexican operations for the three months ended March 31, 2014 decreased by Ps.31 million, or 0.2%, to Ps.17,709 million from Ps.17,740 million for the three months ended March 31, 2013, mainly as a result of price changes in the last quarter of 2013 and challenging industry dynamics negatively impacting overall volumes.
- *Latin America*. Net sales from our Latin American operations for the three months ended March 31, 2014 increased by Ps.286 million, or 5.5%, to Ps.5,494 million from Ps.5,208 million for the three months ended March 31, 2013, primarily due to growth in all operations in the region in local currencies during the period, with better performance in Brazil, Panama and Colombia.
- *Europe*. Net sales from our operations in Europe for the three months ended March 31, 2014 increased by Ps.232 million, or 19%, to Ps.1,451 million from Ps.1,219 million for the three months ended March 31, 2013, primarily due to good volume performance particularly in the sweet baked goods and premium breads categories.

Net Sales

	Three Months Ended March 31, (in millions of Ps.)		
Region	2014	2013	% Change
United States	18,415	18,216	1.1
Mexico[(1)]	17,709	17,740	(0.2)
Latin America	5,494	5,208	5.5
Europe	1,451	1,219	19.0
Consolidated[(2)]	**41,979**	**41,455**	**1.3**

(1) These figures include results from operations in Asia, which were not material.

(2) Consolidated figures include the effect of intercompany eliminations.

Gross Profit

Gross profit for the three months ended March 31, 2014 increased by Ps.1,029 million, or 4.9%, to Ps.22,205 million from Ps.21,176 million for the three months ended March 31, 2013.

Gross margin for the three months ended March 31, 2014 increased by 1.8%, to 52.9% from 51.1% for the three months ended March 31, 2013, primarily as a result of lower average raw material costs in every region.

Gross Profit

	Three Months Ended March 31, (in millions of Ps.)		
Region	2014	2013	% Change
United States	9,345	9,152	2.1
Mexico[(1)]	9,994	9,479	5.4
Latin America	2,415	2,155	12.1
Europe	591	459	28.8
Consolidated[(2)]	**22,205**	**21,176**	**4.9**

Gross Margin

Region	Three Months Ended March 31, (in %) 2014	2013	Change pp
United States	50.7	50.2	0.5
Mexico[1]	56.4	53.4	3.0
Latin America	44.0	41.4	2.6
Europe	40.7	37.7	3.0
Consolidated[2]	**52.9**	**51.1**	**1.8**

(1) These figures include results from operations in Asia, which were not material.

(2) Consolidated figures include the effect of intercompany eliminations.

General Expenses—Distribution and Selling and Administrative Expenses

Distribution and selling and administrative expenses for the three months ended March 31, 2014 increased by Ps.1,084 million, or 5.7%, to Ps.19,961 million from Ps.18,877 million for the three months ended March 31, 2013, primarily as a result of higher distribution expenses in Mexico and the United States.

Such increase was partially offset by synergies achieved and waste reduction initiatives implemented in the United States, operating improvements in Latin America and a more efficient cost structure in Europe.

General Expenses (Other)—Integration Costs and Other General Expenses

Other expenses for the three months ended March 31, 2014 increased by Ps.389 million, or more than 100%, to Ps.701 million from Ps.312 million for the three months ended March 31, 2013, primarily as a result of (i) Ps.594 million in integration costs in the United States (equivalent to U.S.$45 million, compared to U.S.$23 million in the corresponding period of the previous year) related to the closing of certain facilities and building and upgrading new facilities, as well as efforts to optimize the distribution network, and (ii) a Ps.49 million non-cash charge related to the write-off of certain assets from the closure of a Barcel facility in Mexico.

Operating Income

Operating income for the three months ended March 31, 2014 decreased by Ps.444 million, or 22.3%, to Ps.1,543 million from Ps.1,987 million for the three months ended March 31, 2013, primarily reflecting performance at the gross profit level offset by the effect of general expenses and integration costs and other expenses mentioned above.

Operating Income (Loss)

Region[1]	Three Months Ended March 31, (in millions of Ps.) 2014	2013	% Change
United States	94	676	(86.1)
Mexico[2]	1,575	1,635	(3.7)
Latin America	(53)	(236)	(77.5)
Europe	(74)	(98)	(24.5)
Consolidated[3]	**1,543**	**1,987**	**(22.3)**

Operating Margin

Region(1)	Three Months Ended March 31, (in %) 2014	2013	Change pp
United States	0.5	3.7	(3.2)
Mexico(2)	8.9	9.2	(0.3)
Latin America	(1.0)	(4.5)	3.5
Europe	(5.1)	(8.0)	2.9
Consolidated(3)	**3.7**	**4.8**	**(1.1)**

(1) Results by region do not include intercompany royalties.

(2) These figures include results from operations in Asia, which were not material.

(3) Consolidated figures include the effect of intercompany eliminations.

Net Financing Cost

Net financing cost for the three months ended March 31, 2014 decreased by Ps.188 million, or 23.6%, to Ps.609 million from Ps.797 million for the three months ended March 31, 2013, primarily as a result of an exchange gain of Ps.35 million compared to a Ps.138 million exchange loss in the prior year.

Income Taxes

Income tax expense for the three months ended March 31, 2014 decreased by Ps.180 million, or 33.4%, to Ps.359 million from Ps.539 million for the three months ended March 31, 2013. Our effective tax rate decreased to 38.8%, compared to 45.4% in 2013, as a result of the unusually high taxable income in 2013 due to the monetary gain recorded as a consequence of inflationary effects on debt, combined with the effect of not recognizing certain deferred income tax benefits generated as a result of tax losses in Brazil, as our Brazilian subsidiary will take longer than originally anticipated to generate taxable income at a level to recover the entire benefit. In addition, for the three months ended March 31, 2014, our income tax reflected the impact of tax reforms, including, among others, reforms regarding the deductibility of certain fringe benefits, which is now limited to 53% compared to the previous tax regime in which such benefits were 100% deductible.

Net Income Attributable to Owners of the Company

For the reasons described above, net income attributable to owners of the company for the three months ended March 31, 2014 decreased by Ps.57 million, or 10.0%, to Ps.513 million from Ps.570 million for the three months ended March 31, 2013, while the margin contracted by 0.2% to 1.2%, reflecting performance at the operating level, a lower financing cost and a lower effective tax rate.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Net Sales

Net sales for the year ended December 31, 2013 increased by Ps.2,902 million, or 1.7%, to Ps.176,041 million from Ps.173,139 million for the year ended December 31, 2012. The increase in net sales was primarily a result of solid organic growth across all regions in local currencies, which was partially offset by unfavorable foreign exchange effects in Latin America and the United States.

- *United States*. Net sales from our United States operations for the year ended December 31, 2013 increased by Ps.840 million, or 1.1%, to Ps.79,767 million from Ps.78,927 million for the year ended December 31, 2012, primarily as a result of solid growth of sales volumes across all channels in the sweet baked goods category, partially offset by an unfavorable foreign exchange effect.
- *Mexico*. Net sales from our Mexican operations for the year ended December 31, 2013 increased by Ps.2,688 million, or 3.8%, to Ps.73,179 million from Ps.70,491 million for the year ended December 31, 2012, as a result of higher average prices in products sold that more than offset the negative impact on volumes of products sold.

- *Latin America*. Net sales from our Latin American operations for the year ended December 31, 2013 decreased by Ps.852 million, or 3.8%, to Ps.21,822 million from Ps.22,674 million for the year ended December 31, 2012, primarily due to the unfavorable foreign exchange impact that more than offset the growth in local currencies, in every country of the region.
- *Europe*. Net sales from our operations in Europe for the year ended December 31, 2013 increased by Ps.141 million, or 2.7%, to Ps.5,323 million from Ps.5,182 million for the year ended December 31, 2012, reflecting good volume performance, mainly in sweet baked goods and new product launches, despite the challenging economic environment that put downward pressure on prices.

Net Sales

	Year Ended December 31, (in millions of Ps.)		
Region	2013	2012	% Change
United States	79,767	78,927	1.1
Mexico[1]	73,179	70,491	3.8
Latin America	21,822	22,674	(3.8)
Europe	5,323	5,182	2.7
Consolidated[2]	**176,041**	**173,139**	**1.7**

(1) These figures include results from operations in Asia, which were not material.

(2) Consolidated figures include the effect of intercompany eliminations.

Gross Profit

Gross profit for the year ended December 31, 2013 increased by Ps.4,314 million, or 4.9%, to Ps.92,099 million, from Ps.87,785 million for the year ended December 31, 2012.

Gross margin for the year ended December 31, 2013 increased by 1.6%, to 52.3% from 50.7% for the year ended December 31, 2012, primarily as a result of stable raw material costs and a more efficient manufacturing footprint resulting from the closure of certain facilities and building and upgrading new facilities in the United States and lower average raw material costs in Latin America, Europe and Mexico. Our Mexican operations benefitted mainly from the foreign exchange effect on raw materials denominated in the U.S. dollar.

Gross Profit

	Year Ended December 31, (in millions of Ps.)		
Region	2013	2012	% Change
United States	39,891	39,356	1.4
Mexico[1]	41,173	37,048	11.1
Latin America	9,287	9,396	(1.2)
Europe	2,084	1,981	5.2
Consolidated[2]	**92,099**	**87,785**	**4.9**

Gross Margin

	Year Ended December 31, (in %)		
Region	2013	2012	Change pp
United States	50.0	49.9	0.1
Mexico[1]	56.3	52.6	3.7
Latin America	42.6	41.4	1.2
Europe	39.2	38.2	1.0
Consolidated[2]	**52.3**	**50.7**	**1.6**

(1) These figures include results from operations in Asia, which were not material.

(2) Consolidated figures include the effect of intercompany eliminations.

General Expenses—Distribution and Selling and Administrative Expenses

Distribution and selling and administrative expenses for the year ended December 31, 2013 increased by Ps.1,398 million, or 1.8%, to Ps.78,632 million from Ps.77,234 million for the year ended December 31, 2012. General expenses as a percentage of sales for the year ended December 31, 2013 increased a slight 0.1% to 44.7% from 44.6% for the year ended December 31, 2012. This primarily reflected higher marketing and distribution costs in Mexico and a non-cash impairment charge of Ps.393 million in Mexico and the United States.

These factors were almost fully offset by the benefits obtained from synergies and waste reduction initiatives in the United States, operating improvements in Latin America and a more efficient cost structure in Europe.

General Expenses (Other)—Integration Costs and Other General Expenses

Other expenses for the year ended December 31, 2013 decreased by Ps.187 million to Ps.2,977 million from Ps.3,164 million for the year ended December 31, 2012 due to lower non-monetary charges in the United States related to MEPPs of Ps.368 million in 2013, compared to Ps.1,102 million in 2012; and lower integration costs of Ps.1,834 million in 2013 (Ps.1,680 million in the United States, Ps.82 million in Europe and Ps.72 million in Latin America), compared to Ps.1,950 million in 2012 (Ps.1,548 million in the United States, Ps.217 million in Europe, Ps.121 million in Latin America and Ps.64 million in Mexico).

These benefits were partially offset by an extraordinary non-cash charge in Latin America of Ps.586 million (of which Ps.545 million derived from a restructuring process implemented in Brazil), and a Ps.211 million non-cash reserve for an account receivable of tax credits recorded in Europe, reflecting a more conservative approach towards the recovery of this benefit.

Operating Income

Operating income for the year ended December 31, 2013 increased by Ps.3,103 million, or 42%, to Ps.10,490 million from Ps.7,387 million for the year ended December 31, 2012, reflecting performance at the gross profit level and the aforementioned effect of general expenses and integration costs and other expenses.

Operating Income (Loss)

	Year Ended December 31, (in millions of Ps.)		
Region[1]	2013	2012	% Change
United States	2,613	1,118	133.7
Mexico[2]	9,556	7,922	20.6
Latin America	(1,168)	(1,101)	6.1
Europe	(545)	(570)	(4.4)
Consolidated[3]	**10,490**	**7,387**	**42.0**

Operating Margin

	Year Ended December 31, (in millions of Ps.)		
Region[1]	2013	2012	Change pp
United States	3.3	1.4	1.9
Mexico[2]	13.1	11.2	1.9
Latin America	(5.4)	(4.9)	(0.5)
Europe	(10.2)	(11.0)	0.8
Consolidated[3]	**6.0**	**4.3**	**1.7**

(1) Results by region do not include intercompany royalties.

(2) These figures include results from operations in Asia, which were not material.

(3) Consolidated figures include the effect of intercompany eliminations.

Net Financing Cost

Net financing cost for the year ended December 31, 2013 decreased by Ps.14 million, or 0.5%, to Ps.2,796 million from Ps.2,810 million for the year ended December 31, 2012, primarily as a result in 2013 of lower interest payments as a consequence of a stronger peso and lower average debt, which was partially offset by a decrease in interest income resulting from lower cash holdings.

Income Taxes

Income tax expense for the year ended December 31, 2013 increased by Ps.683 million, or 31.1%, to Ps.2,878 million from Ps.2,195 million for the year ended December 31, 2012. Our effective tax rate decreased to 37.6%, compared to 47.5% in 2012, primarily as a result of the benefit of the elimination of the deferred Business Flat Tax (*Impuesto Empresarial a Tasa Única*), under Mexico's recent tax reforms coupled with a smaller negative impact from not recording deferred income tax benefits arising from losses in Brazil, in line with the criteria applied since 2012.

Net Income Attributable to Owners of the Company

Net income attributable to owners of the company for the year ended December 31, 2013 increased by Ps.2,376 million, or 117.2%, to Ps.4,404 million from Ps.2,028 million for the year ended December 31, 2012, while the margin expanded by 1.2% to 2.5%, reflecting performance at the operating level, a stable financing cost and a lower effective tax rate.

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

Net Sales

Net sales for the year ended December 31, 2012 increased by Ps.39,643 million, or 29.7%, to Ps.173,139 million from Ps.133,496 million for the year ended December 31, 2011. The increase in net sales was primarily a result of the consolidation of acquisitions and solid organic growth in Mexico and Latin America.

- *United States*. Net sales from our United States operations for the year ended December 31, 2012 increased by Ps.25,117 million, or 46.7%, to Ps.78,927 million from Ps.53,810 million for the year ended December 31, 2011, primarily as a result of the Sara Lee acquisition and, to a lesser extent, favorable foreign exchange rates in the first nine months of the year, which helped offset the weak volume recovery.
- *Mexico*. Net sales from our Mexican operations for the year ended December 31, 2012 increased by Ps.6,123 million, or 9.5%, to Ps.70,491 million from Ps.64,368 million for the year ended December 31, 2011, reflecting stable volume growth across all channels and categories, supported by ongoing sales execution initiatives to improve performance at the point of sale.
- *Latin America*. Net sales from our Latin American operations for the year ended December 31, 2012 increased by Ps.4,322 million, or 23.6%, to Ps.22,674 million from Ps.18,352 million for the year ended December 31, 2011, reflecting market penetration efforts across the region, particularly in the traditional channels, and from the integration of Fargo in Argentina. These factors were partially offset by weaker consumption in Brazil.
- *Europe*. Net sales from our operations in Europe for the year ended December 31, 2012 totaled Ps.5,182 million. This figure is not comparable to performance in 2011, which included only 28 days of results.

Net Sales

Region	Year Ended December 31, (in millions of Ps.) 2012	2011	% Change
United States	78,927	53,810	46.7
Mexico[(1)]	70,491	64,368	9.5
Latin America	22,674	18,352	23.6
Europe	5,182	393	1,218.6
Consolidated[(2)]	**173,139**	**133,496**	**29.7**

(1) These figures include results from operations in Asia, which were not material.

(2) Consolidated figures include the effect of intercompany eliminations.

Gross Profit

Gross profit for the year ended December 31, 2012 increased by Ps.19,685 million, or 28.9%, to Ps.87,785 million from Ps.68,100 million for the year ended December 31, 2011.

Gross margin for the year ended December 31, 2012 decreased by 0.3%, to 50.7% from 51.0% for the year ended December 31, 2011, primarily as a result of the unfavorable impact of foreign exchange rates during most of the year as they negatively impacted our operations in Mexico, partially offset by the favorable impact of lower average prices for raw materials during the second half of 2012.

Gross Profit

Region	Year Ended December 31, (in millions of Ps.) 2012	2011	% Change
United States	39,356	26,651	47.7
Mexico[(1)]	37,048	33,772	9.7
Latin America	9,396	7,752	21.2
Europe	1,981	123	1,510.6
Consolidated[(2)]	**87,785**	**68,100**	**28.9**

Gross Margin

Region	Year Ended December 31, (in %) 2012	2011	Change pp
United States	49.9	49.5	0.4
Mexico[(1)]	52.6	52.5	0.1
Latin America	41.4	41.7	(0.3)
Europe	38.2	31.3	6.9
Consolidated[(2)]	**50.7**	**51.0**	**0.3**

(1) These figures include results from operations in Asia, which were not material.

(2) Consolidated figures include the effect of intercompany eliminations.

General Expenses—Distribution and Selling and Administrative Expenses

Distribution and selling and administrative expenses for the year ended December 31, 2012 increased by Ps.19,411 million, or 33.6%, to Ps.77,234 million from Ps.57,823 million for the year ended December 31, 2011. General expenses as a percentage of sales for the year ended December 31, 2012 increased 1.3% to 44.6% from 43.3% for the year ended December 31, 2011, as a result of a combination of the higher expense structure of Sara Lee's operations in the United States and Spain, investments related to increasing market penetration in Latin America and the United States and non-monetary charges related to the distribution and IT restructuring process in Brazil.

These effects were partially offset by profits from synergies achieved and waste reduction initiatives implemented in the United States.

General Expenses (Other)—Integration Costs and Other General Expenses

Other expenses for the year ended December 31, 2012 increased by Ps.2,421 million to Ps.3.164 million from Ps.743 million for the year ended December 31, 2011, due to integration costs of Ps.1,950 million (Ps.1,548 million in the United States, Ps.217 million in Europe, Ps.121 million in Latin America and Ps.64 million in Mexico), a non-monetary charge in the United States related to the withdrawal of two MEPPs of Ps.1,102 million and the provision of a non-monetary labor cost of Ps.88 million to cover obligations from previous years as a result of new labor laws with retroactive application in Venezuela. All of these factors were partially offset by other income.

Operating Income

Operating income for the year ended December 31, 2012 decreased by Ps.2,147 million, or 22.5%, to Ps.7,387 million from Ps.9,534 million for the year ended December 31, 2011. This reflects the increase in gross profit more than offset by the effects of general expenses and integration costs and other expenses.

Operating Income (Loss)

	Year Ended December 31, (in millions of Ps.)		
Region[(1)]	2012	2011	% Change
United States	1,118	3,058	(63.4)
Mexico[(2)]	7,922	7,534	5.1
Latin America	(1,101)	(949)	16.0
Europe	(570)	(81)	(603.7)
Consolidated[(3)]	**7,387**	**9,534**	**(22.5)**

Operating Margin

	Year Ended December 31, (in %)		
Region[(1)]	2012	2011	Change pp
United States	1.4	5.7	(4.3)
Mexico[(2)]	11.2	11.7	(0.5)
Latin America	(4.9)	(5.1)	0.2
Europe	(11.0)	(20.6)	9.6
Consolidated[(3)]	**4.3**	**7.1**	**(2.8)**

(1) Results by region do not include intercompany royalties.

(2) These figures include results from operations in Asia, which were not material.

(3) Consolidated figures include the effect of intercompany eliminations.

Net Financing Cost

Net financing cost for the year ended December 31, 2012 increased by Ps.1,260 million, or 81.3%, to Ps.2,810 million from Ps.1,550 million for the year ended December 31, 2011, primarily as a result of the combination of an increase in the interest expense attributable to a higher rate for the extension of the average term of our debt and a foreign exchange loss of Ps.91 million pesos, against an exchange gain of Ps.651 million in the previous year, as a result of the dollar-denominated cash holdings to pay for the acquisition of the Sara Lee North American fresh bakery business.

Income Taxes

Income tax expense for the year ended December 31, 2012 decreased by Ps.634 million, or 22.4%, to Ps.2,195 million from Ps.2,829 million for the year ended December 31, 2011. Our effective tax rate increased to 47.4%, compared to 35.2% in 2012, primarily due to a more conservative approach with respect to the expected recovery of tax losses in Brazil under IFRS, resulting in a portion of such losses not being recognized, as our

Brazilian entity may take longer than originally anticipated to generate taxable income at a level to recover the entire benefit. Therefore, during 2012, a tax charge was recorded to partially cancel the deferred tax benefits, thereby affecting the effective tax rate, despite the slight decrease in income tax expense as a result of a decrease in taxable income.

Net Income Attributable to Owners of the Company

For the reasons described above, net income attributable to owners of the company for the year ended December 31, 2012 decreased by Ps.2,847 million, or 58.4%, to Ps.2,028 million from Ps.4,875 million for the year ended December 31, 2011, while the margin decreased by 2.5% to 1.2%, reflecting performance at the operating level and a higher financing cost and effective tax rate.

EBITDA

We define EBITDA as operating income plus depreciation, amortization, impairment and provisions for MEPPs, and other non-cash items. Our management uses this measure as an indicator of our operating results and financial condition; however, you should not consider it in isolation, as an alternative to net income, as an indicator of our operating performance or as a substitute for analysis of our results as reported under IFRS, since, among others:

- it does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect our interest expense; and
- it does not reflect any cash income taxes we may be required to pay.

For a reconciliation of EBITDA to our operating income, please see ''Summary Consolidated Financial Information.''

Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013

EBITDA for the three months ended March 31, 2014 decreased by Ps.253 million, or 7.8%, to Ps.2,972 million from Ps.3,225 million for the three months ended March 31, 2013. This decrease in EBITDA reflects operating income performance plus depreciation and non-monetary charges.

EBITDA

	Three Months Ended March 31, (in millions of Ps.)		
Region(1)	**2014**	**2013**	**% Change**
United States	801	1,278	(37.3)
Mexico(2)	2,071	2,072	—
Latin America	146	(60)	343.0
Europe	(47)	(75)	(37.3)
Consolidated(3)	**2,972**	**3,225**	**(7.8)**

EBITDA Margin

	Three Months Ended March 31, (in %)		
Region(1)	**2014**	**2013**	**Change pp**
United States	4.3	7.0	(2.7)
Mexico(2)	11.7	11.7	—
Latin America	2.7	(1.2)	3.9
Europe	(3.2)	(6.2)	3.0
Consolidated(3)	**7.1**	**7.8**	**(0.7)**

(1) Results by region do not include intercompany royalties.

(2) These figures include results from operations in Asia, which were not material.

(3) Consolidated figures include the effect of intercompany eliminations.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

EBITDA for the year ended December 31, 2013 increased by Ps.3,250 million, or 23.1%, to Ps.17,326 million from Ps.14,076 million for the year ended December 31, 2012. This increase in EBITDA reflects operating income performance plus depreciation and non-monetary charges.

EBITDA

Region[1]	Year Ended December 31, (in millions of Ps.) 2013	2012	% Change
United States	5,798	5,027	15.3
Mexico[2]	11,557	9,735	18.7
Latin America	141	(253)	155.7
Europe	(204)	(451)	(54.8)
Consolidated[3]	**17,326**	**14,076**	**23.1**

EBITDA Margin

Region[1]	Year Ended December 31, (in %) 2013	2012	Change pp
United States	7.3	6.4	0.9
Mexico[2]	15.8	13.8	2.0
Latin America	0.6	(1.1)	1.7
Europe	(3.8)	(8.7)	4.9
Consolidated[3]	**9.8**	**8.1**	**1.7**

(1) Results by region do not include intercompany royalties.

(2) These figures include results from operations in Asia, which were not material.

(3) Consolidated figures include the effect of intercompany eliminations.

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

EBITDA for the year ended December 31, 2012 decreased by Ps.643 million, or 4.4%, to Ps.14,076 million from Ps.14,719 million for the year ended December 31, 2011. This decrease in EBITDA reflects operating income performance plus depreciation and non-monetary charges.

EBITDA

Region[1]	Year Ended December 31, (in millions of Ps.) 2012	2011	% Change
United States	5,027	5,295	(5.1)
Mexico[2]	9,735	9,206	5.7
Latin America	(253)	319	(179.3)
Europe	(451)	(73)	(517.8)
Consolidated[3]	**14,076**	**14,719**	**(4.4)**

EBITDA Margin

Region[1]	Year Ended December 31, (in %) 2012	2011	Change pp
United States	6.4	9.8	(3.4)
Mexico[2]	13.8	14.3	(0.5)
Latin America	(1.1)	1.7	(2.8)
Europe	(8.7)	(18.6)	9.9
Consolidated[3]	**8.1**	**11.0**	**(2.9)**

(1) Results by region do not include intercompany royalties.

(2) These figures include results from operations in Asia, which were not material.

(3) Consolidated figures include the effect of intercompany eliminations.

Liquidity and Capital Resources

Liquidity

Liquidity represents our ability to generate sufficient cash flows from operating activities to meet our obligations as well as our ability to obtain appropriate financing. Therefore, liquidity cannot be considered separately from capital resources that consist primarily of current and potentially available funds for use in achieving our objectives. Currently, our liquidity needs arise primarily from working capital requirements, debt payments, capital expenditures and dividends. In order to satisfy our liquidity and capital requirements, we primarily rely on our own capital, including cash generated from operations, and our committed credit facilities.

We believe that our cash from operations, our existing credit facilities, and our long-term financing will provide sufficient liquidity to meet our working capital needs, planned capital expenditures, future contractual obligations and payment of dividends.

Cash Flows from Operating Activities

Three Months ended March 31, 2014 and 2013

For the three months ended March 31, 2014, net cash flows from operating activities increased by Ps.2,621 million to Ps.5,614 million as compared to Ps.2,993 million in the three months ended March 31, 2013, primarily as a result of a better administration of accounts payable.

Years ended December 31, 2013 and 2012

For the year ended December 31, 2013, net cash flows from operating activities decreased by Ps.2,576 million to Ps.11,394 million as compared to Ps.13,970 million in 2012, primarily as a result of higher income tax payments and employee benefits payments.

Years ended December 31, 2012 and 2011

For the year ended December 31, 2012, net cash flows from operating activities decreased by Ps.1,522 million to Ps.13,970 million in 2012 as compared to Ps.15,492 million in 2011, primarily as a result of the decrease in U.S. operating income due to the integration of Sara Lee.

Net Cash Flows from Investing Activities

Three Months ended March 31, 2014 and 2013

For the three months ended March 31, 2014, net cash used in investing activities increased by Ps.408 million to Ps.1,569 million as compared to Ps.1,161 million in the three months ended March 31, 2013, primarily as a result of certain divestitures of our operations in California, United States completed in July of 2013, which offset the effect of stable capital expenditures.

Years ended December 31, 2013 and 2012

For the year ended December 31, 2013, net cash used in investing activities decreased by Ps.1,333 million to Ps.5,621 million as compared to Ps.6,954 million in 2012, primarily as a result of greater resources received from the sale of assets.

Years ended December 31, 2012 and 2011

For the year ended December 31, 2012, net cash used in investing activities decreased by Ps.13,202 million to Ps.6,954 million as compared to Ps.20,156 million in 2012, primarily as a result of the funds expended for the purchase of Sara Lee in the United States and Europe in 2011.

Net Cash Flows from Financing Activities

Three Months ended March 31, 2014 and 2013

For the three months ended March 31, 2014, net cash used in financing activities increased by Ps.1,952 million to Ps.2,816 million as compared to Ps.864 million in the three months ended March 31, 2013, primarily as a result of the prepayments of loans.

Years ended December 31, 2013 and 2012

For the year ended December 31, 2013, net cash used in financing activities increased by Ps.543 million to Ps.7,302 million as compared to Ps.6,759 million for the year ended December 31, 2012. This change was due primarily to a higher dividend payment from our payment of two years of dividends in advance.

Years ended December 31, 2012 and 2011

For the year ended December 31, 2012, net cash used in financing activities increased by Ps.1,594 million to Ps.6,759 million as compared to Ps.5,165 million for the year ended December 31, 2011. This change was due primarily to payments of loans granted in 2011 for the acquisitions in the United States and Europe.

During 2013, we paid dividends of Ps.0.52 per share totaling Ps.2,422 million.

Borrowings from Banks and Other Financial Institutions

Our total consolidated indebtedness decreased to Ps.37,851 million as of March 31, 2014 from Ps.40,385 million as of March 31, 2013, primarily as a result of the prepayment in full of a syndicated loan facility in the amount of U.S.$198 million, the prepayment in full of a euro-denominated loan facility in the amount of €65 million and the reduction of the debt of our subsidiaries; all of which were partially offset by the depreciation of the peso against the U.S. dollar, which had a negative impact on our outstanding debt.

On January 25, 2012, we obtained U.S.$800 million through our offering of 4.5% notes due 2022, or the 4.5% Notes due 2022, issued to refinance our indebtedness and for other corporate purposes.

On June 23, 2010, we obtained U.S.$800 million through our offering of 4.875% notes due 2020, or the 4.875% Notes due 2020, issued to refinance indebtedness incurred to finance the WFI acquisition and for other corporate purposes.

We also maintain the Syndicated Revolving Credit Facility, with a syndicate of banks, which currently bears interest at a rate of LIBOR plus 1.00%, in the case of U.S. dollar loans, TIIE plus 0.75%, in the case of Mexican peso loans and CDOR plus 1.00%, in the case of Canadian dollar loans. The Syndicated Revolving Credit Facility matures on March 15, 2019. As of the date of this offering memorandum, the aggregate outstanding principal amount under the Syndicated Revolving Credit Facility is U.S.$1,900 million. We intend to use the net proceeds of this offering to prepay a portion of our indebtedness under the Syndicated Revolving Credit Facility. See ''Use of Proceeds.''

In addition, we have issued and outstanding the following notes (*Certificados Bursátiles*) in the Mexican capital markets, which were issued under a program, or the Program, authorized by the CNBV up to the amount of Ps.20,000 million:

- Notes issued on February 10, 2012 in the aggregate amount of Ps.5,000 million, maturing in 2018 and bearing interest at a rate of 6.83%, or the 6.83% Notes due 2018;
- Notes issued on June 15, 2009 in the aggregate amount of Ps.2,000 million, maturing in 2016 and bearing interest at a rate of 10.60%, or the 10.60% Notes due 2016; and
- Notes issued on June 15, 2009 in the aggregate amount of 706 million UDIs (approximately Ps.3,634 million), maturing in 2016 and bearing interest at a rate of 6.05%, or the 6.05% Notes due 2016.

The following table sets forth our outstanding financial indebtedness as of the dates indicated below:

	As of March 31,			As of December 31,			
	2014	2014	2013	2013		2012	2011
	(in millions of U.S.$)(1)	(in millions of Ps.)(2)		(in millions of U.S.$)(1)	(in millions of Ps.)(2)		
4.5% Notes due 2022	800	10,467	9,884	800	10,461	10,408	—
4.875% Notes due 2020	800	10,467	9,884	800	10,461	10,408	11,183
Syndicated Revolving Credit Facility	—	—	—	—	—	—	1,258
Syndicated bank loan 2011	—	—	2,446	53	693	2,576	18,172
Euro Facility	—	—	1,032	—	—	1,121	1,178
6.83% Notes due 2018	383	5,000	5,000	383	5,000	5,000	—
TIIE28 +1.55% Notes due 2014	383	5,000	5,000	383	5,000	5,000	5,000
10.60% Notes due 2016	153	2,000	2,000	153	2,000	2,000	2,000
6.05% Notes due 2016(3)	278	3,634	3,490	274	3,573	3,443	3,313
10.15% Notes due 2012	—	—	—	—	—	—	750
Other loans	117	1,523	1,927	260	3,401	2,312	3,349
Less current portion of long-term debt	(455)	(5,946)	(1,237)	(612)	(7,997)	(1,573)	(4,042)
Less debt issuance costs	(18)	(240)	(279)	(20)	(260)	(297)	(211)
Long-term debt	**2,443**	**31,905**	**39,147**	**2,476**	**32,332**	**40,398**	**41,950**

(1) Translated to U.S. dollars for convenience only at the rate of Ps.13.06 per U.S.$1.00, the exchange rate reported on March 31, 2014 by the Board of Governors of the Federal Reserve System, as certified by the Federal Reserve Bank of New York. See ''Exchange Rates.''

(2) The U.S. dollar amount for debt denominated in U.S. dollars represents the outstanding balance in U.S. dollars of such debt as of the relevant date, and are not translations of the respective Mexican peso amount using the convenience translation exchange rate used throughout this offering memorandum. However, the total long-term debt in the U.S. dollar columns represents a translation of the respective amount in Mexican pesos using the convenience translation exchange rate used throughout this offering memorandum and, therefore, does not constitute the sum of the individual debt amounts listed on the U.S. dollar columns.

(3) Translated to Mexican pesos for convenience only at the rate of Ps.5.15 per 1.00 UDI, the rate reported on March 31, 2014 by the Mexican Central Bank.

We continuously explore financing alternatives, which in the future may include issuances of additional notes (*Certificados Bursátiles*) under the Program.

We also maintain certain facilities under which letters of credit are issued by financial institutions from time to time at our request, primarily in support of our workers compensation obligations. As of the date of this offering we do not have any outstanding obligations in respect of amounts paid under such letters of credit.

Contractual Obligations

The following table reflects our contractual obligations and commercial commitments as of March 31, 2014. Commercial commitments include our outstanding debt, operating leases and other potential cash outflows as follows:

		Payments due by period (in millions of Ps.)		
	Total	Less than 1 year	1 – 3 years	More than 3 years
Current portion of long-term debt	5,946	5,946	—	—
Long-term debt	31,905	—	5,958	25,947
Operating leases	7,580	1,439	3,559	2,582

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to market risks arising from changes in prices, exchange rates and interest rates. Presented below is a description of our most significant risks.

We purchase raw materials and energy necessary to produce our products. The price and other terms of those purchases are subject to changes based on factors such as worldwide supply and demand. We continuously manage our exposure to increases in the price of our raw materials, including wheat. We have employed and may continue to employ hedging arrangements to manage our exposure to price fluctuations of our key raw materials.

Accordingly, our results of operations, cash flows and financial position are sensitive to the fluctuation of the Mexican peso and other currencies relative to the U.S. dollar, our ability to obtain wheat, sugar, edible oils and our other raw materials at a competitive cost, and the prices of energy.

As of March 31, 2014, our contracted futures and their main terms were:

Contracts

Date of Commencement	Position	Number	Maturity	Region	Fair Value (in millions of Ps.)
Futures contracts to fix the purchase price of wheat, corn, and soybean oil					
Various (Wheat)	Long	3,855	Between May 2014 and December 2014	USA	261
Various (Wheat)	Long	3,169	Between May 2014 and December 2014	Mexico	168
Various (Wheat)	Long	247	Between May 2014 and September 2014	Latin America	10
Various (Corn)	Long	107	Between May 2014 and July 2014	USA	4
Various (Soybean oil)	Long	420	Between March 2014 and December 2014	USA	1
Total					444
Futures contracts to fix the purchase price of natural gas, diesel and gasoline					
Various (Natural Gas)	Long	798	Various	Mexico	(1)
Various (Natural Gas)	Long	565	Various	USA	10
Various (Diesel)	Long	1,474	Various	USA	4
Various (Gasoline)	Long	170	Various	USA	1
Total					14

Exchange Rate Risk

As of March 31, 2014, 97% of our consolidated indebtedness (including hedge agreements entered into in connection with such indebtedness) was denominated in U.S. dollars and 3% of our indebtedness, incurred primarily to finance working capital needs, was denominated in the currencies of the other countries in which we operate.

Since a significant portion of our contracted debt as of March 31, 2014 was denominated in U.S. dollars, a severe depreciation of the peso may result in disruption of the international foreign exchange markets. This may limit our ability to transfer or convert pesos into U.S. dollars or other currencies for the purpose of making timely payments of interest on and principal of any of our existing U.S. dollar-denominated debt or U.S. dollar-denominated debt that we may incur in the future. It may also negatively impact our results as it will increase the peso-value of interest expense and the principal value of the debt.

We selectively hedge our exposure to the U.S. dollar with respect to the Mexican peso and other currencies, to our U.S. dollar-denominated debt obligations and to fluctuations in the price of raw materials denominated in U.S. dollars.

The table below presents the amounts, the contracted exchange rate and fair value of our exchange rate hedging agreements as of March 31, 2014, in millions of Mexican pesos unless otherwise noted:

Date of Commencement	Maturity	Amount in U.S. dollars	Average Contracted exchange rate	Amount	Fair Value
				(in millions of Ps.)	
November 2013 through March, 2014	Between April 2014 and August 2014	94,700,000	13.2846	1,258	(14)
December 2013 through March, 2014	Between April 2014 and August 2014	117,000,000	13.2530	1,551	(13)
November 2013 through March, 2014	Between April 2014 and August 2014	340,000,000	1.1188*	378**	29**
March, 2014	Between April 2014 and August 2014	2,130,000	22.86***	49****	0.4****

(1) * Canadian dollar per U.S. dollar.

(2) ** Amount in millions of Canadian dollars.

(3) *** Uruguayan pesos per U.S. dollar.

(4) **** Amount in millions of Uruguayan pesos.

Interest Rate Risk

In connection with our business activities, we have issued and hold financial instruments that expose us to market-related risks from changes in interest rates. Interest rate risk exists, among others, with respect to our indebtedness that bears interest at floating rates. We mitigate such risk by entering into swap instruments that convert our floating interest rates into fixed interest rates. As of March 31, 2014, we had an outstanding total consolidated indebtedness of Ps.37,851 million, the majority of which bore interest at a fixed rate after the effect of such swap instruments.

The following table sets forth notional amounts by scheduled maturity, interest rates and estimated fair market value of our swap instruments as of March 31, 2014.

Date of Commencement	Maturity	Notional Amount (in millions of Ps. unless otherwise indicated)	Interest		Fair Value (in millions of Ps.)
			Paid	Collected	
September 13, 2010	June 6, 2016	155.3*	6.35% (U.S.$)	10.60% (pesos)	44
June 10, 2009	June 6, 2016	1,000	10.54% (pesos)	6.05% (UDI)	236
June 24, 2009	June 6, 2016	2,000	10.60% (pesos)	6.05% (UDI)	469
February 24, 2011	June 9, 2014	1,000	8.00% (fixed)	5.85% (TIIE+1.55%)	(6)
February 24, 2011	June 9, 2014	1,000	7.94% (fixed)	5.85% (TIIE+1.55%)	(6)
February 28, 2011	June 9, 2014	1,000	8.03% (fixed)	5.85% (TIIE+1.55%)	(6)
February 11, 2011	June 9, 2014	166.2*	5.06% (U.S.$)	8.98% (pesos)	(162)
February 17, 2011	June 6, 2016	83.1*	6.47% (U.S.$)	10.54% (pesos)	(73)
February 17, 2011	June 6, 2016	166.3*	6.53% (U.S.$)	10.60% (pesos)	(148)
April 27, 2011	June 9, 2014	86.6*	3.73% (U.S.$)	7.94% (pesos)	(127)
April 25, 2011	June 9, 2014	86.2*	3.83% (U.S.$)	8.03% (pesos)	(122)
April 28, 2011	June 9, 2014	86.7*	3.79% (U.S.$)	8.00% (pesos)	(129)
June 26, 2009	June 9, 2014	2,000	7.43% (fixed)	4.82% (TIIE)	(17)
February 14, 2012	August 3, 2018	50*	3.24% (U.S.$)	6.83% (pesos)	5
February 15, 2012	August 3, 2018	50*	3.30% (U.S.$)	6.83% (pesos)	5
February 17, 2012	August 3, 2018	50*	3.27% (U.S.$)	6.83% (pesos)	3
February 17, 2012	August 3, 2018	72.1*	3.33% (U.S.$)	6.83% (pesos)	4
February 14, 2012	August 3, 2018	70*	3.27% (U.S.$)	6.83% (pesos)	0
February 14, 2012	August 3, 2018	100*	3.25% (U.S.$)	6.83% (pesos)	7

* Amounts in millions of U.S. dollars.

Off-Balance Sheet Arrangements

As a result of the acquisition of Canada Bread we assumed certain undertakings with respect to the obligations of Canada Bread and its subsidiaries Maple Leaf Bakery Inc. and Maple Leaf Bakery UK Ltd in connection with the securitization of certain receivables generated by such companies. Neither we nor any of our subsidiaries guarantee or are liable for the payment of such receivables to the holders thereof.

We have no other material off-balance sheet arrangements.

INDUSTRY

Overview of the Baking Industry

Bread is one of the oldest manufactured food products in history, remains a staple product across the world, and is generally affordable by all market segments. Sales revenues of the global bakery goods manufacturing industry have demonstrated steady growth over the past three years. According to IBISWorld, as of September 2013, in the years 2011 through 2013, industry revenue grew at an average annual rate of 2.4%, to $394.9 billion. In particular, Latin America and Asia have experienced the most significant growth over the past five years due to changing consumer diets that incorporate a greater range of wheat-based products. European and U.S. consumption of bakery products has remained stable over the past five years. Certain markets, including the United States and Europe, have shown a shift towards functional bread products, which include healthy ingredients such as organic grains, Omega-3 fatty acids, calcium, vitamins and minerals and fruit infusions. Recently, market participants have been more focused on this trend and have introduced product categories containing healthy additives.

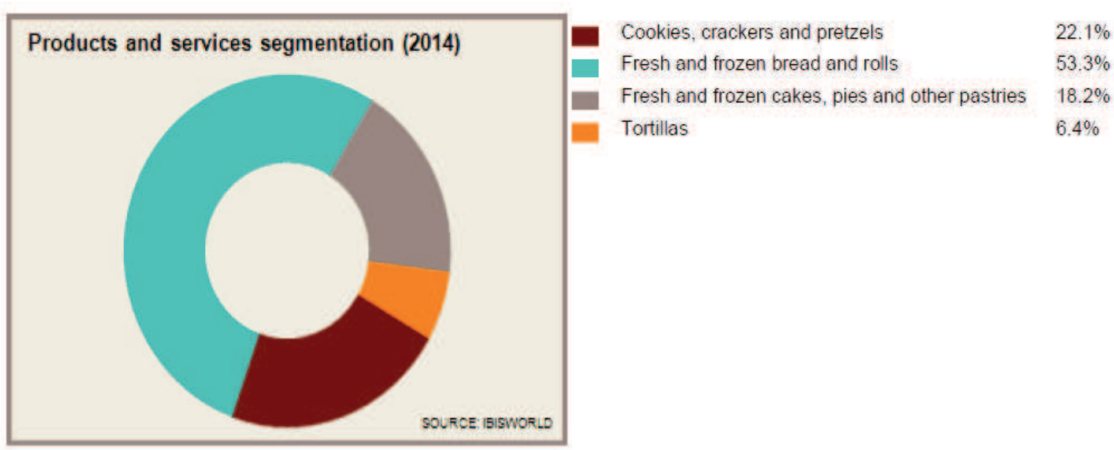
In 2014, revenue in the global baking industry is expected to increase by 2.9%, which would outperform the average annual growth rate for the past three years, and according to IBISWorld is expected to accelerate over the next five years, to a forecasted annualized growth rate of 3.0%. This growth is expected to be driven substantially by increasing demand from emerging markets, particularly in Latin America, Asia and Eastern Europe.

According to IBISWorld, the global baking industry is comprised of a wide variety of products, generally divided into four different categories:

- fresh and frozen breads and rolls;
- cookies, crackers and pretzels;
- fresh and frozen cakes, pies and other pastries; and
- tortillas.

The graph below shows the estimated market share of each category in the global baking industry for 2014:

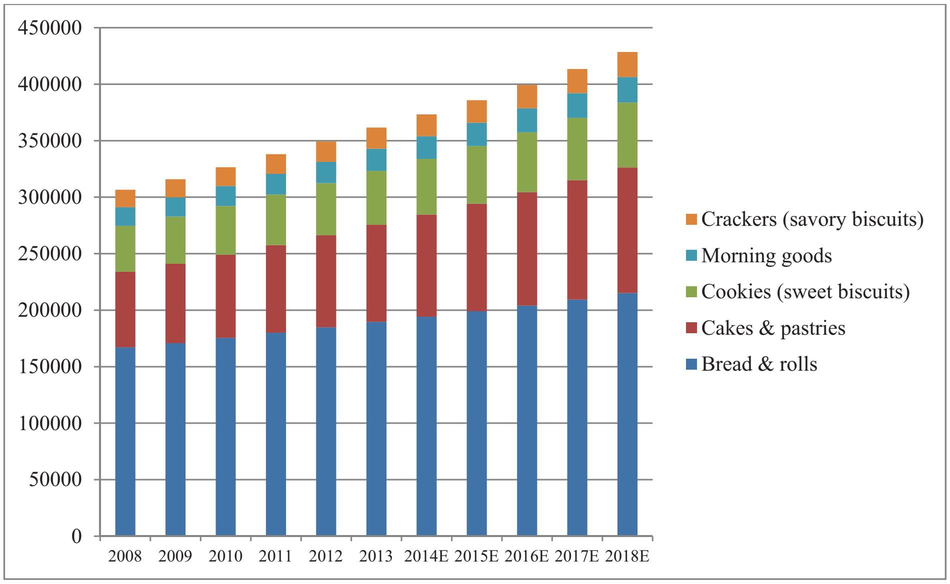
Global Baking Industry—Product Segmentation



Source: IBISWorld "Global Bakery Goods," as of September 2013.

According to IBISWorld, the baking industry is fairly stable and has benefited from a steady growth rate throughout the years without being significantly affected by global or local economic downturns. The table below shows the projected growth through October 2013 in the global bakery and cereals industry according to Datamonitor:

*Global Bakery and Cereals Industry—Value by Category (in millions of U.S. dollars), 2004-14***



* Actual through 2014, forecast thereafter.

Source: Datamonitor as of May 28, 2014.

The baking industry is highly competitive and fragmented in virtually every region across the world, due in part to the fact that baked goods are a staple in many national diets around the world. In addition, the manufacturing process of baked goods in small volumes is fairly unsophisticated and utilizes only commodity raw materials, which are generally available to the public, such as wheat, edible oils, eggs, sugar, milk and chocolate, allowing small producers to easily access regional or local markets. The baking industry is characterized by numerous small family-owned bakeries operating in highly fragmented markets, with more than 274,000 companies operating worldwide. The market captured by regional family-owned bakeries, supermarkets and grocery stores with bakeries, has a large number of market participants with private-label offerings that can afford to charge lower prices.

The industry has a low level of concentration, with the major market participants, Grupo Bimbo, Mondelez International, Yamazaki Baking Company and The Kellogg Company, estimated to account for 11.7% of the market as of September 2013, according to IBISWorld. Grupo Bimbo produces, distributes and markets a wide variety of baked goods and snacks including fresh and frozen bread, rolls, cakes and pastries, and cookies, crackers, morning goods, pretzels and tortillas, as well as salted snacks, confectionary goods and packaged foods. Mondelez International comprises the global food brands of the former Kraft Foods, and produces biscuits, confectionary products, chocolate, candy, coffee and powdered beverages. Yamazaki Baking Company is based in Japan and manufactures a range of breads, sweet buns, Japanese and Western-style confectionery, processed bread and prepared rice, as well as side dishes and desserts. The Kellogg Company produces breakfast cereals and convenience foods.

Competition among the industry's largest companies, as is the case throughout the consumer goods industry, is driven mainly by brand recognition, product differentiation and the ability to deliver high-quality products that appeal to the needs and tastes of the consumer base, such as health concerns and low-carbohydrate diets. In addition, a growing segment of low priced, private label brands has made price-based competition more intense. However, while price is important, value is the underlying game-changer, as the perceived quality of a particular product or brand determines the price that consumers are willing to pay for it.

The chart below shows the estimated market share of the major participants in the global baking industry as of September 2013:

Global Baking Industry—Worldwide Estimated Market Share

Participant	Estimated Market Share
Grupo Bimbo, S.A.B. de C.V.	3.9%
Mondelez International	3.4%
Yamazaki Baking Company, Limited	3.0%
The Kellogg Company	1.4%

Source: IBISWorld "Global Bakery Goods Manufacturing," September 2013.

Over the last five years, these industry leaders have increased their respective share of the market; in 2008, market share concentration was 10.5%. Greater market share concentration has largely been due to increasing merger and acquisition activity, including that of our company. Major competitors with global presence usually operate capital and labor–intensive business models with more structured supply arrangements and an extensive network of production facilities and distribution routes, innovation and consumer knowledge. Additionally, capacity to adapt and anticipate market trends has allowed top players to further increase their share of the market.

Main customers of commercial bakers include supermarkets, family-owned businesses, restaurants, hotels, fast food outlets, schools and other institutions. The sale of products is carried out by sales forces that in some cases are outsourced to third parties. Due to the perishable nature of bread and bakery products, difficulties associated with transportation of products and customers' expectations to restock shelves several times a day, most industry participants are focused on local markets. Recent advancement in technology and packaging have significantly increased the durability of bakery products, increasing their ability to be delivered over longer distances.

According to Datamonitor, in 2013, the bread and rolls category (excluding tortillas) had an overall annual consumption per capita of 30.5 kg.

United States

The baking industry in the United States produces a range of baked goods, including bread, rolls, bagels, doughnuts, muffins, croissants and sweet desserts. North America represents the second largest baked goods market in terms of volume and revenue, after Western Europe, according to IBISWorld in September 2013. In 2013, according to Datamonitor, in the United States, the aggregate market value of the bread and rolls, cakes and pastries, cookies, crackers and morning goods segments was approximately U.S.$49.2 billion, with an aggregate annual per capita consumption level of approximately 39.7 kg., in contrast to a global average of approximately 40.0 kg. per year. The industry is characterized by a low level of concentration, with the four largest players estimated to account for 35.0% of industry revenue in 2013, up from an estimated 20.3% of industry revenue in 2008. Most baked goods are considered staple products in the United States and changes in the level of household disposable income does not greatly affect the demand or consumption of these products, thus making the baking industry resilient to economic turmoil.

The U.S. packaged baked goods industry is much more competitive than the Latin American markets and consumers have a higher interest in healthy bakery products, such as whole-grain baked products. It is a mature market, with established brands. Thus, differentiated products, solid cost controls and distribution density and efficiency are key performance drivers in this market. Bread products tend to be homogenous, so manufacturers must distinguish themselves with new products or marketing initiatives to promote demand and gain market share. In addition, revenue growth has been aided by production of healthy breads and product innovation that addresses changing consumer tastes.

Some of our major competitors include Flowers Foods, Mondelez International, Kelloggs, Pepperidge Farm and private label brands. Competition among industry participants is based in great part on quality, product differentiation, price and nutritional value.

In recent times, the industry experienced consumer nutrition trends such as low-carbohydrate diets. However, the industry has adapted well to the trend and the baked goods industry has attracted consumers with nutritionally enhanced breads and healthy alternatives. The bread market has regained traction, supported by campaigns such as ‘‘Grains for Life’’ by the American Bakers Association and the American Millers Association.

The private-label segment, especially in the white-bread category, is a key segment that has continued to grow against basic, low-priced brands. We participate in the U.S. market through Bimbo Bakeries USA, Inc., or BBU, and the U.S. frozen division of Canada Bread, which produce, distribute and commercialize products in the categories of fresh and frozen breads and rolls, morning goods, fresh and frozen cakes and pastries, cookies and tortillas, and distributes products commercialized under the brands Bimbo, Oroweat Arnold, Marinela, Thomas’, Sara Lee, Entenmann’s, Stroehmann, Mrs. Baird’s, Freihofer’s, Earthgrains, Maier’s, Heiners, Rainbo, Sunbeam, D’Italiano, Colonial, San Luis Sourdough, Ball Park, Boboli and Sunmaid. Following our acquisitions of WFI in 2009 and Earthgrains in 2011, we increased our range of products offered in the United States and incorporated several household bakery brands into our portfolio, such as Sara Lee, Earthgrains, Sunbeam and Rainbo, consolidating our presence in the United States. BBU is the largest packaged breads market participant in the United States. BBU’s mainstream regional brands are more vulnerable to the growth of the private-label segment.

Following nutritional trends, we have introduced a variety of whole-grain products and a sophisticated array of healthy products. BBU offers products under the Oroweat, Arnold, Brownberry, Earthgrains and Sara Lee brands, with a strong presence in the wide-pan healthy bread sector. Other brands owned by BBU, such as Thomas’, Boboli and D’Italiano, are highly differentiated unique products with limited private-label competition.

Mexico

The Mexican baking industry is primarily comprised of regional and traditional bakeries, in most cases, family-owned businesses, of which there are a significant number. According to Datamonitor, as of December 2013 the market penetration of packaged bread in Mexico remains low compared to North America and Western Europe.

According to Datamonitor in 2013, the Mexican baking industry comprises the bread and rolls (excluding tortillas), cakes and pastries, cookies and crackers and morning goods categories with a market value of U.S.$14 billion. The bread and rolls category (excluding tortillas) had a market value of U.S.$8 billion in 2013, while the annual per capita consumption, under the same category, approximately 28.0 kg. According to the same source, the cookies category had a market value of approximately U.S.$1.9 billion in 2013.

The packaged bread industry is competitive at a national and regional level. At a national level, some of the major competitors include other large international market participants, such as Flowers Foods and Walmart and other supermarkets, which compete through their private labels. At a regional level, the strongest competition comes from the significant number of artisanal bakeries, small family-owned bakeries and in-store bakeries in supermarkets, in addition to regional packaged bread competitors such as Dulcipán, El Panqué, Pan Filler, Industrializadora de Alimentos del Sureste, La Superior, Pan Panamá, Hill Country, produced by H.E.B. supermarkets, Bontri, Pantry Select and Sweet Baker Goods.

Traditionally, white bread has been the most popular type of packaged bread in Mexico, with strong presence among households of all income levels. However, consumers’ changing diets are hindering growth of white bread sales as sales of other substitute products such as multigrain bread increase. The share of private label baked goods is small and has reported a stable market share.

We lead the packaged bread market in Mexico, with our iconic Bimbo and Marinela brands, as well as other leading brands such as Tía Rosa.

The major competitors in the cookies category include global market participants such as our company, Gamesa, a PepsiCo. brand, Nabisco, Mondelez International, and local market participants such as Cuétara, and Dondé, among others. As of 2013, we are the number two cookie and cracker producer in Mexico, according to Nielsen, and participate in this market through our brands Marinela, Lara, Gabi, Bimbo, Tía Rosa and Suandy. The cereal bars subcategory has grown substantially in less than a decade. We are a leading participant in this category and our main competitors are the Kellogg Company, Quaker, General Mills and other imported bars.

We also participate in the packaged tortilla market which, according to Datamonitor, had an estimated value of U.S.$6.1 billion in 2013 in Mexico, with our Tía Rosa, Milpa Real, Del Hogar and Wonder brands, which compete mainly with products from Gruma and Maseca, among others.

Canada

The baking industry in Canada produces a range of baked goods, including packaged bread, packaged desserts, buns, rolls and flatbreads and breakfast bread. According to IBISWorld, in 2014, revenue in the Canadian industry is expected to be C$6.3 billion, with an annualized growth rate of 1.5% expected for the next five years. The demand for industry goods has historically remained stable because bread represents a staple food item among Canadians.

The bread production industry in Canada is characterized by a medium level of concentration, with the top four producers anticipated to account for 47.9% of industry revenue in 2014, according to IBISWorld. Some of the leading manufacturers acquired smaller competitors during this period to enter new markets and expand their product portfolios. Some of the industry leaders achieved organic growth despite price-based competition and flat demand for bread products.

The principal participants in the Canadian fresh bakery market are Canada Bread, with a 16.9% market share and George Weston Limited, with a 25.8% market share, according to IBISWorld. Canada Bread is stronger in the eastern Canadian provinces of Quebec and Ontario, which together account for 69% of the fresh bread market's total retail sales. Weston is the market leader in central Canada, a region where Canada Bread has no bakeries. In western Canada, private label fresh bread has a 45% market share, making the price structure much more competitive, mainly due to the participation of Safeway supermarkets. We participate actively in the fresh bakery and frozen bread markets in Canada since our acquisition of Canada Bread.

Recently, the industry has experienced consumer nutrition trends, such as increased popularity of low-carbohydrate diets. The industry has adapted to these trends and the baked goods industry has attracted and retained consumers with nutritionally enhanced breads and healthy alternatives. Industry participants are expected to continue providing products to address this demand.

We are a leading participant in the Canadian market, in the categories of fresh and frozen bread, fresh and frozen buns and rolls, bagels and tortillas through, among other well-known brands, Dempster's and POM, in Ontario and Quebec respectively. We also sell fruit and sweet bread in Canada through our licensed brands Sun-Maid and Cinnabon.

Latin America

Global growth in the baking industry is expected to be driven substantially by increasing demand from emerging markets, including Latin America. The Latin American baking industry is primarily composed of a significant number of regional and traditional bakeries which are, in most cases, family-owned businesses, with a limited geographical reach. Market penetration of packaged bread in Latin America remains notably low. Collectively, the Latin American countries where we operate represent a market of over 400 million consumers.

The packaged bread industry is competitive at local levels. Local competitors include, for example, Panco, Wickbold and Seven Boys and private label product lines in Brazil. The strongest competition comes from the significant number of artisanal bakeries, small family-owned bakeries and in-store bakeries in supermarkets.

Traditionally, white bread has been the most popular type of packaged bread in Latin America, with increasing penetration over recent years, as larger players reach more points of sale and more consumers join the workforce and lifestyles shift toward convenience products. In certain markets, consumers are slowly adopting more healthy diets and shifting toward more premium products. We believe these trends represent a major growth opportunity for us.

We lead the packaged bread market in every Latin American country in which we operate, in the categories of bread, cookies, sweet baked goods, tortillas, cakes, confectionary, cereals and prepared foods, with strong local brands such as Pullman, Plus Vita, Nutrella, Fargo, Ana Maria and Lactal, as well as regional brands such as Bimbo.

Europe

Western Europe is the largest global market for bakery products. It is considered a mature and stable market, with a high level of penetration of packaged bread. The participation of private labels and artisanal bakeries is significant in the region.

According to Datamonitor, in 2013 the aggregate market value of the bread and rolls category (excluding tortillas) in Spain, Portugal and the United Kingdom was approximately U.S.$12.9 billion, with an aggregate per capita consumption level of approximately 46.4 kg. per year in Spain, 62.3 kg. per year in Portugal and 46.1 kg. per year in the U.K., in the same year. We are market leaders in the bread and rolls category in Spain, with a 14.4% market share, according to Datamonitor, competing mainly against Panrico Group, artisanal producers and a growing private label segment, most notably of Mercadona supermarkets.

In the United Kingdom we are a leading producer in the bagel market, with our brand New York Bakery Co., our principal competitors in such market are Weight Watchers, Kings Mill and other private label players. Our bagel category has grown 14% per year over the past five years. We also hold a leading position in the United Kingdom in the *vienoisserie* category.

We lead the branded packaged bread market in Spain and hold a leading position in the packaged bread market in Portugal, with participation in the packaged bread, sweet baked goods and snacks categories with our brands Bimbo, Silueta, Martínez and Eagle.

Asia

Global growth in the baking industry is expected to be driven substantially by increasing demand from emerging markets, including Asia. According to Datamonitor, the market value of the bread and rolls (excluding tortillas), cakes and pastries, cookies, crackers and morning goods in China was U.S.$37.5 billion in 2013, with annual per capita consumption, under the same category, of approximately 8.9 kg.

Industry growth in China has been driven by sustained economic prosperity, increased urbanization, more working women and the growing influence of Western cultures and diets. This has transformed bread into an even more common part of the Chinese diet, resulting in a significant increase in the number of new producers in the region. The bakery manufacturing market in China is extremely fragmented; however, international manufacturers are expected to increasingly expand their operations in the region due to rising bread consumption.

During the past decade, Chinese bakery consumption nearly doubled; this trend is expected to continue during the next five years as more people adopt Western-style diets. As a result, growth is expected to rise through a shift from sweet bread varieties toward healthier whole grain bread varieties. Additionally, China has experienced significant growth in the private-label market.

We have been pioneers in developing the packaged bread market in China, in the categories of packaged baked goods, cakes and tortillas, by adapting our products to local preferences such as bread filled with sweet beans, green tea and spicy meat. We participate in the Chinese market principally through our brands Bimbo, Million Land and Jin Hong Wei.

Other Categories

We also participate in the salted snacks category through the Barcel brand in Mexico and, to a lesser degree, the United States. According to Nielsen, for the year 2013, in Mexico the salted snacks category, including the peanuts subcategory, had an estimated market value of U.S.$46.5 billion. The salted snacks category is highly competitive and includes major participants, such as our Barcel brand and Sabritas, a PepsiCo. brand. Our Barcel brand has the second largest market share for salted snacks in Mexico, after Sabritas, with 20.3% participation in the market for the year 2013.

In addition, we participate in the confectionery goods market with our Ricolino, Vero and La Corona brands, which together occupy the second position in the Mexican market. According to Datamonitor, the confectionery goods category in Mexico had an estimated value of U.S.$3.2 billion in 2013. This industry is highly fragmented, ranging from small local firms to large companies competing globally. Main competitors include Adams, Canels, Ferrero, Mars, Hershey's, De la Rosa, Nestlé, Sonric's, EFFEM and Turín.

BUSINESS

Overview

We are the largest baking company in the world and one of the largest consumer food companies in the Americas. We operate in 21 countries, including the United States, Mexico, Canada, most of Latin America, Spain and, to a lesser extent, Portugal, China and the United Kingdom. We produce a diversified portfolio of over 10,000 products and more than 100 renowned brands, including Bimbo, Oroweat, Arnold, Marinela, Thomas', Barcel, Sara Lee, Entenmann's, Ricolino, Tía Rosa, Pullman, Rainbo, Nutrella, Dempster's, POM and New York Bakery Co. We produce, distribute and market a wide variety of baked goods in every category, including fresh and frozen bread, rolls, cakes and pastries; fresh cookies, crackers, morning goods, pretzels and tortillas, as well as salted snacks, confectionary goods and packaged foods. Through brand development, fresh and quality products and continuous innovation, we have established a leading market share in bakery products in the United States, Mexico, Canada, most of the Latin American countries in which we operate and Spain. In 2013, our banner label and company name, Bimbo, was named the seventh strongest food brand in the world by Kantar World Panel. According to Datamonitor and our own market research, as of 2013, we were the number one or number two market participant in our primary markets (the United States, Mexico, Canada, Latin America, and Spain) in each of the fresh and frozen bread and rolls, cakes and pastries and morning goods categories, and one of the leading participants in the cookies, salted snacks, crackers, confectionery goods and tortillas categories. Our shares are publicly traded in Mexico and listed on the Mexican Stock Exchange under the ticker symbol ''BIMBO.'' As of March 31, 2014, our market capitalization was Ps.166 billion (U.S.$13 billion).

Since our formation in 1945, we have expanded broadly through organic growth as well as acquisitions and have experienced significant growth in our business over recent years. From 2008 to 2013, our EBITDA increased from Ps.9,829 million to Ps.17,326 million at a compounded annual growth rate (in nominal terms), or CAGR, of 12.0%. Also, from 2008 to 2013, our net sales grew at a CAGR of 16.4%, fueled by a CAGR of 34.6% in the United States, 5.9% in Mexico and 14.0% in Latin America. We became the largest packaged bread market participant in the United States following the acquisitions of Weston Foods Inc., or WFI, in 2009 and Earthgrains, Sara Lee Corporation's North American fresh bakery business, in 2011. Also in 2011, we accessed the European market with our acquisition of Sara Lee's bakery business in Europe. On May 23, 2014, we entered the Canadian and United Kingdom markets with our acquisition of Canada Bread, Inc., or Canada Bread, producer of Dempster's, the leading bread brand in Canada. With these acquisitions, accompanied by our organic growth in Mexico and Latin America, driven mainly by market penetration and product innovation, we have consolidated our position as the largest global baking company.

Currently, we operate 169 plants worldwide. To ensure the freshness and quality of our products, we have developed an extensive direct-distribution network, which fields one of the largest sales fleets in the Americas. As of March 31, 2014, our direct-distribution network consisted of approximately 53,000 distribution routes, spread across more than 1,500 distribution centers and reaching more than two million points of sale.

For the year ended December 31, 2013, we reported net sales and EBITDA of Ps.176,041 million (U.S.$13,479 million) and Ps.17,326 million (U.S.$1,327 million), respectively. For this period, our operations in the United States accounted for 45.3% and 33.5% of our net sales and EBITDA, respectively, and our operations in Mexico accounted for 41.6% and 66.7% of our net sales and EBITDA, respectively.

For the three months ended March 31, 2014, we reported net sales and EBITDA of Ps.41,979 million (U.S.$3,214 million) and Ps.2,972 million (U.S.$228 million), respectively. For this period, our operations in the United States accounted for 43.9% and 27.0% of our net sales and EBITDA, respectively, and our operations in Mexico accounted for 42.2% and 69.7% of our net sales and EBITDA, respectively.

For the year ended December 31, 2013, our pro-forma net sales and EBITDA (assuming that our acquisition of Canada Bread occurred on the first day of such year) were Ps.193,955 million (U.S.$14,851 million) and Ps.19,494 million (U.S.$1,493 million), respectively.

The tables below show our pro-forma net sales and EBITDA per region for the year ended December 31, 2013 (assuming that our acquisition of Canada Bread occurred on the first day of such year).

Net Sales

	Year Ended December 31, 2013		
Region	**(in millions of U.S.$.)[(1)]**	**(in millions of Ps.)**	**Percentage**
United States	$ 6,108	79,767	41.1%
Mexico[(2)]	$ 5,603	73,179	37.7%
Canada[(3)]	$ 1,372	17,914	9.2%
Latin America	$ 1,671	21,822	11.3%
Europe	$ 408	5,323	2.7%
Consolidated[(4)]	**$14,851**	**193,955**	**100%**

EBITDA

	Year Ended December 31, 2013		
Region[(5)]	**(in millions of U.S.$.)[(1)]**	**(in millions of Ps.)**	**Percentage**
United States	$ 444	5,798	29.7%
Mexico[(2)]	$ 885	11,557	59.3%
Canada[(3)]	$ 166	2,168	11.1%
Latin America	$ 11	141	0.7%
Europe	$ (16)	(204)	(1.0)%
Consolidated[(4)]	**$1,493**	**19,494**	**100%**

(1) Translated to U.S. dollars for convenience only at the rate of Ps.13.06 per U.S.$1.00, the exchange rate reported on March 31, 2014 by the Board of Governors of the Federal Reserve System, as certified by the Federal Reserve Bank of New York. See "Exchange Rates."

(2) These figures include results from operations in Asia, which were not material.

(3) Translated from the original amount in Canadian dollars, for convenience only, first to U.S. dollars at the rate of C$1.06 per U.S.$1.00, the exchange rates reported on December 31, 2013 by the Board of Governors of the Federal Reserve System, as certified by the Federal Reserve Bank of New York; and then from U.S. dollars to Mexican pesos at the rate of Ps.13.06 per U.S.$1.00, the exchange rates reported on March 31, 2014 by the Board of Governors of the Federal Reserve System, as certified by the Federal Reserve Bank of New York. See "Exchange Rates."

(4) Consolidated figures include the effect of intercompany eliminations.

(5) Results by region do not include intercompany royalties.

For the year ended December 31, 2013,

- the aggregate EBITDA and net sales of our subsidiary guarantors (without giving effect to intercompany eliminations) was Ps.17,015 million (U.S.$1,303 million) and Ps.149,038 million (U.S.$11,412 million), respectively, or 98.2% and 84.7% of our consolidated EBITDA and consolidated net sales, respectively; and

- the aggregate EBITDA and net sales of our non-guarantor subsidiaries (without giving effect to intercompany eliminations) was Ps.277 million (U.S.$21 million) and Ps.31,053 million (U.S.$2,378 million), respectively, or 1.6% and 17.6% of our consolidated EBITDA and consolidated net sales, respectively.

As of December 31, 2013, the aggregate total assets of our subsidiary guarantors (without giving effect to intercompany eliminations) was Ps.96,445 million (U.S.$7,385 million) or 71.6% of our consolidated total assets, and the aggregate total assets of our non-guarantor subsidiaries (without giving effect to intercompany eliminations) was Ps.40,162 million (U.S.$3,075 million) or 29.8% of our consolidated total assets.

For the three-month period ended March 31, 2014,

- the aggregate EBITDA and net sales of our subsidiary guarantors (without giving effect to intercompany eliminations) was Ps.3,039 million (U.S.$233 million) and Ps.35,258 million (U.S.$2,700 million), respectively, or 102.3% and 84.0% of our consolidated EBITDA and consolidated net sales, respectively; and

- the aggregate EBITDA and net sales of our non-guarantor subsidiaries (without giving effect to intercompany eliminations) was Ps.(68) million (U.S.$(5) million) and Ps.7,811 million (U.S.$598 million), respectively, or (2.3)% and 18.6% of our consolidated EBITDA and consolidated net sales, respectively.

As of March 31, 2014, the aggregate total assets of our subsidiary guarantors (without giving effect to intercompany eliminations) was Ps.94,251 million (U.S.$7,217 million), or 70.2% of our consolidated total assets, and the aggregate total assets of our non-guarantor subsidiaries (without giving effect to intercompany eliminations) was Ps.41,878 million (U.S.$3,207 million), or 31.2% of our consolidated total assets.

Our Strengths

We have grown rapidly over the last five years, and we believe our business strengths will allow us to continue to grow and successfully fulfill our strategy:

- *Leading Market Position*. We are the largest baking company in the world and one of the largest food companies in the Americas, with a diversified portfolio of approximately 10,000 products and more than 100 renowned brands, which allows us to reach all of our market categories in most of the countries in which we operate. We have a leading position in established markets as well as developing markets with high potential for growth. We are the number one or number two market participant in terms of sales in our primary markets (the United States, Mexico, Canada, Latin America and Spain) in each of the fresh and frozen bread and rolls, cakes and pastries and morning goods categories. We also are a leading participant in the cookies, salted snacks, crackers, confectionery goods and tortillas categories. We believe many of our other product lines are also top participants in their respective markets. For example, Thomas' is among the most recognized brands in the English muffins subcategory. In Mexico, the iconic Bimbo brand is currently the market leader in the breads category, Marinela is currently the market leader in the cakes category, and Barcel and Ricolino are currently the number two market participants in the salted snacks and confectionery market, respectively. In Canada, the Dempster's brand is the leading bread brand. In Brazil, Pullman holds a leading position in the breads, pastries and cakes categories. We believe that our leading market position is a key driver of our organic growth.
- *Strong Brand Recognition*. We have a strong track record of creating, nurturing and managing brands, resulting in an unrivaled international portfolio of wholesome, indulgent, healthy and premium products. Of our top-selling brands, 15 hold the number one or two positions in their respective markets, including brands with global reach and revenues of billions of dollars per year. In 2013, our banner label and company name, Bimbo, was named the seventh strongest food brand in the world by Kantar World Panel. We invest significant resources to enhance and protect the value of our brands, with a priority on their long-term positioning. Our brands are leaders in market recognition in the United States, Mexico, Canada, Latin America, Spain, Portugal and the United Kingdom. In the United States, we are the strongest market participant in terms of sales, with strong nationwide and regional brands. As we have expanded our operations internationally, we have acquired local brands while introducing products marketed under our global brand names. We have a strong brand franchise that enables us to innovate and launch line extensions and new products. Our brand portfolio in the United States, Mexico, Canada, Argentina, Brazil, Spain, Portugal and the United Kingdom includes other recognized brands such as Bimbo, Marinela, Thomas', Arnold, Entenmann's, Dempster's, POM, New York Bakery Co., Ricolino, Vero, Fargo, Lactal, Pullman, Ana María, Sara Lee, Earthgrains, Sunbeam, Rainbo, Silueta, Martínez and Eagle. Each of our brands is targeted to a specific consumer segment and supported by a comprehensive marketing plan. Some of our brand symbols, such as the Bimbo bear, the Thomas' carriage, the Arnold, Oroweat and Brownberry wheat stalk, the Gansito goose, the Ana María girl and the Paleta Payaso clown have developed iconic status and are immediately recognizable to millions of consumers.
- *Extensive Direct-Distribution Network*. We have developed an extensive direct-distribution network, with one of the largest sales fleets in the Americas with approximately 53,000 distribution routes worldwide. We maintain what we believe is a highly efficient and sophisticated logistics operation to address distribution requirements across the markets we serve. Our network allows us to distribute products from our 169 plants, more than 1,500 distribution centers and warehouses to more than two

million points of sale every day to ensure the freshness and quality of our products and to meet the needs of every type of customer from hypermarkets to family-owned businesses. For example, in Mexico our bread is delivered to our customers in less than six hours from the time it leaves our plant. Through our acquisition of Canada Bread, we have further strengthened our distribution capabilities in the Americas, which we expect will enable us to increase our market penetration and brand recognition in North America. We have also developed strong relationships with our customers that enable us to tailor our approach and response to their diverse and changing needs, including with respect to frequency of delivery, in a cost-effective manner. We believe this results in strong customer loyalty.

- *Efficient and Sustainable Production Chain.* We manage our supply chain, production and distribution processes in order to provide our consumers with high quality products at the lowest possible cost. We achieve costs savings through waste reductions, economies of scale in procurement, manufacturing and distribution, among other initiatives focused on becoming a low-cost producer. We have developed an integrated and efficient supply chain of raw materials and packaging. We select suppliers based on a number of factors, including price competitiveness, on-time delivery, quantity and speed of response, quality and innovation. Our supplier audit program gauges the performance of each supplier and the extent to which it complies with our requirements. We employ state-of-the-art technology in order to increase efficiency, reduce waste and optimize energy and water usage in our production facilities. We aim to locate our manufacturing assets optimally in their markets with relation to warehousing and population centers. We believe our focus on cost control allows us to pass value along to our customers and increase our profitability.

- *Vast and Innovative Lines of Products.* We offer our consumers, through our different brands, a wide variety of baked goods spanning a broad range of product categories, pricing levels, flavors and sizes. We offer products for every meal, occasion and consumer profiles. We continuously expand and create innovative product lines based on a deep understanding of our consumer's needs and our ability to anticipate specific consumer needs and preferences in each market. For example, we regularly improve our existing products by increasing their nutritional value and introduce new and healthy options. We have gained this understanding by our continued market research and retrieving and analyzing key information from our consumers, including through our four research and development centers across the Americas and the use of sophisticated technology by our sales force. The quality of our market intelligence allows us to both track and create new market trends and target the right products to each point of sale at the right time. Since 2011 we have successfully met the ongoing challenge of significantly reducing the saturated fat, sodium and sugar content of our products and introducing new products with improved nutritional profiles. We aim to continue to be one of the leading innovators within our product categories and have consistently introduced new products that have been well received by consumers.

- *Experienced Management Team and Focus on Leadership Development.* Our strong senior management team has proven industry expertise, with an average of 18 years with us and over 320 years of collective experience in our industry. It has successfully developed and consolidated our market leadership by focusing on our baked goods business and its effective and rapid response to the constantly changing consumer demands and competitive environment in the markets in which we operate. Our management team has completed and integrated over 45 acquisitions during the past ten years and implemented innovative ideas and best practices in manufacturing and distribution across Grupo Bimbo. For example, in 2013 we achieved over U.S.$170 million in savings resulting from synergies deriving out of the integration of recent acquisitions. We are committed to leadership development and retention; in 2013 we provided a total of 1.2 million training hours to our associates.

- *Strong Corporate Culture with a Commitment to Social and Environmental Responsibility.* We place great emphasis on our relationship with our associates and are strongly committed to developing and supporting socially responsible and environmentally sustainable initiatives. We view workforce satisfaction and an active corporate social responsibility as essential to the development of a strong corporate culture and customer loyalty. We developed and extensively use biodegradable packaging technology which, unlike normal polyethylene, is degraded up to ten times faster than conventional packaging. In 2013, we reused 32% of the water we consumed in our operations and reduced our water consumption by over 240,000 cubic meters as compared to the previous year. We consume most of the energy required by our production plants in Mexico from a 90 megawatt wind farm in the state of Oaxaca, Mexico, known as ''Piedra Larga,'' completed in 2012. In July 2013, we started operating a fleet of vehicles powered by electricity generated in the Piedra Larga wind farm, for delivery of our products in downtown Mexico City. In addition to our sustainable development efforts, we continuously introduce innovative products that offer healthy choices to our customers. For example, we have engaged in efforts to eliminate trans fatty acids from our products. In recognition of our transnational campaign to promote the benefits of whole grains, in February 2011 we received the WGC Global Award from the Whole Grains Council.

Strategy

To achieve our goal of nourishing more people at each meal every day, we aim to continue strengthening our position as the largest baking company in the world and one of the world's top food companies. Our strategy includes the following elements:

- *Development of Innovative New Products*. We intend to continue to invest in research and development to introduce new products that suit the tastes and budgets of our consumers according to changing customs, needs and trends, while providing nutritional value. We plan to continue using the strength of our brands and our low-cost manufacturing base to increase our opportunities for continued expansion of our product offerings. Through our innovations, we intend to reinforce our identity as a global company with a local character through a constant pipeline of new products that seek to address our diverse consumers' needs and preferences and enhance our consumer base. Our commitment to wellness is a key driver of our innovation efforts and we intend to continue to enhance the nutritional value of our products.
- *Continued Development of Our Brands*. Based on our market research, our brands have an extraordinary ''top of mind awareness'' in the market of most of our product categories. We believe our global presence, combined with our strong understanding of our local markets, uniquely positions us to continue developing a highly marketable portfolio of brands. We believe our Thomas' English muffins are one of the most popular breakfast options in the United States. These capabilities provide a platform for us to develop new product lines under our existing brands as well as entirely new categories. We intend to increase the recognition of our existing brands, which include our global brands, such as Bimbo, and strong regional brands, while developing new brands targeted to our markets.
- *Best in Class Manufacturing Capabilities.* Our growth has generated valuable economies of scale in manufacturing, distribution, procurement and marketing as well as dissemination of best practices and innovation. We intend to remain focused on driving additional efficiencies and improved profitability in our business. In particular, we aim for constant improvement in the use of our production and distribution resources and by periodically reinvesting in our plants and equipment. We strive to maintain a low-cost operation with a focus on environmentally sustainable and effective cost controls that will create value that we can pass to our consumers.
- *Strategic Geographic Diversification with Balanced Presence in Established and Developing Markets.* During the last decade, we evolved from a strong local leader to a global participant. Our global character is reflected in our revenue stream diversification that reduces reliance on any single geographic region to drive performance. We believe that our geographic diversification allows us to benefit from participation in steady and mature markets, while capitalizing on promising growth opportunities in markets such as Latin America and Asia. Through this geographic footprint, we intend to take advantage of proven business models and strategically approach regions with a potential for growth.
- *Continuous Growth*. We seek to continue to expand our geographic reach through organic growth and strategic acquisitions in regions and categories that provide a platform for growth of our existing brand and product portfolio and to increase the penetration of our brands. We seek to maintain a strategic balance between our continued expansion in developed markets and participation in existing and new high-growth markets. We believe our presence in various markets around the world will provide a platform for us to identify selective growth opportunities.

- *Conservative Financial Policy*. As a result of proactive and responsible financial management, we hold a strong and flexible financial structure, with a favorable credit profile. As part of our financial discipline, we strive to maintain an amortization profile aligned with our cash generation, strict cash management, responsible risk management and a conservative dividend policy. We also intend to continue to maintain a healthy balance sheet that enables us to pursue strategic opportunities. Our balanced capital structure reflects a well-diversified funding base, reducing reliance on any single market.

Recent Developments

Acquisition of Canada Bread

On May 23, 2014, we completed the acquisition of Canada Bread, one of Canada's largest food processing and distribution companies, for an all-cash purchase price of C$1,830 million (U.S.$1,777 million). We financed our acquisition of Canada Bread with debt under our existing U.S.$2 billion committed multi-currency revolving credit facility, or the Syndicated Revolving Credit Facility, and cash on hand.

Canada Bread produces and markets bakery products in its 25 production plants and has one of Canada's largest direct store distribution networks, with over 982 distribution routes operated by independent franchisees and distributors, and over 41,200 delivery locations, with over 5,400 associates, primarily in Canada, the United States and the United Kingdom. Canada Bread holds a leading position in the Canadian fresh bread market, with a share of 36.3%, in 2013, according to Nielsen, and it also holds a leading position in bagels and croissants and other *viennoiserie* in the United Kingdom. In addition, Canada Bread has a frozen bakery business in Canada and the United States, as well as a fresh and frozen bakery business in the United Kingdom. Canada Bread's fresh bakery business accounted for 66% of its total sales in 2013, with its frozen bakery business accounting for 26% of its total sales, and its business in the United Kingdom accounting for 8% of its total sales.

Canada Bread produces fresh and frozen bread, buns and rolls, morning goods and pastries; frozen pie shells and fresh tortillas. Its brand portfolio includes the Dempster's brand, the leading Canadian fresh bread brand, and its other leading brands include:

- Tenderflake, Grace Baking and California Sour Dough, which are brands for frozen bread and pie shell;
- New York Bakery Co. in the United Kingdom; and
- POM, Bon Matin, Tenderflake, Ben's, McGavin's and Villaggio, which are brands for fresh bread.

Canada Bread's brands occupy the number one or number two position in all major fresh and frozen bakery categories in the Canadian market. In addition to selling under its own brands, Canada Bread sells bread, buns and pastries in the private label segment.

With the integration of Canada Bread's business, we have expanded our geographic footprint in North America and Europe, reaching a Canadian and United Kingdom customer base and expanding our product portfolio to new product categories, such as frozen bread and rolls. We intend to further increase our market penetration in Canada and the United Kingdom by introducing additional product categories to those currently offered by Canada Bread.

This acquisition represents one of the most important acquisition in our company's history, and one more step in our growth strategy to consolidate our global platform and continue to strengthen our position as the largest baking company in the world and one of the world's top food companies while reducing our reliance on any single market to drive performance. Additionally, the acquisition enhances our unique geographic reach. As a result of the consummation of this acquisition we now employ more than 125,000 associates, operate 169 plants in 21 countries and distribute our products through approximately 53,000 distribution routes.

For the year ended December 31, 2013, net sales and EBITDA* of Canada Bread were C$1,454 million (U.S.$1,372 million) and C$176 million (U.S.$166 million), respectively. For the year ended December 31, 2013, our pro-forma net sales and EBITDA (assuming that our acquisition of Canada Bread occurred on the first day of such year) were Ps.193,955 million (U.S.$14,851 million) and Ps.19,494 million (U.S.$1,493 million), respectively.

Operations

We operate in the following main regions: Mexico, the United States, Argentina, Brazil, Canada, Chile, China, Colombia, Costa Rica, El Salvador, Honduras, Guatemala, Nicaragua, Panama, Paraguay, Peru, Portugal, Spain, Uruguay, the United Kingdom and Venezuela.

The tables below set forth our net sales in each of the main markets in which we operated as of March 31, 2014 and December 31, 2013, 2012 and 2011:

Net Sales

	For the Three Months Ended March 31,	For the Years Ended December 31,		
	2014	2013	2012	2011
Region	(in millions of Ps.)			
United States	18,415	79,767	78,927	53,810
Mexico[(1)]	17,709	73,179	70,491	64,368
Latin America	5,494	21,822	22,674	18,352
Europe	1,451	5,323	5,182	393

(1) These figures include results from operations in Asia, which were not material.

United States

BBU is the largest baking company in the United States. We consolidated our leading position through several major acquisitions, including WFI and Earthgrains in 2009 and 2011, respectively. Other acquisitions that we have consummated in the United States include Beefsteak, Oroweat, Entenmann's, Four-S and Mrs. Baird's. On December 29, 2013, Bimbo Foods, Inc. and Earthgrains Bakery Group Inc., merged with and into Bimbo Bakeries USA, Inc., a Delaware corporation.

BBU has the most extensive geographic presence of any baking company in the United States, where we have renowned brands in every market segment of the industry, with a portfolio that serves a variety of price points and meal occasions, from breakfast to dinner, festive meals and snack times. BBU is the market leader in several categories, including premium and mainstream baked products and English muffins. Currently, BBU operates 64 production plants across the United States and has a nationwide distribution network. Approximately 57.7% of BBU's distribution network is conducted by independent operators under contracts with us, which provides cost efficiency in the region. We maintain strong relationships with large retailers across the United States, which enhances our ability to market our products.

BBU has an attractive brand portfolio comprised of leading national brands, such as Thomas' English muffins and bagels, Sara Lee's packaged bread, Entenmann's snack cakes and brands of healthy wide-pan bread, such as Arnold, Brownberry, Oroweat and Earthgrains; and regional brands, such as Mrs. Baird's, Freihofer's, Stroehmann, Francisco, Old Country, Boboli, Sunbeam, Rainbo, Heiners and Colonial.

BBU also produces and distributes some of Grupo Bimbo's Mexican brands in the United States. BBU's extensive distribution network has allowed us to significantly expand our market share for those products in the United States. In addition, our products marketed under the Barcel brand have recently gained strength in the U.S. packaged foods market. See "—Mexico."

Additionally, with the acquisition of Canada Bread we have acquired its U.S. frozen bakery business, which produces frozen bread, buns and rolls. Our leading frozen bread brands in the U.S. are Wholesome Harvest, Grace Baking and California Gold Sourdough. As a result of this acquisition, we currently operate three production plants for the frozen bakery business in the United States.

* EBITDA of Canada Bread is calculated as earnings from operations and before interest and income taxes plus depreciation and intangible asset amortization (adjusted for items that are not considered representative of ongoing operational activities of the business and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred).

The table below sets forth our main brands in the United States:

United States Brands

BBU is headquartered in Horsham, Pennsylvania.

Mexico

Our business in Mexico is divided into two major divisions:

- bread and other baked goods, operated mainly through our operating subsidiary Bimbo, which includes high-end pastry and artisan bread, and
- salted snacks and confectionery goods, operated through our operating subsidiary Barcel.

Currently, we operate 39 production plants across Mexico, with a nationwide distribution network. We mostly distribute to small convenience stores in Mexico. In addition, we maintain strong relationships with large retailers across Mexico, which enhances our ability to market our products.

Bimbo

We have been in operation in Mexico since 1945. Bimbo manufactures, distributes and sells sliced bread, sweet baked goods, buns, cakes, pastries, cookies, crackers, cereal bars, packaged wheat tortillas, and tostadas, among others. Bimbo has a strong presence in Mexico where some of our products are considered staple products, such as our packaged bread. These products are marketed, among others, under the Bimbo, Oroweat, Marinela, Tía Rosa, Wonder, Milpa Real, Lara, Del Hogar, Gabi, Saníssimo, Lonchibón and Suandy brands. Additionally, Bimbo produces, distributes and markets high-end pastry and artisan bread marketed under our brands El Globo, La Balance and El Molino, through direct points of sale.

Our brands have high consumer recognition in the Mexican market and are supported by the country's most extensive distribution network, making us the leader in the packaged bread market in Mexico, with continued gains in market share as consumer preferences evolve and we introduce innovative products to the market. We are also the Mexican snack cake market leader and the number two cookie and cracker producer. The Mexican baked goods market, however, remains highly competitive and fragmented. In the relatively new category of cereal bars, we have quickly established market leadership through our brands Branfrut, Multigrano, Doble Fibra and Plus Vita, demonstrating our ability to identify new consumer trends and satisfy them with innovative products. We have also steadily gained market share in the packaged wheat tortillas market, as more Mexicans look for convenient, packaged wheat tortillas with longer shelf lives. In addition, our brand Milpa Real leads the tostadas market.

Bimbo is headquartered in Mexico City.

Barcel

Barcel manufactures, distributes and markets salted snacks and confectionery goods including chips, peanuts, corn-based salted snacks, lollipops, marshmallows, chocolates, milk caramel, chewing gum and gummy candies. Among its main brands are Barcel, the second-ranked salted-snack brand in Mexico, and Ricolino, Mexico's second-ranked candy and chocolate brand, as well as Coronado, Vero and La Corona. Barcel has consolidated its position and increased its participation in the market by offering innovative products, such as spicy snacks and confectionery goods.

Through organic growth combined with several acquisitions, we have strengthened our position in the Mexican salted snacks and confectionary goods market. In addition, Barcel has increased its reach and customer base with an expanding presence and a complementary portfolio of products in the U.S. and Latin American markets. See "—United States."

Barcel is headquartered in Lerma, in the State of Mexico.

The table below sets forth our main brands in Mexico:

Mexico Brands

Canada

On May 23, 2014, we completed the acquisition of Canada Bread, one of Canada's largest food processing and distribution companies.

We produce fresh and frozen bread, buns, rolls, morning goods and pastries; frozen pie shells and fresh tortillas in Canada.

Our brand portfolio includes Dempster's, the leading national Canadian fresh bread brand, among other leading regional brands across all core categories, covering every consumer profile, from the mainstream to the premium. Our brands occupy the number one or number two position in all major fresh and frozen bread and bakery categories in Canada. Our other leading brands include fresh and frozen bread and pie shell brands

Tenderflake, Wholesome Harvest, Grace Baking and California Sour Dough and fresh bread brands POM, Bon Matin, Ben's, McGavin's and Villaggio. We also sell bread, buns and pastries in the private label segment.

We maintain strong relationships with large retailers across Canada, which enhances our ability to market our products.

We currently operate 25 production plants in Canada and maintain one of Canada's largest direct store distribution networks, with 982 distribution routes owned by independent franchisees and distributors.

The table below sets forth our main brands in Canada:

Canada Brands

Our Canadian operations are headquartered in Toronto.

Latin America

We operate in 14 Latin American countries, including Argentina, Brazil, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela, which we refer to as our Latin American operations.

Our main products in Latin America include packaged bread, rolls, cakes, cookies, snack cakes, *alfajores*, wheat and corn tortillas and pizza crust. Our main brands are Bimbo, Marinela, Marisela, Pullman, Nutrella, Plus Vita, Ana María, Fargo, Oroweat, Rolly's, Holsum, Ideal, Cena, Laura, Los Sorchantes, Fuchs, Pancatlán, Trigoro, Pyc, Bontrigo, Agua de Piedra, Firenze, Lagos del Sur, Lalo, El Maestro Cubano, El Maestro Artesano, Tía Rosa, Mamá Inés, Crocantíssimo, Rap10, Plucky, Ricard, Valente and Ricolino.

We have 31 plants with an extensive distribution network tailored to each of the markets in the countries in which we participate in Latin America. In each of the countries where we operate, while we follow our global standards for logistics, information technology and market intelligence, we adapt our business model, including our distribution systems, branding, marketing and product flavors, among other characteristics, to the local economic, social, geographic and political environment.

We have continuously increased our market penetration in the traditional channel and maintain strong relationships with retailers across Latin America, which enhances our ability to market our products.

The table below sets forth our main brands in Latin America:

Latin America Brands

Our Latin American operations are headquartered in Buenos Aires, Argentina.

Europe

We have been present in Spain and Portugal since 2011, after our acquisition of the fresh bakery business of Sara Lee, and, more recently, in the United Kingdom after our acquisition of Canada Bread in 2014.

In Spain and Portugal, we have a strong presence in the bread, pastries and snacks categories, with brands including Bimbo, which is a household name in Spain, Silueta, Ortiz, Martínez and Eagle, nine plants and an extensive distribution network, reaching primarily large retail customers. Bread is a staple food in Spain, where our Bimbo packaged bread brand is a household name.

In 2014, we entered the United Kingdom market through our acquisition of Canada Bread, with two plants. In the United Kingdom, our main product categories are bagels, croissants and other viennoiserie, Italian ciabatta and other artisan bakery products. We primarily market our products to retailers and food service customers, and we are leaders in the bagels category, according to Nielsen.

The table below sets forth our main brands in Europe:

Europe Brands

Asia

We operate in Asia through our subsidiary Bimbo Beijing Food Company, or Bimbo Beijing. Bimbo Beijing produces and distributes packaged bread, pastries, cookies and ready-to-eat food, among others, mainly under the Bimbo, Million Land and Jin Hong Wei brands. We operate one production plant in Beijing. We maintain a continuously-growing distribution network which is tailored to the local market. Our operations in Asia have grown organically and through acquisitions.

We are pioneers in the packaged bread market, and have developed new products, including rolls filled with sweet beans and bread filled with spicy meat, to satisfy region-specific tastes. We also produce western-style products, which we expect to meet the growing Asian demand for international products and changes in dietary trends toward the inclusion of bread products as part of the Asian diet.

Our principal Asian markets are the cities of Beijing, Tianjin, Langfang, Baoding, Shijiazhuang, Taiyuan, Jinan, Shanghai and the Northeastern Chinese cities of Shenyang and Chang Chun. With the development of our distribution network and products with longer shelf lives, we are also able to sell our products in more distant Chinese regions such as interior Mongolia, Guandong and Xinjiang.

The table below sets forth our main brands in Asia:

Asia Brands

Bimbo Beijing is headquartered in Beijing.

Products

As of March 31, 2014, we produced more than 10,000 products and more than 100 renowned brands to cover every meal, occasion and consumer segment. Our business has always focused on a large array of products tailored to the local markets, including fresh and frozen bread, rolls, cakes and pastries, and cookies, crackers, morning goods, pretzels and tortillas, as well as salted snacks, confectionery goods and packaged foods. Demand for most of our products varies depending on the season.

As part of our marketing program and to enhance our brand recognition and market penetration, we have distinctly adapted our various brands to local markets. We use different packages, flavors and appearances designed to cater to the needs, preferences and expectations of consumers for every occasion.

As part of our commitment to health and wellness and to suit and anticipate changing consumer preferences, we are constantly improving our existing product formulas and developing new lines of products. Over the last five years we have improved the nutritional value in approximately 1,900 products, including the reduction of fat, salt and sugar and the elimination of trans fats in most of our products.

Production Process

We make ongoing investments to implement state-of-the-art technology and equipment in our plants. We have been adopting and implementing modern automated production processes for each of our lines of business and maintain strict operation and control systems, resulting in efficiencies throughout our production processes within a competitive cost structure. We manage our production process in order to promote the quality production of our products at the lowest cost. Some of our manufacturing plants may be programmed to manufacture a variety of products also contributing to production efficiencies. Our production process has slight variations among products, but generally includes the mixing of ingredients, baking, slicing, packaging and distribution of the products.

As part of our strategy to respond to the changing needs of the market, we have implemented and continuously update innovative systems to increase the capacity, quality, and production potential of our manufacturing lines. Our production process constantly evolves, as we share global best practices from recently acquired companies and from our existing operations. To that end, we constantly redesign our facilities and incorporate new technology (either developed by us or acquired from third parties), significantly optimizing capacity and reducing production costs, as in our new factories in Rockwell, Texas and Lehigh, Pennsylvania.

Safety and Quality Control System

Quality is essential for us, as one of our core values. In recent years, we have strengthened our quality control systems to ensure the food safety and consistency of our products in the various regions where we operate. We have a quality control area fully dedicated to monitoring compliance with applicable health and other sanitary regulations and internal policies.

We continuously implement quality control systems tailored to the individual needs of every line of product and have adopted the highest international standards, driven by our commitment to ensure the satisfaction of our customers and consumers. This system involves quality control assurance and food safety, providing enhanced customer service, promoting and preserving a healthy labor environment and respecting the environment to contribute to the overall development of the community. Given the importance of food quality and safety, one part of our quality control system is aimed at controlling and continuously improving the quality of consumables, processes and finished products. With the implementation of our quality control system we have won several awards over the years, with the most recent being the Mexican National Quality Award for our Marinela production lines in 2013.

We have earned the loyalty of our customers and consumers by our adherence to the most rigorous international standards in the food industry, certified by independent organizations and agencies with a recognized international reputation. As of December 31, 2012, three of our plants had obtained the International Organization for Standardization 9001-2000 certification, or ISO 9001-2000, 33 of our plants had obtained the Hazard Analysis & Critical Control Points certification, or HACCP, eight of our exporting plants had also obtained Business Alliance for Secure Commerce certification, or BASC, and 90 of our plants had obtained the Global Food Safety Initiative, or BRC Standard. ISO 9001-2000 is a series of international standards that provide guidelines for a quality management system and HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of finished products. BASC certification addresses and seeks to prevent the risks associated with narcotics, terrorism and merchandise smuggling, by controlling operating processes, personnel, access, infrastructure, suppliers, and even customers. The BRC Standard is awarded by the British Retail Consortium and seeks to establish a standard for due diligence and supplier approval for food manufacturers throughout the world.

Inventory

Raw Materials

The quality and continuous supply of our raw materials are critical factors in our production process. We have adopted rigorous supply policies under which we require our suppliers to adhere to detailed specifications for raw materials and to provide quality control certificates for their products. We also conduct laboratory testing on raw materials supplied by third parties and routinely inspect our suppliers' production plants and facilities.

We have long-standing relationships with suppliers who adhere to our high quality standards. We seek to maintain low supply costs without sacrificing quality of raw materials.

Wheat flour is our main raw material. Wheat is generally traded in U.S. dollars and subject to price fluctuations depending upon factors such as weather, crop production and worldwide market supply and demand, among others. We routinely review and revise our relationship with our wheat flour suppliers and we continuously enter into hedging arrangements to manage our exposure to price fluctuations of our key raw materials. See "Risk Factors—Increases in prices and shortages of raw materials, fuels and utilities could cause our costs to increase."

Other important raw materials for our lines of business are sugar, edible oils and fats and eggs, as well as plastics used to package our products.

The table below sets forth our principal raw materials and our major suppliers in the main markets in which we operate:

Raw Material	Mexico	USA	Europe	Latin America
Wheat Flour	• Grupo Altex • Harinera La Espiga • Horizon Milling (Cargill) • Harinea Irapuato • Harinas de Chihuahua	• Archer Daniels Midland Company • Cereal Food Processor Incorporated • Conagra Foods Incorporated • Horizon Milling Llc • Okeene Milling Company • Bay State Milling Company	• Grupo Harantico S.L. Harinera • Vilafranquina S.A. • Harinera la Meta S.A. Cerealis • Fills De Moreto • S.A.	• Bunge Alimentos S.A. • Nolston S.A. • Molino Rio Uruguay S.A. • Molino Rio San José S.A. • Cargill S.A.C.I. • S.A. C E I Francisco Cores Ltda. • Canepa Hnos S.A.I.C.A. Y Finaciera • Andres Lagomarsino E Hijos S.A. • Molino Puente Alto S.A. • Molino La Estampa S.A. • Alicorp S.A. • Molinos Modernos, S.A. • Harinas Del Istmo, S.A. • Molinos El Lobo S.A.
Sugar	• Beta San Miguel • Tate & Lyle México S. de R.L. de C.V. • Cpingredientes S.A. de C.V. • Cía. Química Industrial Neumann, S.A. de C.V. • Productos Abel Ha, S.A. de C.V. • Almidones Mexicanos S.A. de C.V. • Adm Bioproducts	• Indiana Sugars Inc • United Sugars Corporation • Domino Sugar Incorporated • Sweetener Products Company • Archer Daniels Midland Company	• Acor & Tereos • Ebro - Nueva Comercial Azucarera (Sudzucker)	• Ingenio y Refineria San Martin del Tabacal Srl • Ingredion Argentina Sa • Copersucar Trading A V V • Ingredion • Productos de maíz S.A. • Lodiser S.A. • Sucden Peru S A • Lansagro S.A • Riopaila Castilla S.A. • Sucden Peru S.A. • Levapan, S.A. • F. Pache S.A.

Raw Material	Mexico	USA	Europe	Latin America
Edible Oils and Fats	• Aarhuskarlshamn • Cargill De México • Ragasa Industrias • Proteínas Y Oléicos • Industrializadora Oleofinos • Cremería Americana, S.A. de C.V.	• Archer Daniels Midland Company • Bunge Foods Corporation • Cargill Inc Soybean Oil Division • Perdue Farms Inc • Stratas Foods, Llc.	• Borges S.A. • Lipidos Santiga S.A. • DEOLEO S.A • Urzante S.L.	• Bunge Alimentos S.A. • Aarhuskarlshamn Latin America S.A. • Alicorp S.A. • Camilo Ferron Chile S.A. • Team Food Chile SpA • Cargill S.A.C.I. • Compañía Argentina De Levaduras S.A.I.C • Dow Agrosciences Argentina S.A. • Dubor Canarias S.L. • Fábrica de Grasas y Productos Químicos Ltda. Grascos Ltda. • Grasas y Derivados S.A. Grades S.A. • Industrial Alpamayo S.A. • Olmeca, Sociedad Anónima • Team Foods Colombia S.A. • COUSA
Liquid and Powdered Eggs	• Ovoplus del Centro S.A. de C.V. • Avibel de Mexico S.A. de C.V. • Granjas Orespi, S.A. de C.V. • Michael Foods, Inc • Socorro Romero Sanchez, S.A. de C.V. • Alimentos de La Granja S.A. de C.V.	• Debelis Corporation • Sonstegard Foods Company • Pearsons Inc • General Mills finance incorporated • M G Waldbaum • Rose Acre Farms Inc.	• Arteovo, S.L.U. • Ovofoods S.A.	• Alimentos de La Granja, S.A. de C.V. • Avicola Triple A S A S • Comercial Agricovial S.A. • Establecimiento Avícola Las Acacias S.R.L • Negociaciones Vadis S.A.C. • Ovobrand S.A • Ovoprot International S.A. • Ovosur S.A. • Santa Reyes S.A.

We hold minority interests in some of our major suppliers of eggs and sugar. In addition to these raw materials, we also purchase plastic packaging from a number of suppliers. We currently are not dependent on any single supplier in any market in which we operate.

Our raw materials are managed using the first-in first-out method to preserve the freshness of our products. Due to the nature of our products, our inventories of raw materials, mainly perishable products, have a high turnover rate. We receive most of our supplies on a continuous basis, in some cases, with daily deliveries. Our corporate offices lead the negotiations of our main raw materials with our suppliers while our inventories are directly managed by each plant and storage facility. Local plants and storage facilities also manage and directly place orders of raw materials that may be obtained locally.

Finished Products

We have strategically located production plants and distribution centers, which allows us to consolidate our operations in each region and to efficiently distribute our products. In addition, we have successfully implemented an interconnected system that allows us to synchronize our production capabilities with consumer demands based on information retrieved several times a day from our sales force, resulting in optimal levels of customer order management and thus, very low inventories of our finished products.

Due to the nature of our products and our commitment to their freshness, inventory has a high turnover rate. Our inventories of dried products, such as toasted bread and breadcrumbs, cookies, candies and chocolates, have a lower turnover rate.

Innovation

As one of the largest food companies in the world, Grupo Bimbo has always focused on offering delicious and nutritional products to its consumers. Our success is based on constantly adapting to consumer needs and preferences and in offering innovative products in line with industry trends, such as improving our existing products by increasing their nutritional value and introducing new and healthy options, all of which is achieved in great part by continuously investing in research and technology.

We have had a strong track record of creating innovative products, which we believe reflects a deep understanding of consumer preferences, our commitment to promoting health and wellness and the rigor of our ongoing market research and testing programs. Innovation provides an informed consumer a choice of alternative products, particularly those that should be included in a healthy diet where bread has a predominant place. We strive to ensure that our products suit the tastes of our consumer base and are mindful of their customs and needs in the countries in which we operate.

We strive to find the proper balance between nutrition and taste in our products. Therefore, in 2008, we became a member of International Food and Beverage Alliance to implement the Global Strategy of the World Health Organization on Diet, Physical Activity and Health, with five fundamental commitments:

- Developing healthier products with improved nutritional value;
- Adopting responsible publicity and marketing for children under the age of 12 years;
- Providing nutritional information to consumers through clear and user-friendly labeling;
- Promoting physical activity and healthy lifestyles; and
- Making alliances with health organizations and research institutions.

Additionally, we have agreed in Mexico to comply with self-regulation programs setting health and nutritional advertising standards, to instill positive nutritional values in children in our markets, discourage over-consumption and avoid deceptive marketing.

Through our innovative products, we continue to implement and consolidate strategies focused on diversifying our brands and products in the regions in which we operate. Our goal is to take advantage of trends and opportunities in our markets. We have developed innovative products with unique nutritional features such as lowering cholesterol, fat, salt and sugar to address the needs of different demographics. To promote the competitiveness of our products, we form strategic alliances with universities and research centers to develop new technologies for our product development program.

We have also formed specialized groups for the development of new products and we have four innovation and nutrition institutes, one in Mexico, two in the United States and one in Brazil.

Additionally, we have laboratories and facilities engaged in the production of prototypes and the testing and validation of new ingredients, as well as conducting functionality studies and evaluating new products. Newly developed products are approved by committees and evaluated through market testing. Significant results from our innovation and nutrition centers include:

- the launch of biodegradable packaging technology which, unlike normal polyethylene, is degraded up to ten times faster than conventional packaging;
- the development of products with whole grains, such as Vitta Natural 100% Integral from Nutrella in Brazil, to provide consumers the full nutritional benefits of grains regularly used in bread manufacturing (such as wheat, oats and rye); and
- the improvement of the nutritional value in over 1,900 products over the last five years (among others, by reducing fat, salt and sugar and the elimination of trans fat in products in all categories) and the launch of over 400 new healthy products including Sandwich Thins from Oroweat in the United States.

We continue to provide information regarding nutrition and healthy diet through printed publications, radio, television and the Internet and actively participate in consumer education programs. We also promote physical activity in our advertisements and in sporting events, and we distribute free brochures that encourage a balanced diet and a healthy lifestyle. For example, in 2013, more than 800,000 people participated in sporting events, and other activities promoting a healthy lifestyle sponsored by us. Also, each of our products have displayed in each of their labels its nutritional value and composition and nutrition Guideline Daily Amounts. Our whole grain-based products incorporate the WGC Whole Grains seal.

Distribution Channels

Distribution and Sales Process

We use direct distribution channels to deliver our product to more than two million points of sale. We believe that this has been key to our success. For example, we have developed one of the largest fleets in the Americas with approximately 53,000 distribution routes worldwide.

We have more than 1,500 distribution centers, each of which depends on the operations of one or several production plants. Every day our products are distributed from our plants, agencies and warehouses. Our production plants, agencies and warehouses may house more than one brand.

Orders are placed a week in advance by our sales force and may be adjusted three to six days before being delivered to a distribution center, depending on the line and product. Our finished products are delivered to the dispatch area and are inspected to confirm compliance with our quality standards and loaded on semi-trailers for delivery.

Our sales force distributes our products to our customers from distribution centers according to predetermined itineraries. Currently, all of our routes can both deliver products and pick up returned products from our customers on each visit. Products may be returned by our customers if they were not sold and are replaced by fresh products without cost to the client. The products that are picked up are considered no longer fresh although they could be consumed, because we pick them up a few days prior to their expiration date.

We handle returned products by delivering the product for sale to outlets that sell ''yesterday's bread,'' where the product is offered for sale from two to four days at a lower price (these outlets may be owned and operated by us or operated by third parties); or selling the product by weight for use as cattle feed.

Each product is displayed for sale in accordance with its shelf life, which varies from 7 days, in the case of bread, or several months, in the case of chocolates, cookies and snacks.

Based on our production and the sale levels, visits to each client may be daily, every three days, two times a week or weekly. We classify our customers according to their purchase volume, type of distribution channel and by individual characteristics. Our customers include hypermarkets, supermarkets, price clubs, family-owned businesses, foodservice, including institutional customers, fast food chains and schools, vending machines operators and traditional customers (such as grocery stores). We have the ability to tailor our approach and response to our customers' diverse and changing needs, including with respect to frequency of delivery, in a cost-effective manner.

We directly operate all of our routes in Mexico and most of our routes in Latin America, over half of our routes in the United States and most of our routes in Canada are operated by independent operators. We generally enter into long-term contracts with these independent operators under which they agree to exclusively sell our products. Terms of these contracts also specify which territories independent operators will cover and the compensation which is based on sales performance. We have strict control over brand management, marketing strategies and pricing and a right to buy contracts from each of the independent operators in under certain limited circumstances. We adapt our distribution model to every country in which we operate, for example, we believe the use of independent operators in certain markets reduces our distribution costs and increases flexibility to efficiently add points of sale, while maintaining the quality of our services.

Customers

We have more than two million points of sale in our operations. We have strong relationships with our customers and strive to understand and meet their specific needs. We have a diverse client base among and within the countries in which we operate that range from large retailers to small convenience stores as well as institutional customers.

In the United States, most of our customers are supermarket chains, followed by price clubs, restaurant chains, institutional customers and small convenience stores. Among our main customers in the United States are Basha's, Costco, Denny's, H.E.B., Kroger, Publix, Raley's, Safeway, Sam's, Supervalu, Target, Wal-Mart, Wegmans, 7-Eleven and the U.S. Army.

In Mexico, most of our customers are small convenience stores, but we also have a solid base of large retail customers, including large retail stores, supermarkets, warehouses, price clubs, convenience stores and government-owned supermarkets, such as Al Super, Calimax, Casa Ley, Chedraui, Comercial Mexicana, Extra, HEB, Oxxo, Soriana, Smart, Wal-Mart and 7-Eleven. We also serve large fast food chains and other large institutional customers, such as Burger King, KFC, McDonald's, *Sistema Integral para el Desarrollo Integral de la Familia* and hospitals belonging to the Mexican Social Security Institute (*Instituto Mexicano del Seguro Social*).

In Canada, most of our customers are retailers and foodservice chains such as A&W, Co-op, Costco, Loblaws, Metro, Overwaitea Foods, Safeway, Shoppers Drug Mart, Sobeys and Walmart.

In Latin America, while we have increased our penetration in the traditional channel over the last four years, more than half of our sales are to supermarket chains and hypermarkets. Among our main customers in the region are Carrefour, Cativen, CBD, Cencosud, Central, Disco, Éxito, Coto, Olímpica, Santa Isabel, Selectos, Supermercados Peruanos and Wal-Mart.

In Europe, most of our sales are to retail supermarkets and hypermarkets. Our main customers in Spain and Portugal include Mercadona, Carrefour, Eroski, Día, Grupo Corte Inglés, Alcampo, Burger King, Caprabo, Consum, AhorraMás, Gadisa, El Árbol, Miguel Alimentación and LIDL Supermercados.

In the United Kingdom, most of our customers are retailers and foodservice chains such as Marks and Spencer, Tesco, Morrisons, McDonalds, Sainsbury's, ASDA, ALDI and 3663.

Our largest client, Wal-Mart, represented approximately 14% of our total sales for the year ended December 31, 2013. No other customer represented, individually, more than 10% of our total sales for such period.

Intellectual Property

Trademarks

Our most important brands, slogans and logos are protected by trademarks in the countries in which we operate and in many other countries. We manufacture and/or commercialize more than 10,000 products and more than 100 brands, including, among others, Bimbo, Oroweat, Arnold, Brownberry, Marinela, Thomas', Barcel, Sara Lee, Entenmann's, Ricolino, Tía Rosa, Pullman, Stroehmann, Mrs. Baird's, Fargo, Freihofer's, Wonder, Vero, Nutrella, Plus Vita, El Globo, Milpa Real, Lara, Coronado, Earthgrains, Maiers, Ana María, Gabi, La Corona, Del Hogar, Holsum, Heiners, Rainbo, Sunbeam, D'Italiano, Colonial, Firenze, San Luis Sourdough, Saníssimo, Lonchibon, Chick's, Ball Pack, Monarca, Cena, Sunmaid, Laura, Europa, Tradição, Fuchs, Mamá Inés, Los Sorchantes, El Maestro Cubano, MI-VA, Valente, Dempster's, POM, Bon Matin, Ben's, McGavin's and Villaggio.

Currently, we have approximately 6,800 brand files and registries in Mexico and more than 15,000 abroad. We have brands registries in Africa, North and South America, Asia, Europe and the Middle East. However, the trademark for Bimbo is held by others in Chile, Puerto Rico and certain European countries and the trademark for Marinela is held by third parties in El Salvador and Honduras. Therefore, our products in those countries are sold under the brands Ideal and Marisela, respectively, notwithstanding that we use our designs and packages in those countries. We also operate registered websites targeting consumers in each of the geographies in which we operate.

Patents

The protection of our inventions through patents is of paramount importance to us. A significant portion of the equipment used in our production has been developed by our Research and Development Department, which regularly requests patent protection in Mexico and abroad for new technology.

As of the date hereof, we had approximately 180 issued and pending patents in Mexico and 200 abroad, mainly in the United States, Canada, Argentina, Chile, China, Colombia, Korea, Costa Rica, El Salvador, the Philippines, Guatemala, India, Peru, the Czech Republic, Taiwan, Turkey, Venezuela and the European Union.

Copyright

The major characters, publications, computer systems, logos and package designs used by us in our operations are protected by copyrights in the markets where we operate, among other markets.

Workforce

Since our foundation, our policy and practice has been to align our interests with those of our associates and the outcome has been an excellent relationship with our labor force. We seek to extend this philosophy to the companies that we have acquired.

We place great importance on selection of our personnel. We also perform ongoing evaluations and provide guidance and continuing training to our associates. We work to address concerns of our associates and promote personal and professional development within our company.

The following table shows the number of our associates during the last three years, including in our production and storage facilities as well as throughout our distribution channels.

	As of December 31,		
	2013	2012	2011
Unionized associates	82,534	84,516	81,819
Non-unionized associates	42,881	40,835	44,928
Total	**125,415**	**125,351**	**126,747**

The following table shows the number of associates of Canada Bread during the last three years.

	As of December 31,		
	2013	2012	2011
Unionized associates	3,312	3,560	3,665
Non-unionized associates	2,359	2,670	2,791
Total	**5,671**	**6,230**	**6,456**

We have developed internal policies to maintain a positive relationship with our unionized staff. Most of our companies have collective labor agreements that are renewed annually with regard to salaries and every two years with regard to other labor terms.

Since our formation, we have attempted to promote and preserve a healthy labor force. We have been recognized for our day-to-day commitment to the safety and health of our associates and customers and a preventive approach to well-being, thus, we have earned acknowledgment as an exemplary company from the Mexican Employees Confederation (*Confederación de Trabajadores de Mexico*) and by labor authorities in Mexico.

We currently have labor relationships with various unions, including in the United States, the International Brotherhood of Teamsters and the Bakery, Confectionery, Tobacco and Grain Millers International Union; in Mexico, the *Sindicato Nacional de Trabajadores Harineros, Panificadores de Alimentos, del Transporte, Similares y Conexos de la República Mexicana* and the *Sindicato Nacional de Trabajadores de la Industria Alimenticia, Similares y Conexos de la República Mexicana*; and in Canada, BCT, the International Brotherhood of Teamsters, CSN, UFCW, Unifor and IUOE.

Competition

The baked goods industry has a low level of concentration and is highly competitive. We compete with large multi-national baked goods companies, large national baked goods companies, smaller regional operators and small family-owned bakeries, supermarket chains with their own bakeries, grocery stores with their own in-store bakery departments or private label products and diversified food companies. The major market participants, Grupo Bimbo, Mondelez International, Yamazaki Baking Company and The Kellogg Company, estimated to account for 11.7% of the market as of September 2013, according to IBISWorld.

To varying degrees, our competitors have strengths in particular product lines and regions and different levels of availability and access to greater financial resources. We expect to continue to face strong competition in all of our markets and anticipate that existing or new competitors may broaden their product lines and extend their geographic scope. In particular, from time to time, we experience price pressure in certain of our markets as a result of our competitors' promotional pricing practices. Excess industry capacity may also result in price pressure in certain markets.

Property

As of March 31, 2014, we operated 169 production plants worldwide:

- 64 in the United States, in Alabama, Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Minnesota, Mississippi, Nebraska, New Mexico, North Carolina, New York, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Washington, West Virginia and Wisconsin;
- 39 in Mexico, in Baja California, Chihuahua, Distrito Federal, Durango, Estado de Mexico, Guanajuato, Hidalgo, Jalisco, Nuevo Leon, Puebla, San Luis Potosi, Sinaloa, Sonora, Tabasco, Veracruz and Yucatan;
- 31 in Latin America, in Argentina, Brazil, Chile, Colombia, Costa Rica, El Salvador, Honduras, Guatemala, Panama, Paraguay, Peru, Uruguay and Venezuela;
- 25 in Canada, in British Columbia, Alberta, Manitoba, Ontario, Quebec, New Brunswick, New Foundland and Nova Scotia;
- nine in Europe, in Spain, Portugal and the United Kingdom and
- one in Asia, in China.

These plants produce bread, buns, packaged wheat tortillas, tostadas, pastries, cookies, fast food, chewing gum, candy and confectionery goods, snacks and other similar products. We own approximately 80% of the production plants that we operate and lease the remainder from third parties.

Social Responsibility and Sustainability

We believe our commitment to social responsibility and sustainability is a key component of our continued success. We have been recognized for our day-to-day commitment to the safety and health of our associates and consumers and a preventive approach to well-being. We are known for promoting a culture of environmental awareness, including through our contributions to not-for-profit organizations like *Reforestamos Mexico*, a project dedicated to the preservation and rehabilitation of forest ecosystems in Mexico. We are committed to pursuing alternative sources of energy, improved water usage and treatment and better waste management systems. In 2013, we reused 32% of the water we consumed in our operations and reduced our water consumption by over 240,000 cubic meters as compared to the previous year. As part of our sustainability strategies, we consume most of the energy required by our production plants in Mexico from a 90 megawatt wind farm in the state of Oaxaca, Mexico, known as ‘‘Piedra Larga,’’ completed in 2012. In July 2013, we started operating a fleet of vehicles powered by electricity generated in the Piedra Larga wind farm, for delivery of our products in downtown Mexico City. In 2013, we reduced the CO_2 emissions from our operations by over 21%. We are also one of the first consumer products companies in Latin America to introduce biodegradable packaging technology. Through these policies and initiatives, we expect to continue to have a positive impact on the communities that we serve. We believe these commitments set us apart from our competitors.

Legal Proceedings

We are currently a party to various legal proceedings arising in the normal course of our business that we believe are routine in nature and incidental to the operations of our business. Other than as described herein, we have not been involved in any governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened) of which we are aware, during the last twelve months, which may have, or have had in the recent past, significant effects upon our financial position or profitability.

Awards and Recognitions

Below are listed what we consider to be the most significant awards and recognitions received by us since 2011:

Award/ Recognitions	**Institution**	**Rewarded**
2013 BCG Global Challengers Award	Boston Consulting Group	Grupo Bimbo
2013 Merit Exporter Award Rodolfo Gónzalez Garza	*COMCE Noreste*	Grupo Bimbo
Socially Responsible Company Award 2013	*CEMEFI Centro Mexicano para la Filantropía and AliaRSE*	Grupo Bimbo
Business Excellence Award	ANTAD	Grupo Bimbo
Best Practices 2013 ‘‘Conservation and Preservation of the Environment’’	CEMEFI	Grupo Bimbo
9^{th} place in the 2013 Ranking of the 500 Most Important Companies in Mexico	Expansion Magazine	Grupo Bimbo
Brand Footprint 2013	Kantar World Panel	Grupo Bimbo
BrandZ Top 50 of the most valuable companies in Latin America 2013	Millward Brown	Grupo Bimbo
Sustainable Seal BMV	Mexican Stock Exchange	Grupo Bimbo
Clean Transportation	Ministry of Environment and Natural Resources	Grupo Bimbo
National Quality Award 2013	Ministry of Economy	Marinela Mexico

Certification BRC	SGS México	Bimbo S.A.
Certification BASC	*Organización BASC Mundial*	Bimbo S.A.
Certification BRC (Ricolino Plant)	DNV	Barcel
Healthy Responsible Company Award	*Consejo Empresarial de Salud y Bienestar*	Grupo Bimbo
Clean Industry	Federal Environmental Protection Bureau	Bimbo S.A.
Clean Industry	Environmental Protection Bureau of the State of Mexico	Barcel (*Centro de Distribución Norte*)
Top Brand Award	*Universidad Tecnológica de El Salvador*	Grupo Bimbo
Good Neighbor Award 2013	United States-Mexico Chamber of Commerce	Grupo Bimbo
WGC Global Award	Whole Grains Council	Grupo Bimbo

MANAGEMENT

Grupo Bimbo is a *sociedad anónima bursátil de capital variable* incorporated on June 15, 1966 and existing under the laws of Mexico. Our current Board of Directors was elected on April 8, 2014. The term of the directors ends upon the election of the new members at the annual shareholders' meeting, which will be held within the first four months of 2015. Pursuant to our by-laws, at least 25% of the members of our Board of Directors are required to be independent directors. According to our by-laws, independent directors are those who may serve in the board and act free from conflicts of interest and who qualify as independent directors pursuant to the Mexican Securities Market Law.

Board of Directors

The following table sets forth the current members of our Board of Directors and their respective positions:

Name	Position	Age	Years in Grupo Bimbo
Daniel Servitje Montull	Director/Chairman	55	20
José Ignacio Mariscal Torroella	Director	67	25
Raúl Carlos Obregón del Corral	Director	70	20
Mauricio Jorba Servitje	Director	65	17
Henry Robert Davis Signoret*	Director	73	15
Agustín Irurita Pérez*	Director	72	10
Ricardo Guajardo Touché*	Director	66	10
Arturo Manuel Fernández Pérez*	Director	60	8
Luis Jorba Servitje	Director	56	8
María Isabel Mata Torrallardona	Director	49	8
Nicolás Mariscal Servitje	Director	49	6
Fernando Francisco Lerdo de Tejada Luna	Director	63	3
Javier de Pedro Espínola	Director	50	3
Ignacio Peréz Lizaur*	Director	62	3
Edmundo Vallejo Venegas	Director	56	2
Thomas Stanley Heather Rodríguez*	Director	59	2
Jorge Pedro Jaime Sendra Mata	Director	66	1
Jaime Chico Pardo	Director	64	>1
Luis Miguel Briola Clement**	Secretary non Director	44	9

* Independent director.

** Not a member of our Board of Directors.

The following sets forth biographical information for each of the members of our Board of Directors:

Daniel Servitje Montull

Mr. Servitje Montull is member of the Board of Directors of Grupo Financiero Banamex, S.A. de C.V., Coca-Cola Femsa, S.A.B de C.V., Instituto Mexicano para la Competitividad, A.C., The Global Consumer Goods Forum, Latin America Conservation Council (The Nature Conservancy), Suppliers Board of Walmart Mexico, Stanford GSB Advisory Council and Aura Solar.

José Ignacio Mariscal Torroella

Mr. Mariscal Torroella is President of Grupo Marhnos and Chairman of the Committee of Una Sola Economía of the CCE (Consejo Coordinador Empresarial). Mr. Mariscal Torroella is a member of the Board, Member of the Executive Committee, Chairman of the Human Development Committee and Vice President for International Affairs of Coparmex. Mr. Mariscal Torroella is member of the Board of Directors of Grupo Calidra, Grupo Financiero Aserta, Arko, City Express, Aura Solar, Member of the Executive Board of the Business and Industry Advisory Committee to the OECD and Board Member and Executive Committee, Executive

Commission of the Confederación USEM. He is also Chairman of the Fundación León XIII, Vice President of Fincomún Servicios Financieros Comunitarios and the former President and Member of the Board of UNIAPAC International and the Foundation and of the Vigilance Committee of IMDOSOC. Mr. Mariscal Torroella is brother-in-law of Daniel Servitje Montull and Raúl Obregón del Corral, and uncle of Nicolás Mariscal Servitje.

Raúl Carlos Obregón del Corral

Mr. Obregón del Corral is the Managing Partner of Alianzas, Estrategia y Gobierno Corporativo, S.C. and is affiliated to Proxy Gobernanza Corporativa, S.C. Mr. Obregón del Corral is a Member of the Board of Directors of Invermat, S.A. de C.V., Altamira Unión de Crédito, S.A. de C.V., Activos Turísticos de México, S.A.P.I. de C.V., FondoNacional de Infraestructura, where he is also independent member of the Evaluation and Finance Sub-committee and Instituto Tecnológico Autónomo de México, where he is Governing Board Member. He is also alternate Board Member and member of the Audit and Corporate Governance Committee of Industrias Peñoles, S.A.B. de C.V., Grupo Nacional Provincial, S.A.B. de C.V. and Grupo Palacio de Hierro, S.A.B. de C.V. and alternate Board Member of Valores Mexicanos Casa de Bolsa, S.A. de C.V. and Crédito Afianzador, S.A. Mr. Obregón del Corral is brother-in-law of Daniel Servitje Montull and José Ignacio Mariscal Torroella, and uncle of Nicolás Mariscal Servitje.

Mauricio Jorba Servitje

Mr. Jorba Servitje is a Member of the Board of Directors of VIDAX, Promociones Monser, S.A. de C.V. and Chairman of the Board of Directors of Bimbo Europe. Mr. Jorba Servitje is brother of Luis Jorba Servitje and cousin of Daniel Servitje Montull.

Henry Robert Davis Signoret

Mr. Davis Signoret is the Chairman of Promotora DAC, S.A. and member of the Board of Directors of Kansas City Southern, Telefónica Móviles México, S.A. de C.V., Afianzadora Aserta Insurgentes, S.A. and Alcanza Seguros, S.A. de C.V.

Agustín Irurita Pérez

Mr. Irurita Pérez is member of the Board of Directors of Cámara Nacional de Autotransporte de Pasaje y Turismo (life member), Grupo Comercial Chedraui, S.A. de C.V., Fincomún Servicios Financieros Comunitarios, S.A. de C.V. and Grupo Financiero Aserta, S.A. de C.V. Mr. Irurita Pérez is also member of the National Board and Executive Committee of Confederación Patronal de la República Mexicana, or Coparmex.

Ricardo Guajardo Touché

Mr. Guajardo Touché is member of the Board of Directors of Grupo Financiero BBVA Bancomer, S.A. de C.V., Instituto Tecnológico y de Estudios Superiores de Monterrey, Grupo Fomento Económico Mexicano, S.A.B. de C.V., Coca-Cola FEMSA, S.A.B. de C.V., Grupo Industrial Alfa, El Puerto de Liverpool, Grupo Aeroportuario del Sureste (ASUR), Grupo COPPEL and Grupo Vitro, as well as Vice-Chairman of Fondo para la Paz and Chairman of SOLFI.

Arturo Manuel Fernández Pérez

Mr. Fernández Pérez is the Dean of Instituto Tecnológico Autónomo de México, and member of the Board of Directors of Industrias Peñoles, S.A.B. de C.V., Grupo Nacional Provincial, S.A.B. de C.V., Grupo Palacio de Hierro, S.A.B. de C.V., Valores Mexicanos, Casa de Bolsa, S.A.B. de C.V., Grupo Financiero BBVA Bancomer, S.A. de C.V., FEMSA, and Fresnillo, plc.

Luis Jorba Servitje

Mr. Jorba Servitje is Chief Executive Officer of Frialsa Frigoríficos, Chairman of Efform, S.A. de C.V. and member of the Board of Directors of Texas Mexico Frozen Food Council, International Association of Refrigerated Warehouses, World Food Logistics Organization and World Group of Warehouses. Mr. Jorba Servitje is brother of Mauricio Jorba Servitje and cousin of Daniel Servitje Montull.

María Isabel Mata Torrallardona

Ms. Mata Torrallardona is the Chief Executive Officer of Fundación José T. Mata, A.C. and member of the Board of Directors of Tepeyac, A.C.

Nicolás Mariscal Servitje

Mr. Mariscal Servitje is Chief Executive Officer of Grupo Marhnos and member of the Board of Directors of Fundación Mexicana para el Desarrollo Rural, A.C. Mr. Mariscal Servitje is nephew of Daniel Servitje Montull José, Ignacio Mariscal Torroella and Raúl Obregón del Corral.

Fernando Francisco Lerdo de Tejada Luna

Mr. Lerdo de Tejada Luna is Chariman and Chief Executive Officer of Asesoría Estrategia Total, S.C. and member of the Board of Directors of Consultoría Estratégica Primer Círculo, S.C., Fundación Mexicana para el Desarrollo Rural, A.C., and of the Advisory Board of Accenture in Mexico. Mr. Lerdo de Tejada Luna is also consultant of BreskemIdesa, S.A.P.I., AMIIF (Asociación Mexicana de Industrias de Investigación Farmacéutica), ANIQ (Asociación Nacional de la Industria Química), HP (Hewlett Packard), INMUJERES (Instituto Nacional de las Mujeres), BANCOMEXT (Banco Nacional de Comercio Exterior) and Grupo Aeroportuario del Pacífico, Sureste y Centro Norte.

Javier de Pedro Espínola

Mr. de Pedro Espínola is the Chief Financial Officer of MXO Trade S.A. de C.V. and Member of the Board of Directors of Industrias Rampe, MXO Trade, S.A. de C.V., Global Biotherapeutics and Fundación José T. Mata.

Ignacio Pérez Lizaur

Mr. Pérez Lizaur is a Partner of Consultores Pérez Lizaur, S.C. He is a Member of the Board of Directors of Central American Bottling Corporation, Fundación Mexicana para el Desarrollo Rural A.C. and Newell Rubbermaid Inc.

Edmundo Vallejo Venegas

Mr. Vallejo Venegas is professor of Business Policy at the Instituto Panamericano de Alta Dirección de Empresas, IPADE, in Mexico City, and the former President and Chief Executive Officer of GE Latin America.

Thomas Stanley Heather Rodríguez

Mr. Heather Rodríguez is partner at Ritch, Mueller, Heather y Nicolau, S.C., and independent Board Member and Chairman of the Audit Committee of Grupo Financiero Scotiabank, GSF Telecom, S.A.P.I. de C.V., Grupo Industrial Maseca, S.A.B. de C.V., Gruma, S.A.B. de C.V. Mr. Heather Rodríguez is also member of the Advisory Board Program of International Financial Institutions at Harvard University and Member of the Best Practices Committee of the Mexican Businessmen Council (CCE).

Jorge Pedro Jaime Sendra Mata

Mr. Sendra Mata is Manager of JJ Textiles, S.A. and Member of the Board of Directors of Advance Design Center, INC, db Homes S.A. and JRPVJ, Inc.

Jaime Chico Pardo

Jaime Chico Pardo is founding partner and President of ENESA, S.A. de C.V. Mr. Chico is member of the Board of Directors of Honeywell Internacional Inc, AT&T Inc. and Chicago Booth GSB.

Luis Miguel Briola Clément

Mr. Briola joined Grupo Bimbo in 2004 and serves as our General Counsel and Secretary of our Board of Directors since April 2005. Mr. Briola holds a law degree from Escuela Libre de Derecho and a Master of Laws Degree from Columbia University.

Except as indicated above, there are no potential material conflicts of interest between the duties of the members of our Board of Directors and their private interests.

The business address of our directors is Prolongación Paseo de la Reforma No. 1000, Colonia Peña Blanca Santa Fe, Delegación Álvaro Obregón, México D.F., 01210, México.

Key Executive Officers

Our chief executive officer is appointed by the Board of Directors and holds office at its discretion. Our current key executive officers are as follows:

Officer	Position	Age	Years in Grupo Bimbo
Daniel Servitje Montull	Chief Executive Officer of Grupo Bimbo and Chairman of the Board of Directors	55	32
Guillermo Jorge Quiroz Abed	Chief Financial Officer	61	15
Javier Augusto González Franco	Senior Executive VP	58	36
Gary Prince	Senior Executive VP	62	5
Pablo Elizondo Huerta	Senior Executive VP	60	37
Reynaldo Reyna Rodríguez	Chief Global Services Officer	58	13
Raúl Argüelles Díaz González	Chief Human Relations Officer	51	2
Guillermo Sánchez Arrieta	VP of Internal Auditing	60	35
Miguel Ángel Espinoza Ramirez	President of Bimbo	56	33
Alfred Penny	President BBU	58	5
Raúl Ignacio Obregón Servitje	VP of Bimbo South America	41	16
José Manuel González Guzmán	President of Bimbo Europe	48	22
Gabino Miguel Gómez Carbajal	President of Barcel	54	32
Iván Chiu Yat	President of Bimbo Asia	48	1
Jorge Esteban Giraldo Arango	President of Bimbo Central America	60	10
Ricardo Padilla Anguiano	President of Bimbo Brasil	60	32
Barry McLean	President of Canada Bread Fresh Bakery	54	>1
Daniel J. Curtin	President of Canada Bread Frozen Bakery	55	>1

The following sets forth selected biographical information for each of our executive officers:

Daniel Servitje Montull

Mr. Servitje Montull serves as the Chief Executive Officer of Grupo Bimbo since 1997 and Chairman of the Board of Directors of Grupo Bimbo since 2013. Mr. Servitje Montull holds a degree in Business Administration from Universidad Iberoamericana, in Mexico. In 1987 he obtained an MBA degree from Stanford University. Mr. Servitje joined Grupo Bimbo in February 1982, and he has been responsible of different positions, including VP of Bimbo, General Director of Marinela and VP of Grupo Bimbo.

Guillermo Jorge Quiroz Abed

Mr. Quiroz Abed serves as Chief Finance Officer of Grupo Bimbo. Mr. Quiroz Abed has been in charge of the Finance, Comptroller and Legal departments of Grupo Bimbo since he joined Grupo Bimbo in 1999. Mr. Quiroz Abed obtained a degree in Actuarial Studies from Universidad Anáhuac and a MBA degree from the IPADE in Mexico City. Mr. Quiroz Abed is a member of the Board of Directors of Grupo Altex.

Javier Augusto González Franco

Mr. González Franco serves as Senior Executive VP of Grupo Bimbo since February 2014. He holds a degree in Chemical Engineering from UNAM, an MBA from Universidad Diego Portales, in Chile, an Advanced Management degree from Harvard University and Breakthrough degree from the IMD in Switzerland. Mr. González Franco joined Grupo Bimbo in 1977 and has served as Assistant General Manager of Latin America, Assistant General Manager of Bimbo, President of Barcel and President of Bimbo.

Gary Prince

Mr. Prince serves as Senior Executive VP of Grupo Bimbo since April 2013. Mr. Prince joined George Weston Limited in June 1974. Mr. Prince's previous positions include President of Stroehman Bakeries, L.C. in the U.S. until July 2001. Mr. Prince was appointed as President of Weston Foods, Inc. and George Weston Bakeries in 2001. Mr. Prince was appointed as President of BBU following our acquisition of WFI in January 2009.

Pablo Elizondo Huerta

Mr. Elizondo Huerta serves as Senior Executive VP of Grupo Bimbo since January 2008. Mr. Elizondo is also Vice Chairman of the Board of ConMéxico (Consejo Mexicano de la Industria de Productos de Consumo A.C.). Mr. Elizondo holds a degree in Chemical Engineering from UNAM and an Advanced Management degree from Harvard University. Mr. Elizondo Huerta joined Grupo Bimbo in 1977 and has served as General Manager of Wonder in Mexico City, General Manager of Bimbo in Hermosillo, Director of Latin America, General Corporate Manager and Commercial Director of Bimbo and Director of Bimbo.

Reynaldo Reyna Rodríguez

Mr. Reyna Rodríguez serves as Chief Global Services Officer of Grupo Bimbo since January 2010. He holds a degree in Industrial and Systems Engineering at ITESM and holds a Master degree in Operations, Analysis and Finance from The University of Pennsylvania, Wharton Business School. He joined Grupo Bimbo in 2001 and has served as Corporate General Director, General Director of BBU and Executive VP of BBU West.

Raúl Argüelles Díaz González

Mr. Argüelles Díaz González serves as Chief Human Relations Officer of Grupo Bimbo since January 2013. Mr. Argüelles Díaz González studied Industrial Engineering at the National Autonomous University of Mexico and he holds a Master degree in Administrative Engineering from Stanford University. Additionally, he has completed various seminars at Stanford, Harvard and Michigan Universities. His professional experience includes acting as manager of various private companies in the areas of Human Resources, Corporate Affairs and Institutional Relations. Mr. Argüelles Díaz González joined Grupo Bimbo in 2011 as Chief Human Relations Officer of Bimbo.

Guillermo Sánchez Arrieta

Mr. Sánchez Arrieta serves as VP of Internal Auditing of Grupo Bimbo since 1998. Mr. Sánchez Arrieta holds a degree in Accounting from Universidad Autónoma de Hidalgo and an MBA from IPADE. Mr. Sánchez Arrieta joined Grupo Bimbo in 1978 and among his previous positions in Grupo Bimbo Mr. Sánchez Arrieta served as Comptroller of Marinela, Corporate Comptroller of Bimbo and Barcel and General Manager of Ricolino and Barcel.

Miguel Ángel Espinoza Ramírez

Mr. Espinoza Ramírez serves as President of Bimbo since February 2014. He holds a degree in Industrial Engineering from Instituto Tecnológico de Chihuahua, has completed various programs at the IPADE and the Advanced Management Program in Harvard University. Mr. Espinoza Ramírez joined Grupo Bimbo in 1981 and among his previous positions has served as General Manager of Dulces y Chocolates Ricolino, Vice President of Barcel del Norte, Administrative Manager of Organización Barcel, President of Barcel, Commercial Manager of Bimbo, and later President of South America Operations.

Alfred Penny

Mr. Penny serves as President of BBU since April 2013. From 1987 to 1997 he served as Controller in the Northeast of the U.S., as Director of Strategic Planning and Productivity and as General Manager of the region Intermountain for Kraft Baking. Mr. Penny was appointed as Vice President and General Manager of Entenmann's in 1997. Mr. Penny was appointed as Executive Vice President of George Weston Bakeries Inc., in 2007. Mr. Penny was appointed as Executive Vice President after the acquisition of Weston Foods Inc. by Grupo Bimbo in January 2009.

Raúl Ignacio Obregón Servitje

Mr. Obregón Servitje serves as President of Bimbo South America since February 2014. He joined Grupo Bimbo in 1998 and since then he has served as Corporate Director of Sales, Director of Big Clients at Bimbo, General Manager of Bimbo Peru and he has also worked as commercial in Bimbo Bakeries. Prior to joining Bimbo he worked at Citibank Mexico. Mr. Obregón Servitje holds a degree in Chemical Engineering from Universidad Iberoamericana, a MBA from the Boston University, and specialization courses from Harvard Business School.

José Manuel González Guzmán

Mr. González Guzmán serves as President of Bimbo Europe. He holds a degree in Administration and Finance, as well as studies in Advertising and Publicity at Universidad Panamericana. He coursed the D1 of the IPADE, as well as seminars of strategy and new markets trends (CIES). Mr. González Guzmán joined Grupo Bimbo in June 1991 and he has served as Executive, Brand Manager and Manager of Marketing. In the area of sales Mr. González Guzmán served in all its positions until being appointed as Regional Commercial Manager in Bajío, in South-Central Mexico and most recently as VP of El Globo.

Gabino Miguel Gómez Carbajal

Mr. Gómez Carbajal serves as President of Barcel since January 2008. Mr. Gómez Carbajal holds a degree in Marketing from ITESM, an MBA from Miami University and studies at IPADE. Mr. Gómez Carbajal joined Grupo Bimbo in 1981 and among his previous positions at Grupo Bimbo, Mr. Gómez Carbajal served as VP of Business Development, VP of Bimbo and VP of Latin America.

Iván Chiu Yat

Mr. Chiu Yat joined Grupo Bimbo in 2012 and he serves as President of Bimbo Asia since July 2013. Mr. Chiu Yat studied Marketing in the University of Lancaster, England, as well as an MBA of Kellog School of Management at Northwestern University. He has 24 years of experience in positions of management and direction. Before joining Grupo Bimbo, Mr. Chiu Yat was VP of North China at Pepsico.

Jorge Esteban Giraldo Arango

Mr. Giraldo Arango serves as President of Bimbo Central America since July 2010. He holds a degree in Electrical Engineering from the Universidad Pontificia Bolivariana de Medellín-Colombia. He holds a Senior Management degree from the University of Chicago and Instituto de Empresa-IE (Madrid). He joined Grupo Bimbo in June 2004 as General Manager of Bimbo Colombia.

Ricardo Padilla Anguiano

Mr. Padilla Anguiano serves as President of Bimbo Brasil since December 2012. Mr. Padilla Anguiano holds a degree in Accounting from Universidad de Guadalajara and an MBA degree from IPADE. He joined Grupo Bimbo in 1981 and has served as General Manager of Bimbo Noreste, Bimbo Golfo and Bimbo San Luis and as Services Director of Bimbo.

Barry McLean

Mr. McLean serves as President of Canada Bread Fresh Bakery since April 2002. Mr. McLean holds a degree in Food Science from the University of Guelph and an MBA from the University of Toronto. He joined Maple Leaf Foods Inc. in 2000 as Senior Vice President and General Manager. Before joining Maple Leaf Foods Inc. Mr. McLean's held different positions with J.M. Schneider, Campbell's Soup and Kraft, where he served as President of the Grocery Division.

Daniel J. Curtin

Mr. Curtin serves as President of Canada Bread Frozen Bakery since July 2012. Mr. Curtin served as Senior Vice-President of Retail Sales, North America at Maple Leaf Foods Inc. Before joining Maple Leaf Inc. Mr. Curtin held senior management positions at McCain Citrus U.S. and was a partner at Boca Burger Inc. and Papa Charlie's in the U.S.

Except as indicated above, there are no potential material conflicts of interest between the duties of our key officers and their private interests. Our key officers can be reached at our principal executive offices. See "Summary—Company Information."

Committees of the Board of Directors

The Board of Directors of Grupo Bimbo has formed an Audit and Corporate Practices Committee and a Finance and Planning Committee.

Audit and Corporate Practices Committee

The Audit and Corporate Practices Committee is comprised of Henry Davis, who serves as Chairman of the committee, Arturo Fernández Pérez, Thomas S. Heather Rodríguez, Agustín Irurita Pérez and Ignacio Pérez Lizaur. All members of the Audit and Corporate Practices Committee are independent within the meaning of the Mexican Securities Market Law. The Audit and Corporate Practices Committee is responsible for reviewing and overseeing the internal audit function and approving annual internal audit work plans and budgets, and its activities include drafting and recommending policies to our Board of Directors and to our general management, reviewing and recommending improvements to controls and internal procedures, coordinating internal auditing, supervising our compliance with laws, conducting special internal or external studies, providing a channel for anonymous internal complaints and complaints from contributors or third parties, as well as sanctioning conduct which contravenes internal or external regulations. The Audit and Corporate Practices Committee also reviews and oversees the external audit function and all non-audit services to be conducted by external auditors, reviewing external auditor reports and significant findings and reviewing and recommending for approval to the Board of Directors Grupo Bimbo's financial statements. The Audit and Corporate Practices Committee meets approximately four times per year, investigates any recommendations for improvement of internal and external controls and reviews significant audit and accounting findings and recommendations and management's responses to such recommendations. The Audit and Corporate Practices Committee also issues opinions on any material changes in the accounting policies, criteria and practices applied in the preparation of Grupo Bimbo's financial statements, as well as on matters concerning the execution of material or unusual transactions.

Finance and Planning Committee

The Finance and Planning Committee is comprised of Thomas Heather Rodríguez, Edmundo Vallejo Venegas and Nicolas Mariscal Servitje, Daniel Servitje Montull, and Raúl Obregón del Corral as chairman. The Finance and Planning Committee is in charge of analyzing and presenting for approval to the Board of Directors, Grupo Bimbo's long-term strategies, investment and risk management policies.

Code of Ethics

We rely on self-regulated measures that govern our business practices. Our Code of Ethics is approved by our Board of Directors and covers, for example, general aspects and policies for Grupo Bimbo's interaction with society, government and our competitors, as well as our associates, suppliers, consumers, clients, partners and shareholders.

SHAREHOLDERS

The shares of Grupo Bimbo are publicly traded in Mexico and listed on the Mexican Stock Exchange under the ticker symbol "BIMBO." As of March 31, 2014, our market capitalization was Ps.166 billion (U.S.$13 billion).

The following table sets forth information concerning the percentage of our share ownership as of April 8, 2014:

Shareholder	Number of Shares of Common Stock	Percentage Ownership of Common Stock
Normaciel, S.A. de C.V.	1,756,513,140	37.3%
Promociones Monser, S.A. de C.V.	550,268,544	11.7%
Banco Nacional de México, S.A. as trustee	263,280,212	5.6%
Philae, S.A. de C.V..	232,692,104	5.0%
Distribuidora Comercial Senda, S.A. de C.V.	174,960,000	3.7%
Marlupag, S.A. de C.V.	161,213,536	3.4%
Others	1,564,272,464	33.2%
Total	**4,703,200,000**	**100%**

CERTAIN TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of our business, we enter into commercial transactions with some of our affiliates, including in connection with the supply of raw materials, office supplies and employee uniforms. These transactions are approved by our board of directors and we believe are entered into on an arm's length basis.

The following table sets forth the approximate amount of transactions (mainly purchases of raw materials), carried out with related parties during the periods specified below:

	For the Three Months Ended March 31,	For the Years Ended December 31,	
	2014	2013	2012
	(in millions of Ps.)		
Related Party			
Asesoría Estrategia Total, S.A.	—	9	—
Beta San Miguel, S.A. de C.V.	116	1,190	1,188
Efform, S.A. de C.V.	36	499	167
Fábrica de Galletas La Moderna, S.A. de C.V.	137	496	563
Fin Común Servicios Financieros Comunitarios, S.A. de C.V.	102	—	—
Frexport, S.A. de C.V.	103	629	680
Galerías Luis C. Morton S.A. de C.V.	1	6	6
Grupo Altex, S.A. de C.V.	635	2,761	2,910
Grupo La Moderna, S.A. de C.V.	—	140	—
Industrial Molinera Montserrat, S.A. de C.V.	90	413	406
Makymat, S.A. de C.V.	—	41	18
Marhnos Inmobiliaria S.A. de C.V	8	31	27
Mundo Dulce, S.A. de C.V	152	611	649
Ovoplus del Centro, S.A. de C.V.	70	401	416
Pan-Glo de México, S. de R.L. de C.V.	11	45	129
Paniplus, S.A. de C.V.	18	127	123
Proarce, S.A. de C.V.	16	396	174
Uniformes y Equipo Industrial, S.A. de C.V.	18	105	114
Total	**1,513**	**7,900**	**7,570**

Certain of our shareholders and members of our board of directors control or otherwise have an interest in the related parties set forth above.

DESCRIPTION OF THE NOTES

This section of the offering memorandum summarizes the material terms of the indenture and the notes. It does not, however, describe all of the terms of the indenture and the notes. Upon request, we will provide you with copies of the indenture. See ''Where You Can Find More Information'' for information concerning how to obtain such copies.

In this section of the offering memorandum, references to ''we,'' ''us'' and ''our'' are to Grupo Bimbo, S.A.B. de C.V. only and do not include our subsidiaries or affiliates. References to ''holders'' mean those who have notes registered in their names on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in notes issued in book-entry form through The Depository Trust Company or in notes registered in street name. Owners of beneficial interests in the notes should refer to ''Form of Notes, Clearing and Settlement.''

Unless the context otherwise requires, references herein to the notes include both the 2024 notes the 2044 notes. The 2024 notes and the 2044 notes will constitute separate series of notes. The discussion of provisions of the notes, including, among others, ''—Optional Redemption,'' ''—Defaults, Remedies and Waiver of Defaults,'' ''—Modification and Waiver'' and ''—Defeasance'' below, applies to each series separately.

General

Indenture

The notes will be issued under an indenture to be dated as of June 27, 2014, among us, the subsidiary guarantors and Wells Fargo Bank, National Association, as trustee, or the trustee (which term includes any successor as trustee).

Principal and Interest

The aggregate principal amount of the 2024 notes will initially be U.S.$800,000,000. The 2024 notes will mature on June 27, 2024. The notes will bear interest at a rate of 3.875% per year from June 27, 2014.

The aggregate principal amount of the 2044 notes will initially be U.S.$500,000,000. The 2044 notes will mature on June 27, 2044. The notes will bear interest at a rate of 4.875% per year from June 27, 2014.

Interest on each series of notes will be payable semi-annually on June 27 and December 27 of each year, beginning on December 27, 2014, to the holders in whose names the notes are registered at the close of business on June 12 or December 12 immediately preceding the related interest payment date.

We will pay interest on the notes on the interest payment dates stated above and at maturity. Each payment of interest due on an interest payment date or at maturity will include interest accrued from and including the last date to which interest has been paid or made available for payment, or from the issue date, if none has been paid or made available for payment, to but excluding the relevant payment date. We will compute interest on the notes on the basis of a 360-day year consisting of twelve 30-day months.

If any payment under the notes is due on a day that is not a Business Day, we will make such payment on the next Business Day. Payments postponed to the next Business Day in this situation will be treated under the indenture as if they were made on the original due date. Postponement of this kind will not result in a default under the notes or the indenture. No interest will accrue on the postponed amount from the original due date to the next Business Day.

Ranking of the Notes and the Guarantees

We are a holding company and our principal assets are shares that we hold in our subsidiaries. The notes will be unsecured obligations and will, other than with respect to certain obligations given preferential treatment pursuant to the laws of Mexico, rank *pari passu* in right of payment with all of our unsecured and unsubordinated indebtedness. The notes will not have the benefit of any collateral securing any of our existing or future secured indebtedness.

Each subsidiary guarantee will be an unsecured obligation and will, other than with respect to certain obligations given preferential treatment pursuant to the laws of Mexico with respect to the Mexican subsidiary guarantors, rank *pari passu* in right of payment with such subsidiary guarantor's other existing and future unsecured and unsubordinated indebtedness. The subsidiary guarantees will not have the benefit of any collateral securing any of our existing and future secured indebtedness.

At March 31, 2014, our total consolidated indebtedness less cash and cash equivalents was Ps.34,272 million (U.S.$2,624 million) of which (i) less than U.S.$50 million constituted secured indebtedness and (ii) less than U.S.$150 million constituted indebtedness of our non-guarantor subsidiaries.

Form and Denominations

The notes of each series will be issued only in registered form without coupons and in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Except in limited circumstances, the notes will be issued in the form of global notes. See ''Form of Notes, Clearing and Settlement.''

Further Issues

We reserve the right, from time to time without the consent of holders of the notes of any series, to issue additional notes of a series on terms and conditions identical to those of the notes of that series, provided, however, that unless such additional notes are issued under a separate CUSIP number, either such additional notes are part of the same ''issue'' of the applicable series of notes for U.S. federal income tax purposes or are issued pursuant to a ''qualified reopening'' for U.S. federal income tax purposes.

Note Guarantees

On the issue date, three of our subsidiaries, Bimbo, S.A. de C.V., Barcel, S.A. de C.V. and Bimbo Bakeries USA, Inc., will each unconditionally guarantee the payment of all our obligations under the indenture and the notes. Each subsidiary guarantor will waive any right to which it may be entitled under any applicable law so that enforcement for the full amount due under the notes may be sought against such subsidiary guarantor. The obligations of each subsidiary guarantor in respect of its applicable subsidiary guarantee will be limited to the maximum amount that will result in the obligations not constituting a fraudulent conveyance, fraudulent transfer or similar illegal transfer under applicable law. See ''Risk Factors—Risk Related to the Notes—The subsidiary guarantees may not be enforceable.''

Each subsidiary guarantor will be released and relieved of its obligations under its respective subsidiary guarantee in the event:

- there is a legal defeasance or a covenant defeasance of the applicable series of notes as discussed under ''—Defeasance;''
- there is a sale or other disposition of capital stock of such subsidiary guarantor (including by way of merger, stock purchase or otherwise) following which such subsidiary guarantor is no longer our direct or indirect subsidiary; or
- in the event that, at any time, the fair market value of the assets of such subsidiary guarantor (as reasonably determined by our board) is less than U.S.$1 million.

To the extent that, any of our subsidiaries is not a subsidiary guarantor, such non-guarantor subsidiary will pay its indebtedness (including trades payable) before such non-guarantor subsidiary will be able to distribute any of its assets to us in the event of a bankruptcy, *concurso mercantil*, liquidation or reorganization. In addition, holders of minority interests in such non-guarantor subsidiary may receive distributions prior to or *pro rata* with us depending on the terms of the equity interests. See ''Risk Factors—Risk Related to the Notes—The notes and the subsidiary guarantees will be effectively subordinated to our secured debt.''

Payment of Additional Amounts

We will make payment of the principal of and interest on each series of notes without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any taxing authority, unless such withholding or deduction is required by law or by the interpretation or administration thereof (including as described under ''Taxation—Certain Mexican Federal Income Tax Considerations'').

Subject to the limitations and exceptions described below, we will pay to holders of each series of notes all additional amounts that may be necessary so that every net payment of interest or principal to the holder will not be less than the amount provided for in the applicable series of notes. By net payment, we mean the amount that we or our paying agent will pay the holder after deducting or withholding an amount for or on account of any present or future taxes, duties, assessments or other governmental charges imposed with respect to that payment by a taxing authority of Mexico or of any jurisdiction in which any applicable subsidiary guarantor is organized, or the jurisdiction in which any successor of us or successor of any applicable subsidiary guarantor is organized (wherein any successor assumes the obligations of the notes and the indenture following a merger, consolidation or transfer, lease or conveyance of substantially all of our assets and properties), or through which payments on the applicable series of notes are made (each, a ''Relevant Taxing Jurisdiction'').

Our obligation to pay additional amounts is, however, subject to several important exceptions. We will not pay additional amounts to any holder for or on account of any of the following:

- any taxes, duties, assessments or other governmental charges imposed solely because at any time there is or was a connection between the holder or beneficial owner of such note, as the case may be, and Mexico (or a Relevant Taxing Jurisdiction), including such holder or beneficial owner being or having been a citizen or resident of such Relevant Taxing Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business or having had a permanent establishment therein (other than the mere receipt of a payment or the ownership or holding of a note);
- any estate, inheritance, gift or other similar tax, assessment or other governmental charge imposed with respect to the notes;
- any taxes, duties, assessments or other governmental charges imposed solely because the holder or any other person fails to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection of the holder or any beneficial owner of the note with Mexico (or a Relevant Taxing Jurisdiction) if compliance is required by law, regulation or by an applicable income tax treaty, as a precondition to exemption from, or reduction in the rate of, such tax, assessment or other governmental charge and we have given the holders at least 30 days' notice prior to the first payment date with respect to which such certification, identification or reporting requirement is required to the effect that holders will be required to provide such information and identification;
- any tax, duty, assessment or other governmental charge payable otherwise than by deduction or withholding from payments on the notes;
- any taxes, duties, assessments or other governmental charges with respect to a note presented for payment more than 30 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to holders, whichever occurs later, except to the extent that the holders of such note would have been entitled to such additional amounts on presenting such note for payment on any date during such 30-day period;
- any payment on a note to a holder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the additional amounts had the beneficiary, settlor, member or beneficial owner been the holder of the note; and
- any tax, duty, assessment or governmental charge imposed on a payment to an individual and required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, any European Union Directive on the taxation of savings.

The limitations on our obligations to pay additional amounts described in the third bullet point above will not apply if the provision of information, documentation or other evidence described in the applicable bullet point would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of a note, in such holder's reasonable judgment, taking into account any relevant differences between U.S. and Mexican law, regulation or administrative practice, than comparable information or other reporting requirements imposed under U.S. tax law (including the United States/Mexico Income Tax Treaty), regulations (including proposed regulations) and administrative practice (such as IRS Form W-8 BEN and W-9).

Applicable Mexican regulations currently allow us to withhold at a reduced rate, provided that we comply with certain information reporting requirements. The limitations on our obligations to pay additional amounts described in the third bullet point above also will not apply unless (a) the provision of the information, documentation or other evidence described in the applicable bullet point is expressly required by the applicable Mexican regulations, (b) we cannot obtain the information, documentation or other evidence necessary to comply with the applicable Mexican regulations on our own through reasonable diligence and (c) we otherwise would meet the requirements for application of the applicable Mexican regulations.

In addition, the limitation described in the third bullet point above does not require that any person, including any non-Mexican pension fund, retirement fund or financial institution, register with the Ministry of Finance and Public Credit to establish eligibility for an exemption from, or a reduction of, Mexican withholding tax.

We will remit the full amount of any Mexican or other taxes withheld to the applicable taxing authorities in accordance with applicable law. We will also provide the trustee with documentation satisfactory to the trustee evidencing the payment of Mexican or other taxes in respect of which we have paid any additional amounts. We will provide copies of such documentation to the holders of the notes or the relevant paying agent upon request.

To give effect to the foregoing, we will, upon the written request of any holder, indemnify and hold harmless and reimburse the holder for the amount of any such taxes (including interest and penalties) described above (other than any taxes for which the holder would not have been entitled to receive additional amounts pursuant to any of the conditions described above) so imposed on, and paid by, such holder as a result of any payment of principal or interest on the applicable series of notes, so that the net amount received by such holder after such reimbursement will not be less than the net amount the holder would have received if such tax had not been imposed or levied and so paid. Holders will be obligated to provide reasonable documentation in connection with the foregoing.

We will also pay any stamp, administrative, court, documentary, excise or similar taxes arising in Mexico (or a Relevant Taxing Jurisdiction) in connection with each series of notes and will indemnify the holders for any such taxes paid by holders.

Any reference in this offering memorandum, the indenture or the notes to principal, interest or any other amount payable in respect of the notes by us will be deemed also to refer to any additional amount that may be payable with respect to that amount under the obligations referred to in this subsection.

In the event that additional amounts actually paid with respect to any series of notes pursuant to the preceding paragraphs are based on rates of deduction or withholding in excess of the appropriate rate applicable to the holder of such notes, and as a result thereof such holder is entitled to make a claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such notes, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to us. However, by making such assignment, the holder makes no representation or warranty that we will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto.

Optional Redemption

We will not be permitted to redeem the notes of any series before their stated maturity, except as set forth below. The notes will not be entitled to the benefit of any sinking fund—meaning that we will not deposit money on a regular basis into any separate account to repay your notes. In addition, you will not be entitled to require us to repurchase your notes from you before the stated maturity, except as set forth under "—Repurchase at the Option of Holders Upon a Change of Control."

Optional Redemption

We will have the right at our option to redeem the notes of any series in whole or in part, at any time or from time to time prior to their maturity, on at least 30 but not more than 60 days' notice, at a redemption price equal to the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present values of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points in the case of the 2024 notes, or 25 basis points in the case of the 2044 notes, plus accrued interest on the principal amount of the notes being redeemed to the date of redemption. In connection with such optional redemption, the following defined terms apply:

''Comparable Treasury Issue'' means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the series of notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such series of notes.

''Comparable Treasury Price'' means, with respect to any redemption date (i) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (ii) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

''Independent Investment Banker'' means one of the Reference Treasury Dealers appointed by us from time to time.

''Reference Treasury Dealer'' means Citigroup Global Markets Inc., HSBC Securities (USA) Inc. and J.P. Morgan Securities LLC or its respective affiliates which are primary United States government securities dealers and two other leading primary United States government securities dealers in the city of New York selected from time to time by us; *provided*, *however*, that if any of the foregoing shall cease to be a primary United States government securities dealer in the city of New York (a ''Primary Treasury Dealer''), we will substitute therefor another Primary Treasury Dealer.

''Reference Treasury Dealer Quotation'' means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Bank, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Bank by such Reference Treasury Dealer at 3:30 p.m. New York City time on the third Business Day preceding such redemption date.

''Treasury Rate'' means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) (as computed on the third Business Day immediately preceding that redemption date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

On and after the redemption date, interest will cease to accrue on the notes or any portion of any series of notes called for redemption (unless we default in the payment of the redemption price and accrued interest). On or before the redemption date, we will deposit with the trustee money sufficient to pay the redemption price of and (unless the redemption date shall be an interest payment date) accrued interest to the redemption date on the notes to be redeemed on such date. If less than all of the notes of any series are to be redeemed, the notes to be redeemed shall be selected by the trustee in compliance with the requirements of the principal national securities exchange, if any, on which the notes of such series are listed or, if the notes of such series are not then listed on a national securities exchange, on a pro rata basis, by lot or any other method as the trustee shall deem fair and appropriate (subject to the procedures of DTC).

We may at any time purchase notes in the open market or otherwise at any price.

Redemption for Taxation Reasons

If, as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of Mexico or any political subdivision or taxing authority thereof or therein affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to or change of such laws, rules or regulations becomes effective on or after the date of this offering memorandum we, or a subsidiary guarantor, if a subsidiary guarantor is required to make payments, would be obligated, after taking such measures as we may consider reasonable to avoid this requirement, to pay additional amounts in excess of those attributable to a Mexican withholding tax rate of 10% with respect to any series of the notes (see ''—Payment of Additional Amounts'' and ''Taxation—Certain Mexican Federal Income Tax Considerations''), then, at our option, all, but not less than all, of the notes of any series may be redeemed at any time on giving not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the outstanding principal amount, plus any accrued and unpaid interest and any additional amounts due thereon up to but not including the date of redemption; *provided*, *however*, that (i) no notice of redemption for tax reasons may be given earlier than 90 days prior to the earliest date on which we would be obligated to pay such additional amounts if a payment on the applicable series of notes were then due and (ii) at the time such notice of redemption is given, such obligation to pay such additional amounts remains in effect.

Prior to the publication of any notice of redemption pursuant to this provision, we will deliver to the trustee:

- a certificate signed by one of our duly authorized representatives stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right of redemption for taxation reasons have occurred; and
- an opinion of Mexican legal counsel (which may be our counsel) of recognized standing to the effect that we have or will become obligated to pay such additional amounts as a result of such change or amendment.

This notice, after it is delivered by us to the trustee, will be irrevocable.

Merger, Consolidation or Sale of Assets

We may not consolidate with or merge into any other person or, directly or indirectly, transfer, convey, sell, lease or otherwise dispose of all or substantially all of our assets and properties and may not permit any person to consolidate with or merge into us unless all of the following conditions are met:

- if we are not the successor person in the transaction, the successor is organized and validly existing under the laws of Mexico or the United States or any country that is a member of the European Union or any political subdivision thereof and expressly assumes our obligations under the notes and the indenture;
- immediately after the transaction, no default under the notes has occurred and is continuing. For this purpose, ''default under the notes'' means an event of default or an event that would be an event of default with respect to the notes if the requirements for giving us default notice and for our default having to continue for a specific period of time were disregarded. See ''—Defaults, Remedies and Waiver of Defaults;'' and
- we have delivered to the trustee an officer's certificate and opinions of counsel from each of the United States and Mexico stating, among other things, that the conditions precedent hereunder related to the consummation of the transaction have been met.

If the conditions described above are satisfied, we will not have to obtain the approval of the holders of the notes of any series in order to merge or consolidate or to sell or otherwise dispose of our properties and assets substantially as an entirety. In addition, these conditions will apply only if we wish to merge into, consolidate with, another person, or sell or otherwise dispose of all or substantially all of our assets and properties. We will not need to satisfy these conditions if we enter into other types of transactions, including any transaction in which we acquire the stock or assets of another person, any transaction that involves a change of control of our company, but in which we do not merge or consolidate and any transaction in which we sell or otherwise dispose of less than substantially all our assets.

Repurchase at the Option of Holders Upon a Change of Control

Upon the occurrence of any Change of Control, each holder of the notes of any series will have the right to require us to repurchase all or any part of such holder's notes pursuant to the offer described below, or the Change of Control Offer, at a purchase price, or the Change of Control Purchase Price, equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the purchase date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following the occurrence of a Change of Control, we shall send notice to each holder at such holders' address appearing in the register of notes, which notice shall state:

- that a Change of Control has occurred and a Change of Control Offer is being made and that all notes timely tendered will be accepted for payment;
- the Change of Control Purchase Price and the purchase date, which shall be, subject to any contrary requirements of applicable law, a Business Day no earlier than 30 nor later than 60 days from the date such notice is mailed (such specified date, the ''Change of Control Payment Date'');
- the circumstances and relevant facts regarding the Change of Control; and
- the procedures that holders of notes must follow in order to tender their notes (or portions thereof) for payment, and the procedures that holders of notes must follow in order to withdraw an election to tender notes (or portions thereof) for payment.

We will publish such notice pursuant to any rules of the Irish Stock Exchange.

On the Business Day preceding the Change of Control Payment Date, we will deposit with the paying agent funds in an amount equal to the Change of Control Purchase Price in respect of all notes or portions thereof so tendered.

''Business Day'' means each Monday, Tuesday, Wednesday, Thursday and Friday that is not (i) a day on which banking institutions in New York or Mexico generally are authorized or obligated by law, regulation or executive order to close or (ii) a day on which banking and financial institutions in New York or Mexico are closed for business with the general public.

''Change of Control'' means the occurrence of the following: (i) any event as a result of which the Permitted Holders shall cease, in the aggregate, to control, directly or indirectly, the power to direct or cause the direction of our management and policies, whether through the ownership of voting securities, by contract or otherwise, (ii) the adoption of a plan relating to our liquidation or dissolution or (iii) the direct or indirect sale, transfer, conveyance or other disposition in one or a series of related transactions, of all or substantially all of our and our subsidiaries' properties or assets taken as a whole.

''Permitted Holders'' means, collectively, one or more members of each of the following families: (i) Servitje Montull, (ii) Jorba Servitje, (iii) Servitje Achútegui, (iv) Sendra Mata and (v) Mata Torrallardona, including lineal descendents, estates and heirs, or any trust or other investment vehicle for the primary benefit of any of the foregoing.

We will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture and purchases all notes validly tendered and not withdrawn under such Change of Control Offer.

We will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described above, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under this covenant by virtue of such compliance.

Our obligation to make an offer to repurchase the notes as a result of a Change of Control may be waived or modified at any time prior to the occurrence of such Change of Control with the written consent of the holders of a majority in principal amount of the notes of any series in the aggregate. See ''—Modification and Waiver.''

Covenants

The following covenants will apply to us and our subsidiaries for so long as any note remains outstanding. These covenants restrict our ability and the ability of our subsidiaries to enter into certain transactions. However, these covenants do not limit our ability to incur indebtedness or require us to comply with financial ratios or to maintain specified levels of net worth or liquidity.

Limitation on Liens

We may not, and we may not allow any of our subsidiaries to, permit to exist any Indebtedness or Guarantee, if such Indebtedness or Guarantee is secured by a Lien upon any Operating Property, unless, concurrently with the issuance or assumption of such Indebtedness or Guarantee or the creation of such Lien, the notes (together with, at our option, any other indebtedness of or guarantee by us or our subsidiaries then existing or thereafter created which is not subordinated to the notes) shall be secured equally and ratably with (or at our option prior to) such Indebtedness or Guarantee for so long as such Indebtedness or Guarantee is so secured; *provided, however*, that the foregoing restriction shall not apply to:

(i) any Lien on (a) any Operating Property acquired, constructed, developed, extended or improved by us or any of our subsidiaries (singly or together with other Persons) after the date of the indenture or any property reasonably incidental to the use or operation of such Operating Property (including any real property on which such Operating Property is located), or (b) any shares or other ownership interest in, or any Indebtedness of, any Person which holds, owns or is entitled to such property, products, revenue or profits, in each of clauses (a) and (b) above to the extent such Lien is created, incurred or assumed (x) during the period such Operating Property was being constructed, developed, extended or improved, or (y) contemporaneously with, or within 360 days after, such acquisition or the completion of such construction, development, extension or improvement in order to secure or provide for the payment of all or any part of the purchase price or other consideration of such Operating Property or the other costs of such acquisition, construction, development, extension or improvement (including costs such as escalation, interest during construction and financing and refinancing costs);

(ii) any Lien on any Operating Property existing at the time of acquisition thereof and which (a) is not created as a result of or in connection with or in anticipation of such acquisition and (b) does not attach to any other Operating Property other than the Operating Property so acquired;

(iii) any Lien on any Operating Property acquired from a Person which is merged with or into us or any of our subsidiaries or any Lien existing on Operating Property of any Person at the time such Person becomes our subsidiary, in either such case which (a) is not created as a result of or in connection with or in anticipation of any such transaction and (b) does not attach to any other Operating Property other than the Operating Property so acquired;

(iv) any Lien which secures Indebtedness or a Guarantee owing by any of our subsidiaries to us or any other of our subsidiaries;

(v) any Lien existing on the date of the indenture; or

(vi) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clauses (i) through (v) inclusive; *provided*, *however,* that the principal amount of Indebtedness or Guarantee secured thereby shall not exceed the principal amount of Indebtedness or Guarantee so secured at the time of such extension, renewal or replacement plus an amount necessary to pay any fees and expenses, including premiums and defeasance costs related to such transaction, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (plus improvements on such property).

Notwithstanding the foregoing, we or any of our subsidiaries may issue or assume Indebtedness or a Guarantee secured by a Lien which would otherwise be prohibited under the provisions of the indenture described in this section or enter into a sale and leaseback transaction that would otherwise be prohibited by the provision of the indenture described below under ‘‘—Limitations on Sale and Leasebacks;’’ *provided*, *however,* that the aggregate amount of such Indebtedness, Guarantee or Attributable Debt of such sale and leaseback transaction together with the aggregate amount (without duplication) of (i) Indebtedness or Guarantees outstanding at such time that we or our subsidiaries previously incurred pursuant to this section, plus (ii) the Attributable Debt of all of our and our subsidiaries' sale and leaseback transactions outstanding at such time that were previously incurred pursuant to the provisions of the indenture described below under the first bullet point of ‘‘—Limitation on Sales and Leasebacks,’’ shall not exceed 10% of Consolidated Total Assets.

‘‘Attributable Debt’’ means, with respect to any sale and leaseback transaction, the lesser of (i) the fair market value of the asset subject to such transaction and (ii) the present value, discounted at a rate per annum equal to the discount rate inherent in the applicable lease, of the obligations of the lessee for net rental payments (excluding, however, any amounts required to be paid by such lessee, whether or not designated as rent or additional rent, on account of maintenance and repairs, services, insurance, taxes, assessments, water rates or similar charges and any amounts required to be paid by such lessee thereunder contingent upon monetary inflation or the amount of sales, maintenance and repairs, insurance, taxes, assessments, water rates or similar charges) during the remaining term of the lease (as determined in good faith by us in accordance with IFRS).

"Consolidated Total Assets" means the total of all assets appearing on our consolidated balance sheet as set forth on our most recent consolidated balance sheet and computed in accordance with IFRS.

"Guarantee" means any obligation, contingent or otherwise (including an *aval*), of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, direct or indirect, contingent or otherwise, or entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided*, *however*, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning. The term "Guarantee" shall not apply to a guarantee of intercompany Indebtedness among us and our subsidiaries or among our subsidiaries.

"Indebtedness" means, with respect to any Person (without duplication) (i) any obligation of such Person (a) for borrowed money, under any reimbursement obligation relating to a letter of credit (other than letters of credit payable to suppliers in the ordinary course of business), under any reimbursement obligation relating to a financial bond or under any reimbursement obligation relating to a similar instrument or agreement, (b) for the payment of money relating to any obligations under any capital lease of real or personal property or (c) under any agreement or instrument in respect of an interest rate or currency swap, exchange or hedging transaction or other financial derivatives transaction (other than any such agreements as are entered into in the ordinary course of business and are not for speculative purposes or the obtaining of credit); and (ii) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clause (i) above. For the purpose of determining any particular amount of Indebtedness under this definition, Guarantees of (or obligations with respect to letters of credit) Indebtedness otherwise included in the determination of such amount shall not be included.

"Lien" means any mortgage, pledge, lien or security interest.

"Operating Property" means as of any date of determination, any real and tangible property owned by us or any of our subsidiaries that constitutes all or any part of any production facility, warehouse or distribution center and is used in the ordinary course of our business, other than any such property which, individually or, in the case of a series of related transactions, in the aggregate, in the good faith opinion of our board of directors, is not of material importance to the business conducted or assets owned by us and our subsidiaries taken as a whole.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company or government or other entity.

Limitation on Sales and Leasebacks

We may not, and we may not allow any of our subsidiaries to, enter into any sale and leaseback transaction with respect to any Operating Property, unless:

- the aggregate principal amount of all debt then outstanding that is secured by any lien on any Operating Property that does not ratably secure the notes (excluding any secured indebtedness permitted under (i) – (vi) of "—Limitation on Liens" above) plus the aggregate amount of our Attributable Debt and the Attributable Debt of our subsidiaries in respect of sale and leaseback transactions then outstanding (other than any sale and leaseback transaction permitted under the following bullet point) would not exceed an amount equal to 10% of our Consolidated Total Assets; or

- we or one of our subsidiaries, within 12 months of the sale and leaseback transaction, (i) retire an amount of our secured debt, which is not subordinated to the notes and which shall, at the time of incurrence, have a remaining maturity of at least 12 months, in an amount equal to the greater of (a) the net cash proceeds of the sale or transfer of the Operating Property that is the subject of the sale and leaseback transaction or (b) the fair market value (as determined in good faith by our board of directors) of the Operating Property leased, or (ii) apply the net cash proceeds of such sale or transfer, or, in the case such sale or transfer is other than for cash, the fair market value (as determined in good faith by our board of directors) to the acquisition, purchase, construction, development, extension or improvement of any property or assets constituting Operating Property.

A ''sale and leaseback transaction'' is an arrangement between us or one of our subsidiaries and a bank, insurance company or other lender or investor where we or our subsidiary leases Operating Property for an initial term of three years or more that was or will be sold by us or our subsidiary to that lender or investor for a sale price of U.S.$5 million or its equivalent or more.

Provision of Information

For so long as the notes of any series remain outstanding, we will provide to the holders of the outstanding notes (or to the trustee, with a written direction to send to the holders) a URL address providing access to the following items in English:

(i) our consolidated annual financial statements audited by an internationally recognized firm of independent public accountants within 120 days of the end of each fiscal year, and our consolidated quarterly financial statements within 60 days of the end of each of the first three fiscal quarters of each fiscal year. These annual and quarterly financial statements will be prepared in accordance with IFRS or International Financial Reporting Standards as approved by the International Accounting Standards Board and such annual financial statements will be accompanied by a management discussion on our results of operations for the periods presented;

(ii) copies of all public filings containing material information about our business made with any stock exchange or securities regulatory agency within 30 days after filing (or a summary thereof); and

(iii) any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the notes are not freely transferable under the Securities Act.

Listing

Application has been made to the Irish Stock Exchange for the notes to be admitted to the Official List and trading on the Global Exchange Market, which is the exchange regulated market of the Irish Stock Exchange.

Defaults, Remedies and Waiver of Defaults

Holders of the notes of each series will have special rights if an event of default with respect to the notes of that series occurs and is not cured, as described below.

Events of Default

Each of the following will be an ''event of default'' with respect to any series of notes:

- we fail to pay the principal of the notes on its due date;
- we fail to pay interest on the notes within 30 days after its due date;
- we remain in breach of any covenant in the indenture for the benefit of holders of the notes of any series, for 60 days after we receive a notice of default (sent by the trustee or the holders of not less than 25% in principal amount of the notes of such series) stating that we are in breach;
- we file for bankruptcy, or other events of bankruptcy, insolvency, reorganization, concurso mercantil or similar proceedings relating to us occur;
- we are in a default under any instrument relating to Indebtedness exceeding individually or in the aggregate U.S.$150 million (or its equivalent in other currencies) due to a failure to pay principal or interest when due or that results in the acceleration of the debt prior to its maturity and such default continues for more than the period of grace, if any, applicable thereto and the period for payment has not been expressly extended; or
- a final judgment is rendered against us in an aggregate amount in excess of U.S.$150 million (or its equivalent in other currencies) that is not discharged or bonded in full within 60 days.

Remedies Upon Event of Default

If an event of default with respect to any series of notes occurs and is not cured or waived, the trustee, at the written request of holders of not less than 25% in principal amount of the notes of such series, may declare the entire principal amount of all the notes of such series to be due and payable immediately, and upon any such declaration the principal, any accrued interest and any additional amounts shall become due and payable. If, however, an event of default occurs because of bankruptcy, insolvency, reorganization or *concurso mercantil* relating to us, the entire principal amount of the notes of such series and any accrued interest and any additional amounts will be automatically accelerated, without any action by the trustee or any holder and any principal, interest or additional amounts will become immediately due and payable.

Each of the situations described in the preceding paragraph is called an acceleration of the maturity of the notes. The right of the holders to give such acceleration notice shall terminate if the event giving rise to such right shall have been cured before such right is exercised. If the maturity of any series of notes is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in aggregate principal amount of the notes of such series may cancel the acceleration for all the notes of the applicable series, provided that all amounts then due (other than amounts due solely because of such acceleration) have been paid and all other defaults with respect to the notes of such series have been cured or waived.

If any event of default occurs, the trustee will have special duties. In that situation, the trustee will be obligated to use those of its rights and powers under the indenture, and to use the same degree of care and skill in doing so, that a prudent person would use under the circumstances in conducting his or her own affairs.

Except as described in the prior paragraph, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee protection reasonably satisfactory to it, known as an indemnity, from expenses and liability. If the trustee receives an indemnity that is reasonably satisfactory to it, the holders of a majority in principal amount of the applicable series of notes may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing any other action under the indenture with respect to the notes of such series.

Before a holder of the notes of any series bypasses the trustee and brings its own lawsuit or other formal legal action or takes other steps to enforce its rights or protect its interests relating to the notes, the following must occur:

- the trustee must have received written notice that an event of default has occurred and the event of default has not been cured or waived;
- the holders of not less than 25% in principal amount of the notes of the applicable series must make a written request that the trustee take action with respect to the notes of such series because of the default and they or other holders must offer to the trustee indemnity reasonably satisfactory to the trustee against the cost and other liabilities of taking that action;
- the trustee must not have taken action for 60 days after the above steps have been taken; and
- during those 60 days, the holders of a majority in principal amount of the notes of such series must not have given the trustee directions that are inconsistent with the written request of the holders of not less than 25% in principal amount of the notes of such series.

A holder will be entitled, however, at any time to bring a lawsuit for the payment of money due on any note held by that holder on or after its due date.

Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration of the maturity.

Waiver of Default

The holders of not less than a majority in principal amount of the notes of any series may waive a past default for all the notes of such series. If this happens, the default will be treated as if it had been cured. No one can waive a payment default on any note, however, without the approval of the particular holder of that note.

Modification and Waiver

There are three classes of changes we can make to the indenture or the outstanding notes under the indenture.

Changes Requiring Each Holder's Approval

The following changes cannot be made without the approval of each holder of an outstanding note affected by the change:

- a change in the stated maturity of any principal or interest payment on the notes;
- a reduction in the principal amount, the interest rate or the redemption price for the notes;
- a change in the obligation to pay additional amounts;
- a change in the obligation and price for repurchase following the occurrence of a Change of Control;
- a change in the currency of any payment on the notes;
- a change in the place of any payment on the notes;
- an impairment of the holder's right to sue for payment of any amount due on its notes;
- a reduction in the percentage in principal amount of the notes needed to change the indenture, the outstanding notes under the indenture or the notes; and
- a reduction in the percentage in principal amount of the notes needed to waive our compliance with the indenture or to waive defaults.

Changes Not Requiring Approval

Some changes will not require the approval of holders of notes. These changes are limited to specific kinds of changes, like the addition of covenants, events of default or security, and other clarifications and changes that would not adversely affect the holders of outstanding notes under the indenture in any material respect.

Changes Requiring Majority Approval

Any other change to the indenture or the notes of any series will be required to be approved by the holders of a majority in principal amount of the notes of such series affected by the change or waiver. The required approval must be given by written consent.

The same majority approval will be required for us to obtain a waiver of any of our covenants in the indenture. Our covenants include, among other restrictions, restrictions on our ability to merge and create liens on our interests, which we describe above under ''—Mergers, Consolidation or Sale of Assets'' and ''—Covenants.'' If the holders approve a waiver of a covenant, we will not have to comply with it. The holders, however, cannot approve a waiver of any provision in the notes or the indenture, as it affects any note, that we cannot change without the approval of each holder of that note as described under ''—Changes Requiring Each Holder's Approval'' above, unless each holder approves the waiver.

Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the notes or request a waiver.

Defeasance

We may, at our option, elect to terminate (i) all of our obligations with respect to any series of notes (''legal defeasance''), except for certain obligations, including those regarding any trust established for defeasance and obligations relating to the transfer and exchange of the notes, the replacement of mutilated, destroyed, lost or stolen notes and the maintenance of agencies with respect to the notes, or (ii) our obligations under the covenants in the indenture, so that any failure to comply with such obligations will not constitute an event of default (''covenant defeasance'') in respect of a particular series of notes. In order to exercise either legal defeasance or covenant defeasance, we must irrevocably deposit with the trustee money or U.S. government obligations, or any combination thereof, in such amounts as will be sufficient (as certified by an independent financial professional), to pay the principal, premium, if any, and interest (including additional amounts) in respect of the notes then outstanding on the maturity date of the notes, and comply with certain other conditions, including, without limitation, the delivery of opinions of counsel as to specified tax and other matters, which must state that there has been a change in law or regulation, and the delivery of an officer's certificate stating our election to terminate.

If we elect either legal defeasance or covenant defeasance with respect to any series of notes, we must so elect it with respect to all of the notes of such series.

Special Rules for Actions by Holders

When holders take any action under the indenture, such as giving a notice of default, declaring an acceleration, approving any change or waiver or giving the trustee an instruction, we will apply the following rules.

Only Outstanding Notes are Eligible for Action by Holders

Only holders of outstanding notes of a particular series will be eligible to vote or participate in any action by holders of notes of such series. In addition, we will count only outstanding notes of that series in determining whether the various percentage requirements for voting or taking action have been met. For these purposes, a note will not be "outstanding" if it has been surrendered for cancellation or if we have deposited or set aside, in trust for its holder, money for its payment or redemption and all other amounts due until such date. Notes held by us or any affiliate are not eligible to vote.

Determining Record Dates for Action by Holders

We will generally be entitled to set any day as a record date for the purpose of determining the holders that are entitled to take action under the indenture. In some limited circumstances, only the trustee will be entitled to set a record date for action by holders. If we or the trustee set a record date for an approval or other action to be taken by holders, that vote or action may be taken only by persons or entities who are holders on the record date and must be taken during the period that we specify for this purpose, or that the trustee specifies if it sets the record date. We or the trustee, as applicable, may shorten or lengthen this period from time to time. This period, however, may not extend beyond the 180th day after the record date for the action. In addition, record dates for any global notes may be set in accordance with procedures established by the depositary from time to time.

Payment Provisions

Payments on the Notes

We will pay interest on the notes on the interest payment dates, and at maturity, to the holders in whose names the notes are registered at the close of business on the regular record date relating to the interest payment date, but we will pay the interest on the notes due at maturity but on a day that is not an interest payment date to the persons or entities entitled to receive the principal of such notes. We will pay the amount of principal due at maturity to the holders of the notes against surrender of such notes at the proper place of payment.

The regular record dates relating to the interest payment dates for the notes are June 12 and December 12. For the purpose of determining the holder at the close of business on a regular record date when business is not being conducted, the close of business will mean 5:00 p.m., New York City time, on that day.

Payments on Global Notes

For notes issued in global form, we will make payments on the notes in accordance with the applicable policies of the depositary as in effect from time to time. Under those policies, we will make payments directly to the depositary, or its nominee, and not to any indirect holders who own beneficial interests in the notes. An indirect holder's right to receive such payments will be governed by the rules and practices of the depositary and its participants.

Payments on Certificated Notes

For notes issued in certificated form, if any, we will pay interest that is due on an interest payment date by check mailed on such interest payment date to the holder at the holder's address appearing in the register of notes as of the close of business on the regular record date, and we will make all other payments by check against presentation of the note. All payments by check will be made in same-day funds, that is, funds that become available on the day the check is cashed. If we issue notes in certificated form, holders of notes in certificated form will be able to receive payments of principal and interest on their notes at the office of our paying agent maintained in the city of New York and, for so long as the notes are listed on the Global Exchange Market of the Irish Stock Exchange, at the office of our paying agent in Ireland.

Alternatively, upon the request of a holder of an aggregate principal amount of notes of any series of at least U.S.$1,000,000, we will pay any amount that becomes due on such notes by wire transfer of immediately available funds to an account at a bank in the city of New York, on the due date. To request wire payment, the holder must give the paying agent appropriate wire transfer instructions at least 10 business days before the requested wire payment is due. In the case of interest payments due on interest payment dates, the instructions must be given by the person or entity who is the holder on the relevant regular record date. In the case of any other payment, payment will be made only after the notes are surrendered to the paying agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

Paying Agents

If we issue notes in certificated form, we may appoint one or more financial institutions to act as our paying agents, at whose designated offices the notes may be surrendered for payment at their maturity. We may add, replace or terminate paying agents from time to time, provided that if any notes are issued in certificated form, so long as such notes are outstanding, we will maintain a paying agent in the city of New York. Initially, we have appointed the trustee, at its corporate trust office in the city of New York, as our principal paying agent. We must notify you of changes in the paying agents as described under ‘‘—Notices’’ below.

Unclaimed Payments

All money paid by us to a paying agent that remains unclaimed at the end of two years after the amount is due to a holder will be repaid to us. After the expiration of such two-year period, the holder may look only to us for payment and not to the trustee, any other paying agent or any other Person.

Transfer Agents

We may appoint one or more transfer agents, at whose designated offices any notes in certificated form may be transferred or exchanged and also surrendered before payment is made at maturity. For so long as the notes of any series remain outstanding, we will maintain a transfer agent in the city of New York. Initially, we have appointed the trustee, at its corporate trust office in the city of New York, as transfer agent. We must notify you of changes in the transfer agents as described under ‘‘—Notices.’’ If we issue notes in certificated form, holders of notes in certificated form will be able to transfer their notes, in whole or in part, by surrendering the notes, with a duly completed form of transfer, for registration of transfer at the office of our transfer agent in the city of New York, Wells Fargo Bank, National Association, 150 East 42^{nd} Street, 40^{th} Floor, New York, New York 10017. We will not charge any fee for the registration or transfer or exchange, except that we may require the payment of a sum sufficient to cover any applicable tax or other governmental charge payable in connection with the transfer.

Notices

As long as we issue notes in global form, notices to be given to holders will be given to DTC, in accordance with its applicable policies as in effect from time to time. If we issue notes in certificated form, notices, including upon the occurrence of a Change of Control, to be given to holders will be sent by mail to the respective addresses of the holders as they appear in the trustee's records, and will be deemed given when mailed. From and after the date the notes are listed on the Global Exchange Market of The Irish Stock Exchange plc, we will provide notices to holders as required by the rules of such exchange for so long as it is required by its rules.

Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

Governing Law

The indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York, United States of America without regard to conflicts of laws principles thereof.

Submission to Jurisdiction

In connection with any legal action or proceeding arising out of or relating to the notes or the indenture (subject to the exceptions described below), we have agreed:

- to submit to the jurisdiction of any U.S. federal or New York state court in the Borough of Manhattan, the city of New York;
- that all claims in respect of such legal action or proceeding may be heard and determined in such New York state or U.S. federal court and will waive, to the fullest extent permitted by law, 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 the place of residence or domicile of us; and
- to appoint CT Corporation System, with an office at 111 Eighth Avenue, New York, New York 10011, United States of America as process agent.

The process agent will receive, on our behalf, service of copies of the summons and complaint and any other process which may be served in any such legal action or proceeding brought in such New York state or U.S. federal court sitting in the city of New York. Service may be made by mailing or delivering a copy of such process to us at the address specified above for the process agent.

A final judgment in any of the above legal actions or proceedings will be conclusive and may be enforced in other jurisdictions, in each case, to the extent permitted under the applicable laws of such jurisdiction.

In addition to the foregoing, the holders may serve legal process in any other manner permitted by applicable law. The above provisions do not limit the right of any holder to bring any action or proceeding against us or our properties in other courts where jurisdiction is independently established.

To the extent that we have or hereafter may acquire or have attributed to us any sovereign or other immunity under any law, we have agreed to waive, to the fullest extent permitted by law, such immunity in respect of any claims or actions regarding our obligations under the notes.

Currency Indemnity

Our obligations under the notes, will be discharged only to the extent that the relevant holder is able to purchase U.S. dollars with any other currency paid to that holder in accordance with any judgment or otherwise. If the holder cannot purchase U.S. dollars in the amount originally to be paid, we have agreed to pay the difference. The holder, however, agrees that, if the amount of U.S. dollars purchased exceeds the amount originally to be paid to such holder, the holder will reimburse the excess to us. The holder will not be obligated to make this reimbursement if we are in default of our or its obligations under the notes. See ''Risk Factors—Risk Related to the Notes—Payments—Payments of judgments against us on the notes would be in pesos.''

Our Relationship with the Trustee

Wells Fargo Bank, National Association is initially serving as the trustee for the notes. Wells Fargo Bank, National Association and its affiliates may have other business relationships with us from time to time.

FORM OF NOTES, CLEARING AND SETTLEMENT

Global Notes

The notes will be issued in the form of one or more registered notes in global form, without interest coupons, or the global notes, as follows:

- notes sold to qualified institutional buyers under Rule 144A will be represented by one or more Rule 144A global notes; and
- notes sold in offshore transactions to non-U.S. persons in reliance on Regulation S will be represented by one or more Regulation S global notes.

Upon issuance, each of the global notes will be deposited with the trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in each global note will be limited to persons who have accounts with DTC (''DTC participants'') or persons who hold interests through DTC participants (including Euroclear Bank S.A./N.V., or ''Euroclear,'' and Clearstream Banking, *société anonyme*, or ''Clearstream''). We expect that under procedures established by DTC:

- upon deposit of each global note with DTC's custodian, DTC will credit portions of the principal amount of the global note to the accounts of the DTC participants designated by the initial purchasers; and
- ownership of beneficial interests in each global note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global note).

Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described below.

Each global note and beneficial interests in each global note will be subject to restrictions on transfer as described under ''Transfer Restrictions.''

Exchanges Between the Global Notes

Beneficial interests in one global note may generally be exchanged for interests in another global note. Depending on whether the transfer is being made during or after the 40-day period commencing on the original issue date of the notes, and to which global note the transfer is being made, the trustee may require the seller to provide certain written certifications in the form provided in the indenture.

A beneficial interest in a global note that is transferred to a person who takes delivery through another global note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other global note.

Book-Entry Procedures for the Global Notes

All interests in the global notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither we nor the initial purchasers are responsible for those operations or procedures.

DTC has advised that it is:

- a limited purpose trust company organized under the New York State Banking Law,
- a ''banking organization'' within the meaning of the New York State Banking Law;
- a member of the U.S. Federal Reserve System;

- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the Securities Exchange Act of 1934.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC’s participants include securities brokers and dealers, including the initial purchasers; banks and trust companies; clearing corporations; and certain other organizations. Indirect access to DTC’s system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC (including Euroclear or Clearstream).

So long as DTC or its nominee is the registered owner of a global note, DTC or its nominee will be considered the sole owner or holder of the notes represented by that global note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global note:

- will not be entitled to have notes represented by the global note registered in their names;
- will not receive or be entitled to receive physical, certificated notes; and
- will not be considered the registered owners or holders of the notes under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the indenture.

As a result, each investor who owns a beneficial interest in a global note must rely on the procedures of DTC to exercise any rights of a holder of notes under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium, if any, and interest with respect to the notes represented by a global note will be made by the trustee to DTC’s nominee as the registered holder of the global note. Neither we nor the trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a global note will be governed by standing instructions and customary practices and will be the responsibility of those participants or indirect participants and not of DTC, its nominee or us.

Transfers between participants in DTC will be effected under DTC’s procedures and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a global note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear or Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a global note from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a global note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the global notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither we nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants of indirect participants of their obligations under the rules and procedures governing their operations.

Certificated Notes

Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form unless:

- DTC notifies us at any time that it is unwilling or unable to continue as depositary for the global notes and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the Securities Exchange Act of 1934 and a successor depositary is not appointed within 90 days;
- we, at our option, notify the trustee that we elect to cause the issuance of certificated notes; or
- certain other events provided in the indenture should occur, including the occurrence and continuance of an event of default with respect to the notes.

In all cases, certificated notes delivered in exchange for any global note will be registered in the names, and issued in any approved denominations, requested by the depository and will bear a legend indicating the transfer restrictions of that particular global note.

For information concerning paying agents and transfer agents for any notes in certificated form, see "Description of the Notes—Payment Provisions—Paying Agents" and "—Transfer Agents."

TAXATION

POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR MEXICAN, UNITED STATES OR OTHER TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING, IN PARTICULAR, THE APPLICATION TO THEIR PARTICULAR SITUATIONS OF THE TAX CONSIDERATIONS DISCUSSED BELOW.

Certain Mexican Federal Income Tax Considerations

General

The following is a general summary of the principal Mexican federal income tax consequences of the purchase, ownership and disposition of the notes by holders that are not residents of Mexico for tax purposes and that do not hold the notes through a permanent establishment in Mexico to which the income under the notes is attributable for tax purposes. For purposes of this summary, each such holder is a ''foreign holder.'' This summary is based upon the provisions of the *Ley del Impuesto Sobre la Renta*, or the Mexican Income Tax Law, in effect on the date of this offering memorandum, which is subject to change or to new or different interpretations, which could affect the continued validity of this summary. This summary does not constitute tax advice and does not address all of the Mexican tax consequences that may be applicable to specific holders of the notes and does not purport to be a comprehensive description of all the Mexican tax considerations that may be relevant to a decision to purchase, own or dispose of the notes. This summary does not describe any tax consequences arising under the laws of any state, municipality or taxing jurisdiction other than under Mexican Income Tax Law.

For purposes of Mexican taxation, residence in Mexico, is a highly technical and fact-oriented definition.

An individual is a resident of Mexico for tax purposes, if such person has established his or her home in Mexico. When such person has a home in another country, the individual will be considered a resident of Mexico for tax purposes if his/her center of vital interests is located in Mexico, which is deemed to occur if (i) more than 50% of such individual's total income, in any calendar year, is from a Mexican source, or (ii) such individual's principal center of professional activities is located in Mexico. Unless proven otherwise, a Mexican national is deemed a resident of Mexico for tax purposes.

A legal entity is a resident of Mexico for tax purposes if it maintains the principal administration of its business or the effective location of its management in Mexico.

A permanent establishment of a foreign person in Mexico will be treated as a resident of Mexico for tax purposes and will be required to pay taxes in Mexico in accordance with applicable tax laws, for income attributable to such permanent establishment.

Taxation of Payments of Interest

Under the Mexican Income Tax Law, payments of interest (including original issue discount and premiums, which are deemed interest under the Mexican Income Tax Law) made by Grupo Bimbo or the subsidiary guarantors that are residents in Mexico for tax purposes in respect of the notes to a foreign holder will generally be subject to a Mexican withholding tax assessed at a rate of 4.9%, if, as expected, the following requirements are met:

- the notes are placed outside Mexico through banks or broker-dealers, in a country with which Mexico has a treaty for the avoidance of double taxation in effect (which currently includes the United States);
- a notice is filed before the CNBV describing the main characteristics of the notes offering pursuant to Article 7 of the Mexican Securities Market Law; and
- the information requirements specified from time to time by the Mexican Tax Administration Service (*Servicio de Administración Tributaria*) under its general rules, including, after completion of the offering of the notes, the filing of certain information related to the notes offering and this offering memorandum, are duly and timely complied with.

If any of such requirements is not met, the withholding tax applicable to interest payments under the notes made to non-residents of Mexico will be imposed at a rate of 10% or higher.

In addition, if the effective beneficiaries, whether acting directly or indirectly, severally or jointly with related parties, receiving more than 5% of the aggregate amount of each interest payment under the notes are (i) shareholders holding more than 10% of our voting stock, directly or indirectly, severally or jointly with related parties, or (ii) corporations or other entities having more than 20% of their stock owned, directly or indirectly, jointly or severally, by persons related to us, the Mexican withholding tax will be applied at substantially higher rates.

Payments of interest in respect of the notes made by us or any subsidiary guarantor that is a resident of Mexico for tax purposes to a non-Mexican pension or retirement fund will be exempt from Mexican withholding taxes if:

- such fund is organized pursuant to the laws of its country of residence and is the effective beneficiary of the interest payment;
- such income is exempt from income taxes in such country; and
- such fund is registered with the Mexican Ministry of Finance and Public Credit for these purposes.

Holders or beneficial owners of the notes may be requested, subject to specified exemptions and limitations, to provide certain information or documentation necessary to enable us to apply the appropriate Mexican withholding tax rate on interest payments that we make to such holders or beneficial owners. Additionally, the Mexican Income Tax Law provides that, in order for a foreign holder to be entitled to the benefits under the treaties for the avoidance of double taxation entered into by Mexico, it is necessary for the foreign holder to meet the procedural requirements established in such law. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not timely or completely provided, we may withhold Mexican tax from that interest payment on the notes to that holder or beneficial owner at the maximum applicable rate, and our obligation to pay Additional Amounts relating to those withholding taxes would be limited as described under ''Description of the Notes—Additional Amounts.''

Taxation of Principal Payments

Under the Mexican Income Tax Law, payments of principal made by us or any subsidiary guarantor in respect of the notes to a foreign holder will not be subject to Mexican withholding tax.

Taxation of Dispositions and Acquisitions of the Notes

Under the Mexican Income Tax Law, gains resulting from the sale or disposition of the notes by a foreign holder to another foreign holder are not subject to income or other tax in Mexico. Gains resulting from the sale of the notes by a foreign holder to a purchaser who is a Mexican resident for tax purposes or to a foreign holder deemed to have a permanent establishment in Mexico for tax purposes will be subject to Mexican federal income or other taxes pursuant to the rules described above in respect of interest payments, unless an applicable income tax treaty provides otherwise. The acquisition of the notes at a discount by a foreign holder will be deemed interest income, and subject to Mexican withholding taxes, if the seller is a Mexican resident or a foreign resident deemed to have a permanent establishment in Mexico.

Other Mexican Taxes

Under current Mexican tax laws, there are no estate, inheritance, succession or gift taxes generally applicable to the purchase, ownership or disposition of the notes by a foreign holder. Gratuitous transfers of the notes in certain circumstances may result in the imposition of Mexican income taxes upon the recipient. There are no Mexican stamp, issuer registration or similar taxes or duties payable by foreign holders of the notes with respect to the notes.

Certain United States Federal Income Tax Consequences

The following is a general summary of certain U.S. federal income tax consequences associated with the purchase, beneficial ownership and disposition of the notes. This summary is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated thereunder, rulings, official pronouncements and judicial decisions, all as in effect on the date of this offering memorandum and all of which are subject to change, possibly with retroactive effect, and different interpretations. This summary addresses tax considerations only for holders that purchase the notes pursuant to this offering at the original issue price and that hold the notes as ''capital assets'' (generally, property held for investment). Moreover, this summary is for general information only and does not address all of the tax consequences that may be relevant to specific investors in light of their particular circumstances or to investors subject to special treatment under U.S. federal income tax laws (such as banks, insurance companies, tax-exempt entities, dealers in securities, traders in securities that elect to use a mark to market method of accounting, brokers, expatriates, entities treated as partnerships for U.S. federal income tax purposes, and partners therein, persons who hold their notes as part of a straddle, hedge, conversion transaction or other integrated investment, U.S. holders (as defined below) whose functional currency is not the U.S. dollar, persons subject to the alternative minimum tax or persons deemed to sell the notes under the constructive sale provisions of the Code), all of whom may be subject to tax rules that differ significantly from those summarized below. The discussion below does not address U.S. federal estate and gift tax considerations or the effect of any state, local or non-U.S. tax law. We have not sought any ruling from the Internal Revenue Service, or the IRS, or an opinion of counsel with respect to the statements made and the conclusions reached in this discussion, and there can be no assurance that the IRS will agree with such statements and conclusions.

HOLDERS OF THE NOTES ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSIDERATIONS TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE APPLICABILITY OF U.S. FEDERAL, STATE OR LOCAL TAX LAWS OR NON-U.S. TAX LAWS, ANY CHANGES IN APPLICABLE TAX LAWS AND ANY PENDING OR PROPOSED LEGISLATION OR REGULATIONS.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, NOTEHOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY, NOTEHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON PROSPECTIVE NOTEHOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE NOTEHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

For purposes of this summary, a ''U.S. holder'' is a beneficial owner of a note that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of the source thereof; or
- a trust (1) if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or (2) if it has made a valid election to be treated as a U.S. person for U.S. federal income tax purposes.

A ''non-U.S. holder'' is a beneficial owner of a note that is an individual, corporation, estate or trust and is not a U.S. holder.

U.S. Holders

Payment of Interest

A U.S. holder must include in the U.S. holder's gross income all payments of interest (which will include all Mexican tax withheld from the interest payments and all additional amounts paid) in respect of the notes, at the time accrued or paid, in accordance with the U.S. holder's usual method of tax accounting for U.S. federal income tax purposes. Subject to applicable limitations (including minimum certain holding period requirements), a U.S. holder may be entitled to a credit against such U.S. holder's U.S. federal income tax liability (or a deduction in computing such U.S. holder's U.S. taxable income) for any foreign income taxes withheld. Interest on the notes generally will (1) be treated as foreign source income for U.S. federal income tax purposes, and (2) constitute passive income, or in the case of certain U.S. holders, general category income for foreign tax credit purposes. The rules governing the foreign tax credit are complex. Prospective noteholders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances. It is expected that the notes will not be issued with original issue discount for U.S. federal income tax purposes in excess of a de minimis amount, and this disclosure assumes as much. In general, however, in the event that the notes are issued with more than de minimis OID, U.S. Holders will be required to accrue OID on a constant-yield method and include such amounts in gross income over the life of the notes.

Sale, Exchange, Redemption, Retirement or Other Dispositions

A U.S. holder generally will recognize gain or loss for U.S. federal income tax purposes upon the sale, exchange, redemption, retirement or other taxable disposition of the notes in an amount equal to the difference between the amount realized and the U.S. holder's adjusted tax basis in the notes. For this purpose, the amount realized will not include any amount attributable to accrued but unpaid interest on the notes, which will be subject to tax as ordinary income as described above to the extent not previously included in income. A U.S. holder's adjusted tax basis in the notes generally will equal the cost of such notes to such holder. The gain or loss upon the taxable disposition of the notes generally will be capital gain or loss. If, at the time of such disposition, the notes have been held for more than one year, the gain or loss will be a long-term capital gain or loss. Under current law, long-term capital gains recognized by individuals or other non-corporate U.S. holders are generally subject to a reduced U.S. federal income tax rate. Capital losses are subject to limits on deductibility. Any gain or loss recognized by a U.S. holder generally will be treated as from sources within the United States for U.S. federal income tax purposes; therefore, a U.S. holder may not be able to claim credit for the Mexican tax, if any, imposed upon a disposition of a note.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to certain payments of principal and interest on the notes and to the proceeds from the sale of a note unless the recipient is an exempt recipient (such as a corporation). Backup withholding at the applicable rate (currently 28%) will apply to the payments if a U.S. Holder fails to provide its taxpayer identification number and otherwise comply with the applicable requirements of the U.S. backup withholding rules.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder may be refunded or credited against the U.S. Holder's U.S. federal income tax liability, if any, if the U.S. Holder timely provides the required information to the IRS. Pursuant to the Hiring Incentives to Restore Employment Act, certain U.S. holders may be required to submit to the IRS certain information with respect to their beneficial ownership of the notes, if such notes are not held on their behalf by a financial institution. This new law imposes substantial penalties if a U.S. holder is required to submit such information to the IRS and fails to do so.

Non-U.S. Holders

In general, a non-U.S. holder will not be subject to U.S. federal income tax or withholding tax on payments of interest on, or gain upon the sale, exchange, redemption, retirement or other disposition of, notes, unless:

- the interest or gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States, or
- in the case of gain, the non-U.S. holder is an individual present in the United States for 183 or more days in the taxable year of the sale or disposition and certain other conditions exist.

A non-U.S. holder will be subject to U.S. federal income tax in respect of any interest or gain on the notes that is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States in the same manner as if it were a U.S. holder, unless an applicable income tax treaty provides otherwise. A corporate non-U.S. holder will be subject to an additional ''branch profits tax'' at a 30% rate or at a lower applicable treaty rate. If a non-U.S. holder is an individual described in the second bullet point above under ''Non-U.S. Holders,'' any such gain (net of certain U.S. source capital losses) will be subject to 30% (or lower treaty rate) of U.S. federal income tax.

Payments within the United States of principal, interest and any additional amounts to a non-U.S. holder will not be subject to backup withholding tax and information reporting requirements if an appropriate certification is provided by the non-U.S. holder to the payor and the payor does not have actual knowledge or reason to know that the certificate is incorrect.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement dated the date of this offering memorandum among us and the initial purchasers, we have agreed to sell to the initial purchasers, and each of the initial purchasers has agreed, severally and not jointly, to purchase from us, the principal amount of notes set forth opposite its name below.

Initial Purchasers	Principal Amount of 2024 Notes	Principal Amount of 2044 Notes
Citigroup Global Markets Inc.	U.S.$200,000,000	U.S.$125,000,000
HSBC Securities (USA) Inc.	$200,000,000	$125,000,000
J.P. Morgan Securities LLC	$200,000,000	$125,000,000
Mitsubishi UFJ Securities (USA), Inc.	$200,000,000	$125,000,000
Total	**U.S.$800,000,000**	**U.S.$500,000,000**

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the notes sold under the purchase agreement, if any of these notes are purchased. The initial purchasers may offer and sell the notes through certain of their affiliates. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the several initial purchasers and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The initial purchasers have advised us that they propose initially to offer the notes at the applicable offering price set forth on the cover page of this offering memorandum. After the initial offering, the offering price of a series or any other term of the offering may be changed.

Notes Are Not Being Registered

The notes have not been registered under the Securities Act or any state securities laws. The initial purchasers propose to offer the notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The initial purchasers will not offer or sell the notes except to persons they reasonably believe to be qualified institutional buyers or pursuant to offers and sales that occur outside of the United States pursuant to Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the notes will be deemed to have made acknowledgments, representations and agreements as described under "Transfer Restrictions."

The notes have not been registered in Mexico with the National Securities Registry (*Registro Nacional de Valores*) maintained by the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*). Accordingly, the notes may not be offered or sold in Mexico, absent an available exemption under the Mexican Securities Market Law (*Ley del Mercado de Valores*).

New Issue of Notes

Each series of notes is a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for inclusion of the notes on any automated dealer quotation system other than the Global Exchange Market of the Irish Stock Exchange. We have been advised by the initial purchasers that they presently intend to make a market in each series of notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for any series of notes does not develop, the market price and liquidity of such notes may be adversely affected. If any series of notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the notes will be made to investors on or about June 27, 2014, which will be the third business day following the date of this offering memorandum.

No Sales of Similar Securities

We have agreed that we will not, for a period of 30 days after the date of this offering memorandum, without first obtaining the prior written consent of Citigroup Global Markets Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC and Mitsubishi UFJ Securities (USA), Inc., directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, any debt securities or securities exchangeable for or convertible into debt securities offered or sold outside of Mexico in the international capital markets, except for the notes sold to the initial purchasers pursuant to the purchase agreement.

Short Positions

In connection with the offering, the initial purchasers may purchase and sell notes of any series in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of notes of any series than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing notes of the applicable series in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the applicable series of notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the initial purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of a series of notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the applicable series of notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the initial purchasers make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Certain Relationships

Some of the initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

Affiliates of Citigroup Global Markets Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC and Mitsubishi UFJ Securities (USA), Inc., are lenders under our Syndicated Revolving Credit Facility and will receive, in the aggregate, approximately U.S.$640 million, representing a portion of the net proceeds of this offering, which are being applied to prepay a portion of such debt.

In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the initial purchasers or their affiliates has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to us, consistent with their customary risk management policies. Typically, these initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Sales Outside the United States

The notes may be offered and sold in the United States and certain jurisdictions outside the United States in which such offer and sale is permitted by affiliates of the initial purchasers.

Notice to Prospective Investors in European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a ''Relevant Member State'') an offer to the public of any notes which are the subject of the offering contemplated by this offering memorandum may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any notes may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) by the initial purchasers to fewer than 100 natural or legal persons (other than ''qualified investors'' as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of notes shall result in a requirement for the publication by us or any representative of a prospectus pursuant to Article 3 of the Prospectus Directive.

Any person making or intending to make any offer of notes within the EEA should only do so in circumstances in which no obligation arises for us or any of the initial purchasers to produce a prospectus for such offer. Neither we nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes through any financial intermediary, other than offers made by the initial purchasers which constitute the final offering of notes contemplated in this offering memorandum.

For the purposes of this provision, and your representation below, the expression an ''offer to the public'' in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any notes to be offered so as to enable an investor to decide to purchase any notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression ''Prospectus Directive'' means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any notes under, the offer of notes contemplated by this offering memorandum will be deemed to have represented, warranted and agreed to and with us and each initial purchaser that:

(a) it is a ''qualified investor'' within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(b) in the case of any notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the notes acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than ''qualified investors'' (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (ii) where notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those notes to it is not treated under the Prospectus Directive as having been made to such persons.

Notice to Prospective Investors in United Kingdom

Each of the initial purchasers has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated by an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Switzerland

This document, as well as any other material relating to the notes which are the subject of the offering contemplated by this offering memorandum, do not constitute an issue prospectus pursuant to Article 652a of the Swiss Code of Obligations. The notes will not be listed on the SWX Swiss Exchange and, therefore, the documents relating to the notes, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SWX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SWX Swiss Exchange. The notes are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the notes with the intention to distribute them to the public. The investors will be individually approached by us from time to time. This document, as well as any other material relating to the notes, is personal and does not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Notice to Prospective Investors in Hong Kong

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), (ii) to ''professional investors'' within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder or (iii) in other circumstances which do not result in the document being a ''prospectus'' within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to ''professional investors'' within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Singapore

This offering circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

Notice to Prospective Investors in Japan

The notes have not been and will not be registered under the Securities and Exchange Law of Japan, or the Securities and Exchange Law, and the initial purchaser has agreed that they will not offer or sell any notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Mexico

The notes have not been and will not be registered with the RNV maintained by the CNBV, and, therefore, may not be offered or sold publicly in Mexico, except that the notes may be offered to institutional and qualified investors pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law. As required under the Mexican Securities Markets Law, we will notify the CNBV of the offering of the Notes outside of Mexico. Such notice will be submitted to the CNBV to comply with Article 7, second paragraph, of the Mexican Securities Market Law and Articles 24 Bis and 24 Bis 1 of the General Regulations Applicable to Issuers and Other Market Participants and for information and statistical purposes only, and the delivery of such notice to, and the receipt thereof by, the CNBV is not a requirement for the validity of the Notes and does not imply any certification as accuracy of completeness of the information set forth herein. The information contained in this offering memorandum is exclusively our responsibility and has not been reviewed or authorized by the CNBV. The acquisition of the notes by an investor who is a resident of Mexico will be made under its own responsibility.

TRANSFER RESTRICTIONS

The notes have not been registered, and will not be registered, under the Securities Act or any other applicable securities laws, and the notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the notes are being offered and sold only:

(1) in the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A under the Securities Act; and

(2) outside of the United States, to certain persons in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act.

The notes have not been registered in Mexico with the National Registry of Securities (*Registro Nacional de Valores*) maintained by the CNBV. Accordingly, the notes may not be offered or sold publicly or otherwise be the subject of brokerage activities in Mexico, absent an available exemption under Article 8 of the Mexican Securities Market Law.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of notes (other than the initial purchasers in connection with the initial issuance and sale of notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

(1) It is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made in reliance on Rule 144A or (b) outside the United States.

(2) It acknowledges that the notes have not been registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.

(3) It understands and agrees that notes initially offered in the United States to qualified institutional buyers will be represented by one or more global notes and that notes offered outside the United States in reliance on Regulation S will also be represented by one or more global notes.

(4) It will not resell or otherwise transfer any of such notes except (a) to us, (b) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) outside the United States in compliance with Rule 903 or 904 under the Securities Act, (d) pursuant to the exemption from registration under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act.

(5) It agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes.

(6) It acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement or in respect of notes sold or transferred either pursuant to (a) Rule 144A or (b) Regulation S) the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the indenture.

(7) It acknowledges that the trustee, registrar or transfer agent for the notes will not be required to accept for registration transfer of any notes acquired by it, except upon presentation of evidence satisfactory to us and the trustee, registrar or transfer agent that the restrictions set forth herein have been complied with.

(8) It acknowledges that we, the initial purchasers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify us and the initial purchasers. If it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations, and agreements on behalf of each account.

The following is the form of restrictive legend which will appear on the face of the Rule 144A Global Note, and which will be used to notify transferees of the foregoing restrictions on transfer:

"This Note has not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any other securities laws. The holder hereof, by purchasing this Note, agrees that this Note or any interest or participation herein may be offered, resold, pledged or otherwise transferred only (1) to us, (2) so long as this Note is eligible for resale pursuant to Rule 144A under the Securities Act ("Rule 144A"), to a person who the seller reasonably believes is a qualified institutional buyer (as defined in Rule 144A) in accordance with Rule 144A, (3) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, (4) pursuant to an exemption from registration under the Securities Act (if available) or (5) pursuant to an effective registration statement under the Securities Act, and in each of such cases in accordance with any applicable securities laws of any state of the United States or other applicable jurisdiction. The holder hereof, by purchasing this Note, represents and agrees that it will notify any purchaser of this Note from it of the resale restrictions referred to above.

The foregoing legend may be removed from this Note only with the consent of the issuer."

The following is the form of restrictive legend which will appear on the face of the Regulation S Global Note and which will be used to notify transferees of the foregoing restrictions on transfer:

"This Note has not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any other securities laws. The holder hereof, by purchasing this Note, agrees that neither this Note nor any interest or participation herein may be offered, resold, pledged or otherwise transferred in the absence of such registration unless such transaction is exempt from, or not subject to, such registration.

The foregoing legend may be removed from this Note after 40 days beginning on and including the later of (a) the date on which the notes are offered to persons other than distributors (as defined in Regulation S under the Securities Act) and (b) the original issue date of this Note."

For further discussion of the requirements (including the presentation of transfer certificates) under the indenture to effect exchanges or transfers of interest in global notes and certificated notes, see ''Form of Notes, Clearing and Settlement.''

LEGAL MATTERS

Certain legal matters in connection with this international offering will be passed upon for Grupo Bimbo with respect to New York law by Skadden, Arps, Slate, Meagher & Flom LLP, with respect to Mexican law by Raz Guzmán, S.C. Certain legal matters in connection with the international offering will be passed upon for the initial purchasers with respect to New York law by Cleary Gottlieb Steen & Hamilton LLP and with respect to Mexican law by Ritch, Mueller, Heather y Nicolau, S.C.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the years ended December 31, 2013, 2012 and 2011, were audited by Galaz, Yamazaki, Ruiz Urquiza, S.C., member of Deloitte Touche Tohmatsu Limited. Galaz, Yamazaki, Ruiz Urquiza, S.C., member of Deloitte Touche Tohmatsu Limited, is a member of the Association of Public Accountants of Mexico (*Colegio de Contadores Públicos de México, A.C.*).

AVAILABLE INFORMATION

We will furnish, upon prior written request of any registered owner of a note, or note holder, or beneficial owner of a note, or note owner, such information as is specified in paragraph (d)(4) of Rule 144A under the Securities Act: (a) to such note holder or note owner, (b) to a prospective purchaser of such note (or beneficial interest therein) who is a qualified institutional buyer designated by such note holder or note owner or (c) to the trustee for delivery to such note holder or note owner or such prospective purchaser so designated, in each case in order to permit compliance by such note holder or note owner with Rule 144A in connection with the resale of such note (or a beneficial interest therein) in reliance upon Rule 144A unless, at the time of such request, (1) we are subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or (2) we qualify for the exemption to Rule 12g3-2(b).

In addition, for so long as any series of notes are listed on the Global Exchange Market of the Irish Stock Exchange, copies of the following items will be available in physical form at Prolongación Paseo de la Reforma No. 1000, Colonia Peña Blanca Santa Fe, Delegación Álvaro Obregón, México D.F., 01210, México:

- these Listing Particulars;
- a copy of our by-laws (*estatutos sociales*);
- our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements;
- a copy of the indenture governing the notes; and
- any other documents relating to the offering of the notes referred to herein.

Save as disclosed in these Listing Particulars, there has been no material adverse change in our prospects since December 31, 2013 and there has been no significant change in our financial or trading position since March 31, 2014.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2013, 2012 and 2011, and Independent Auditors' Report Dated March 28, 2014

Index to the notes to the consolidated financial statements

Independent Auditors' Report to the Board of Directors and Stockholders of Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

We have audited the accompanying consolidated financial statements of Grupo Bimbo, S. A. B. de C .V. and its Subsidiaries (the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2013, 2012 and 2011, and the consolidated statements of income, consolidated statements of comprehensive income (loss), consolidated statements of changes in stockholders' equity and consolidated statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Grupo Bimbo, S. A. B. de C .V. and its subsidiaries as of December 31, 2013, 2012 and 2011 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Octavio Aguirre Hernández

Mexico City, México

March 28, 2014

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2013, 2012 and 2011
(In millions of Mexican pesos)

Assets	Notes	December 31, 2013	December 31, 2012	December 31, 2011
Current assets:				
Cash and cash equivalents		$ 2,504	$ 4,278	$ 3,966
Accounts and notes receivable- net	5	15,848	16,294	17,574
Inventories- net	6	4,729	4,591	4,980
Prepaid expenses		1,421	621	766
Derivative financial instruments	13	38	123	18
Guarantee deposits for derivative financial instruments		659	566	470
Assets available for sale	8, 10	54	665	703
Total current assets		25,253	27,138	28,477
Non-current assets:				
Notes receivable from independent operators		1,560	1,484	1,686
Property, plant and equipment- net	8	42,683	42,011	42,419
Investment in shares of associated companies	9	2,132	2,142	1,803
Derivative financial instruments	13	695	533	417
Deferred income taxes	17	5,399	6,054	7,605
Intangible assets- net	10	26,977	26,690	28,193
Goodwill	11	29,822	29,754	32,048
Other assets- net		206	1,334	587
Total assets		$ 134,727	$ 137,140	$ 143,235

Liabilities and stockholders' equity	Notes	December 31, 2013	December 31, 2012	December 31, 2011
Current liabilities:				
Current portion of long-term debt	12	$ 7,997	$ 1,573	$ 4,042
Trade accounts payable		9,698	9,488	9,090
Other accounts payable and accrued liabilities		10,779	10,800	10,499
Due to related parties	16	523	677	904
Income tax	17	2,372	2,040	719
Statutory employee profit sharing payable		876	750	756
Derivative financial instruments	13	1,033	237	222
Total current liabilities		33,278	25,565	26,232
Non-current liabilities:				
Long-term debt	12	32,332	40,398	41,950
Derivative financial instruments	13	236	936	1,961
Employee labor obligations and workers' compensation	14	17,399	20,369	19,340
Deferred income taxes	17	1,554	1,382	1,725
Other liabilities		2,145	1,432	3,328
Total liabilities		86,944	90,082	94,536
Stockholders' equity:				
Capital stock	15	4,227	4,227	4,227
Reserve for repurchase of shares	15	917	906	754
Retained earnings	15	43,617	41,635	40,312
Accumulated translation effects of foreign subsidiaries	15	(3,975)	(1,470)	1,870
Remeasurement effects of employee benefits	15	1,067	(430)	(145)
Valuation effects of cash flow hedges	13	(234)	(132)	(354)
Equity attributable to owners of the Entity		45,619	44,736	46,664
Non-controlling interests in consolidated subsidiaries		2,164	2,322	2,035
Total stockholders' equity		47,783	47,058	48,699
Total liabilities and stockholder´s equity		$ 134,727	$ 137,140	$ 143,235

See accompanying notes to consolidated financial statements.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Income

For the years ended December 31, 2013, 2012 and 2011
(In millions of Mexican pesos, except earnings per common share)

	Notes	December 31, 2013	December 31, 2012	December 31, 2011
Net sales		$ 176,041	$ 173,139	$ 133,496
Cost of sales	18	83,942	85,354	65,396
Gross profit		92,099	87,785	68,100
General expenses:				
Distribution and selling		66,882	65,635	48,270
Administrative		11,750	11,599	9,553
Integration costs		1,834	1,950	-
Other general expenses	19	1,143	1,214	743
	18	81,609	80,398	58,566
Operating income		10,490	7,387	9,534
Interest expense		3,146	3,332	2,760
Interest income		(268)	(510)	(432)
Exchange loss (gain), net		(1)	91	(651)
Monetary position gain		(81)	(103)	(127)
Net financing costs		2,796	2,810	1,550
Equity in (loss) income of associated companies		(38)	49	51
Income before income taxes		7,656	4,626	8,035
Income tax expense	17	2,878	2,195	2,829
Consolidated net income		$ 4,778	$ 2,431	$ 5,206
Net income attributable to owners of the Entity		$ 4,404	$ 2,028	$ 4,875
Net income attributable to non-controlling interests		$ 374	$ 403	$ 331
Basic and diluted earnings per common share		$ 0.94	$ 0.43	$ 1.04
Weighted average number of shares outstanding (000's)		4,703,200	4,703,200	4,703,200

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income (Loss)

For the years ended December 31, 2013, 2012 and 2011
(In millions of Mexican pesos)

	December 31, 2013	December 31, 2012	December 31, 2011
Consolidated net income	$ 4,778	$ 2,431	$ 5,206
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Net change in actuarial losses on defined benefit plans of labor obligations	2,330	(438)	(213)
Income taxes relating to items that will not be reclassified	(796)	210	74
	1,534	(228)	(139)
Items that may be reclassified subsequently to profit or loss:			
Hedges of net investments in foreign operations, net	(385)	3,208	(5,375)
Exchange differences on translating foreign operations	(2,235)	(5,586)	5,694
Net fair value gain on hedging instruments entered into for cash flow hedges	(140)	317	(500)
Income taxes related to items that will be reclassified in the future	153	(1,114)	1,771
	(2,607)	(3,175)	1,590
Other comprehensive loss for the year	(1,073)	(3,403)	1,451
Total comprehensive income (loss) for the year	$ 3,705	$ (972)	$ 6,657
Comprehensive income (loss) attributable to owners of the Entity	$ 3,294	$ (1,375)	$ 6,265
Comprehensive income attributable to non-controlling interests	$ 411	$ 403	$ 392

See accompanying notes to consolidated financial statements.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2013, 2012 and 2011
(In millions of Mexican pesos)

	Capital stock	Reserve for repurchase of shares	Retained earnings	Accumulated other comprehensive income (loss)	Equity attributable to owners of the Entity	Non-controlling interests in consolidated subsidiaries	Total stockholders' equity
Balances as of January 1, 2011	$ 4,227	$ 759	$ 36,084	$ (19)	$ 41,051	$ 802	$ 41,853
Consolidation effect of special purpose entities	-	-	-	-	-	967	967
Dividends declared	-	-	(647)	-	(647)	(126)	(773)
Increase in reserve for repurchase of shares	-	(5)	-	-	(5)	-	(5)
Balances before comprehensive income	4,227	754	35,437	(19)	40,399	1,643	42,042
Consolidated net income for the year	-	-	4,875	-	4,875	331	5,206
Other comprehensive income	-	-	-	1,390	1,390	61	1,451
Total comprehensive income	-	-	4,875	1,390	6,265	392	6,657
Balances as of December 31, 2011	4,227	754	40,312	1,371	46,664	2,035	48,699
Consolidation effect of special purpose entities	-	-	-	-	-	20	20
Dividends declared	-	-	(705)	-	(705)	(136)	(841)
Increase in reserve for repurchase of shares	-	152	-	-	152	-	152
Balances before comprehensive income (loss)	4,227	906	39,607	1,371	46,111	1,919	48,030
Consolidated net income for the year	-	-	2,028	-	2,028	403	2,431
Other comprehensive loss	-	-	-	(3,403)	(3,403)	-	(3,403)
Total comprehensive income (loss)	-	-	2,028	(3,403)	(1,375)	403	(972)
Balances as of December 31, 2012	4,227	906	41,635	(2,032)	44,736	2,322	47,058
Consolidation effect of special purpose entities	-	-	-	-	-	(284)	(284)
Dividends declared	-	-	(2,422)	-	(2,422)	(285)	(2,707)
Increase in reserve for repurchase of shares	-	11	-	-	11	-	11
Balances before comprehensive income (loss)	4,227	917	39,213	(2,032)	42,325	1,753	44,078
Consolidated net income for the year	-	-	4,404	-	4,404	374	4,778
Other comprehensive income (loss)	-	-	-	(1,110)	(1,110)	37	(1,073)
Total comprehensive income (loss)	-	-	4,404	(1,110)	3,294	411	3,705
Balances as of December 31, 2013	$ 4,227	$ 917	$ 43,617	$ (3,142)	$ 45,619	$ 2,164	$ 47,783

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2013, 2012 and 2011
(In millions of Mexican pesos)

	December 31, 2013	December 31, 2012	December 31, 2011
Cash flows from operating activities:			
Income before income taxes	$ 7,656	$ 4,626	$ 8,035
Adjustments for:			
Depreciation and amortization	5,247	5,467	4,289
Loss on sale of property, plant and equipment	194	96	72
Equity in loss (income) of associated companies	38	(49)	(51)
Impairment of long-lived assets	393	120	332
Interest expense	3,146	3,332	2,760
Interest income	(268)	(510)	(432)
Changes in assets and liabilities:			
Accounts and notes receivable	(340)	932	1,324
Inventories	(262)	362	(880)
Prepaid expenses	(986)	145	(220)
Trade accounts payable	197	398	2,347
Other accounts payable and accrued liabilities	(350)	(1,992)	(2,046)
Due to related parties	(154)	(227)	98
Income tax paid	(2,369)	1,201	(3,097)
Derivative financial instruments	(213)	(1,010)	1,576
Statutory employee profit sharing	126	(6)	47
Employee labor obligations and workers' compensation	(661)	1,085	1,338
Net cash flows generated by operating activities	11,394	13,970	15,492
Investing activities:			
Acquisition of property, plant and equipment	(6,766)	(6,796)	(6,425)
Acquisition of business	(139)	-	(13,804)
Divestiture of plants in the USA	455	-	-
Proceeds from sale of property, plant and equipment	277	317	681
Acquisition of trademarks and other assets	(497)	(427)	(8)
Other assets	811	(211)	(742)
Dividends received	-	24	23
Investments in shares of associated companies	(28)	(314)	(222)
Interest collected	266	453	341
Net cash flows used in investing activities	(5,621)	(6,954)	(20,156)
Financing activities:			
Proceeds from long-term debt	3,046	15,855	21,192
Payment of long-term debt	(4,522)	(19,600)	(12,904)
Interest paid	(3,465)	(2,553)	(2,371)
Payments of interest rate swaps	(1,470)	(1,594)	(1,347)
Interest rate swaps collected	1,805	1,822	1,373
Repurchase of shares	11	152	(5)
Dividends paid	(2,707)	(841)	(773)
Net cash flows (used in) generated financing activities	(7,302)	(6,759)	5,165
Adjustments to cash flows due to exchange rate fluctuations and inflationary effects	(245)	55	140
Net (decrease) increase in cash and cash equivalents	(1,774)	312	641
Cash and cash equivalents at the beginning of the year	4,278	3,966	3,325
Cash and cash equivalents at the end of the year	$ 2,504	$ 4,278	$ 3,966

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013, 2012 and 2011
(In millions of Mexican pesos)

1. Activities and significant events

Activities - Grupo Bimbo, S. A. B. de C. V. and Subsidiaries (the "the Entity") is engaged in the manufacture, distribution and sale of bread; as well as in the manufacture, distribution and sale of, cookies, cakes, candies, chocolates, snacks, tortillas and processed foods.

The Entity operates in the following geographical areas: Mexico, the United States of America ("USA"), Central and South America, Europe and China. Due to its minimal significance, the financial information of China is aggregated with Mexico in the disclosures that follow.

Corporate offices are based in Santa Fe, Mexico City, Mexico, 1000 Prolongación Paseo de la Reforma, Colonia Peña Blanca Santa Fe, Álvaro Obregón, Zip code 01210, Distrito Federal, Mexico.

During 2013, 2012 and 2011, net sales of Bimbo S. A. de C. V. and Barcel, S. A. de C. V, located in Mexico, represented approximately 40%, 37% and 45%, respectively, of consolidated net sales. During 2013, 2012 and 2011, net sales of Bimbo Bakeries USA, Inc. ("BBU"), located in the USA represented approximately 45%, 46% and 40%, respectively, of consolidated net sales.

Significant events – During 2013, the Entity did not make any significant acquisitions. The divestiture of certain plants of BBU in California occurred, as a result of the restructuring stemming from the acquisition of Sara Lee in 2011.

a. During 2012, the Company did not make any significant acquisitions; however in 2011, the Company purchased several businesses in Spain and Portugal, referred to as Iberia ("Iberia"), in Argentina, referred to as Fargo ("Fargo") and in the USA, referred to as Sara Lee ("Sara Lee"), as described below:

Company	Country	Acquisition Cost	Date
2011:			
Fargo	Argentina	$ 1,608	September 19
Sara Lee	USA	10,249	November 9
Iberia	Spain and Portugal	2,085	December 5
		$ 13,942	

Fargo

On September 19, 2011, the Company completed the acquisition of Compañia de Alimentos Fargo, S. A., after receiving the appropriate permits and authorizations. The acquisition was paid for through the exercise of a purchase option to acquire the 70% stake in Fargo owned by Madera, L. L. C. (the Company already owned 30% of Fargo but was unable to exercise its purchase option given certain legal restrictions in Argentina). Accordingly, as of December 31, 2011, the Company holds 100% of the voting equity of Fargo.

Fargo is the largest producer and distributor of bread and bakery products in Argentina, with annual sales of approximately US$150 million. With five plants and over 1,500 employees, the company sells its products under the brands of FARGO®, LACTAL® and ALL NATURAL®, among others, through wholesale channels and retail and institutional customers. A divestiture of a minor portion of the business was required by the Argentinian authorities as a condition precedent to obtaining control of Fargo. This divestiture took place on the same day as the purchase of Fargo.

Accounting for the Acquisition of Fargo

The acquisition was recorded in conformity with the International Financial Reporting Standard ("IFRS") 3, *Business Combinations*. The following table summarizes the recognized amounts of identifiable assets and assumed liabilities at September 19, 2011, converted into Mexican pesos at the exchange rate applicable at such date.

Consideration transferred		$ 1,608
Amounts recognized for identifiable assets and assumed liabilities		
Cash and cash equivalents	$ 13	
Accounts receivable	309	
Inventories	83	
Property, plant and equipment	824	
Identified intangible assets	1,011	
Other assets	8	
Total identifiable assets		2,248
Goodwill		508
Total acquired assets		2,756
Current liabilities	485	
Deferred tax	621	
Long-term liabilities	42	
Total assumed liabilities		1,148
Value of the acquiree		$ 1,608

The valuation and allocation of fair values of the acquisition, during the measurement period resulted in an increase to the preliminary amounts allocated to deferred tax and goodwill, in the amount of $76.

Sara Lee USA

On November 9, 2010, the Company announced an agreement to acquire 100% of the fresh bakery business of Sara Lee Corporation in the USA ("Sara Lee") "North American Fresh Bakery" for a preliminary acquisition cost of US$959 million. The closing of the transaction was subject to the resolution of regulatory approvals. On October 21, 2011, the State Department of Justice ("DOJ") concluded its analysis of Grupo Bimbo's proposal to acquire the fresh bakery of Sara Lee Corporation. As part of the regulatory approval conditions, the Company agreed to divest certain brands, property, plant and equipment and routes, including Sara Lee ® and Earthgrains ® brands in the state of California and some minor brands in the Harrisburg / Scranton region in Pennsylvania and in metropolitan areas in the Cities of Kansas, Oklahoma and Omaha. The divestitures are presented as assets held for sale in the accompanying consolidated statement of financial position; however, the related operations are not presented as discontinued operations given that they do not represent a component, a separate major line of business or geographical area of operations of the Company. The required divestitures were concluded on February 23, 2013 (see Note 26). The revenue attributable to these divestitures amounted approximately to US$155 million of the total sales of Sara Lee of approximately US$2 billion for the full year ended December 31, 2011.

The acquisition was consummated on November 6, 2011. The final purchase price was negotiated at US$709 million, which was subsequently adjusted for certain items to US$752.06 million, equivalent to $10,249, which reflects both the net assets acquired as well as the divestitures agreed upon with the DOJ. The acquisition agreement includes the use of the license of the brand Sara Lee®, free of royalties, for its use in bakery products in America, Asia, Africa and Eastern and Central Europe, as well as a list of regional brands with high recognition in their respective local markets.

Accounting for the Acquisition of Sara Lee

The acquisition was recorded in conformity with IFRS 3. The following table summarizes the recognized amounts of identifiable assets and assumed liabilities at November 6, 2011, converted into Mexican pesos at the exchange rate applicable at such date.

Consideration transferred		$ 10,249
Amounts recognized for identifiable assets and assumed liabilities		
Cash and cash equivalents	$ 41	
Accounts receivable	1,673	
Inventories	603	
Deferred tax	3,290	
Property, plant and equipment	5,469	
Identified intangible assets	4,588	
Other assets	151	
Total identifiable assets		15,815
Goodwill		9,361
Total assets acquired		25,176
Current liabilities	2,863	
Long-term liabilities	12,064	
Total assumed liabilities		14,927
Value of the acquiree		$ 10,249

Sara Lee participates in several Multi–Employer Pension Plans (“MEPP”) that provide defined benefits to certain employees of the Company covered by collective bargaining agreements. As part of the acquisition, the Company has determined that it is probable that it will withdraw from the MEPP and thus recognized a withdrawal liability, at the present value of the obligation, as part of the acquisition accounting of Sara Lee. The amount included in the table above related to long–term liabilities includes $8,354 million, representing management’s best estimate of the withdrawal liability.

Iberia

On October 10, 2011, the Company announced an agreement to acquire 100% of the fresh bakery business of Sara Lee Corporation in Spain and Portugal for an acquisition price of 114 million euros. The acquisition was consummated on December 5, 2011.

The operation includes, among others, the acquisition of brands Bimbo®, Silhouette®, Martinez® and Eagle® brands, which enjoy wide recognition and market leadership in the categories of bread, cakes and snacks; as well as seven plants and over 800 distribution routes.

This acquisition positions Grupo Bimbo as the leading branded bread company on the Iberian Peninsula and provides the Company with entry to the European market through an established bakery business.

Accounting for the Acquisition of Iberia

The acquisition was recorded in conformity with IFRS 3. The following table summarizes the recognized amounts of identifiable assets and assumed liabilities at December 5, 2011, converted into Mexican pesos at the exchange rate applicable at such date.

Consideration transferred		$ 2,085
Amounts recognized for identifiable assets and assumed liabilities		
Cash and cash equivalents	$ 84	
Accounts receivable	1,290	
Inventories	167	
Property, plant and equipment	945	
Identified intangible assets	719	
Deferred tax	314	
Other assets	190	
Total identifiable assets		3,709
Goodwill		451
Total assets acquired		4,160
Current liabilities	1,830	
Long-term liabilities	245	
Total assumed liabilities		2,075
Value of the acquiree		$ 2,085

Sources of financing

In 2011, the Company obtained financing in the amount of US$1,300 million. A portion of the proceeds obtained from this financing was used to partially pay for the acquisition of Sara Lee and Iberia. Additionally, the Company entered into two long–term committed revolving credit facilities of EUR$65 million and US$90 million, which were also partially used to pay for the acquisitions. The remaining proceeds from these financings were used to prepay the existing Company debt (see Note 12, long-term debt).

Consolidated figures

The following table presents condensed information of Sara Lee, Iberia and Fargo as of December 31, 2011, and for the 55–day, 26–day and 103–day periods ended as of December 31, 2011, that have been included in the consolidated financial statements of Grupo Bimbo.

	Year Ended December 31, 2011			
	Consolidated January 1 to December 31, 2011	Sara Lee November 9 to December 31, 2011	Iberia December 5 to 31, 2011	Fargo September 19 to December 31, 2011
Net sales	$ 133,496	$ 4,074	$ 392	$ 722
Operating income (loss)	$ 9,534	$ (105)	$ (79)	$ 35

Net income (loss) attributable to owners of the Company	$ 4,875	$ (133)	$ (67)	$ 17

	As of December 31, 2011			
	Consolidated	Sara Lee	Iberia	Fargo
Total assets	$ 143,235	$ 28,588	$ 4,101	$ 1,033
Total liabilities	$ 94,536	$ 18,069	$ 2,030	$ 655

The revenues and net loss that the acquired entities would have contributed to the 2011 consolidated figures as if these entities were acquired on January 1, 2011, would have been $38,224 and $(390), respectively.

The goodwill generated in 2011 resulting from these acquisitions amounted to $10,320, mainly generated from expected synergies in Argentina and in the USA, where the Company already operated, and achievement of efficiencies in Iberia.

During 2011, the Company incurred $373 in fees and expenses related to these acquisitions, classified as operating expenses. Additionally, in 2012, the Company incurred $1,950 in integration costs to utilize synergies and unify operating procedures.

2. Basis of preparation

a. ***New and revised International Financial Reporting Standards affecting amounts reported and/or disclosures in the financial statements***

In the current year, the Entity has applied a number of new and revised International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2013.

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Entity has applied the amendments to IFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to the IFRS 7, have been applied retrospectively. As the Entity does not have any offsetting arrangements in place, therefore application of the amendments did not have an impact on the disclosures or on the amounts recognized in the consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, IAS 27 (as revised in 2011) *Separate Financial Statements* and IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

In the current year, the Entity has applied for the first time IFRS 10, IFRS 11, IFRS 12 and IAS 28 (as revised in 2011) together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding the transitional guidance.

There were no significant impacts from the adoption of these standards in the accompanying consolidated financial statements.

Impact of the application of IFRS 12

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see note 9 for details).

IFRS 13 Fair Value Measurement

The Entity has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realizable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from January 1, 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Entity has not made any new disclosures required by IFRS 13 for the 2012 comparative period (please see note 13 for the 2013 disclosures). Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognized in the consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Entity has applied the amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 did not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b. ***New and revised IFRSs in issue but not yet effective***

The Entity has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in net income (loss).

- With regard to the measurement of financial liabilities designated as of fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

Amendments to IFRS 10, IFRS 12 and IAS 27

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries, but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services.
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

The Entity's management does not anticipate that the investment entities amendments will have any effect on the Entity's consolidated financial statements as the Entity is not an investment entity.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

The Entity's management does not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Entity's consolidated financial statements.

c. ***Comprehensive income***

The Entity presents comprehensive income in two different statements: (i) a statement of income and (ii) a statement of comprehensive income (loss). The expenses in the statement of income are presented according to their function, as this is the common practice in the sector to which the Entity belongs. The nature of these expenses is presented in the notes. Additionally, the Entity presents the subtotal operating income, which, although not required by IFRS, is included as it contributes to a better understanding of the economic and financial performance of the Entity.

d. ***Cash flow statement***

The Entity presents its cash flow statement using the indirect method. Proceeds from interest and dividends are presented in investing activities, whereas payment of interest and dividends are presented as financing activities.

3. Summary of significant accounting policies

a. ***Statement of compliance***

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

b. ***Basis of measurement***

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c. ***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of Grupo Bimbo, S.A.B. de C.V. and the subsidiaries over which it exercises control, including structured entities ("SE"). Control is achieved when the Entity:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

An SE is consolidated when the Entity concludes that it controls the SE based on the evaluation of the substance of the relationship with the Entity and the risks and benefits of the SE. The most significant subsidiaries are shown below:

Subsidiary	% of ownership	Country	Main activity
Bimbo, S. A. de C. V.	97	Mexico	Baking
Bimbo Bakeries USA, Inc.	100	United States	Baking
Barcel, S. A. de C. V.	97	Mexico	Sweets and snacks
Bimbo do Brasil, Ltda.	100	Brazil	Baking
Bimbo S.A.U. ("Iberia")	100	Spain and Portugal	Baking

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Entity gains control until the date when the Entity ceases to control the subsidiary.

Net income (loss) and each component of other comprehensive income are attributed to the owners of the Entity and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Balances and transactions between consolidated entities have been eliminated in these consolidated financial statements.

Changes in investments in the Entity's subsidiaries that do not result in the Entity losing control are recorded as equity transactions.

d. ***Business combinations***

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Entity, liabilities incurred by the Entity to the former owners of the acquiree and the equity interests issued by the Entity in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Entity entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based payments* at the acquisition date. as of December 31, 2013, 2012 and 2011 the Entity does not have share-based payments; and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquirer's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Entity's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

e. ***Assets available for sale***

Non-current assets and groups of assets are classified as held for sale if their carrying value is expected to be recovered principally through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or group of assets held for sale) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

f. ***Recognition of the effects of inflation***

Inflationary effects are recognized in the financial statements when the economy of the currency in which the Entity's transactions are recorded is considered hyperinflationary, defined generally as economies in which inflation in the preceding three fiscal years equals or exceeds 100%. The Mexican economy ceased to be hyperinflationary in 1999. Therefore, inflation effects for the Entity's Mexican operations were recognized through that date, except for certain office equipment, machinery and equipment, for which inflation was recognized through 2007, as permitted by Mexican Financial Reporting Standards ("MFRS"), and retained as deemed cost as permitted by the transition rules of IFRS. Inflation continues to be recognized for operations in those countries operating in hyperinflationary economic environment. In 2013, 2012 and 2011, the operation in Venezuela qualified as hyperinflationary in relation to the inflation of the three preceding years and for which the effects of inflation were recognized. These effects are not material to the financial position, performance or cash flows of the entity.

g. ***Leasing***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

- The Entity as lessor

  The rental income under operating leases is recognized using the straight-line method over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized using the straight-line method over the term of the lease.

- The Entity as lessee

  The assets held under finance leases are recognized as assets of the Entity at their fair value at the inception of the lease, or if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease liability.

  Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Entity's general policy on borrowing costs (see Note 3.i). Contingent rentals are recognized as expenses in the periods in which they are incurred.

  Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

  In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

h. ***Foreign currency transactions***

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 13).

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Entity's foreign operations are translated into Currency Units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Entity's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Entity are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Entity losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Entity losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

i. ***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

j. ***Cash and cash equivalents***

Consist mainly of bank deposits in checking accounts and investments in short-term securities, highly liquid, readily convertible into cash, maturing within three months from the date of purchase and are subject to insignificant risk of changes in value. Cash is stated at nominal value and cash equivalents are measured at fair value, fluctuations in value are recognized in income (see financial assets below). Cash equivalents consist primarily of investments in government debt instruments with daily maturities.

k. ***Financial assets***

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

i. Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as of FVTPL.

ii. Financial assets at FVTPL

Financial assets are classified as of FVTPL when the financial asset is either held for trading or it is designated as of FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as of FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as of FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income (expenses)' line item. Fair value is determined in the manner described in Note 13.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to maturity investments are measured at amortized cost using the effective interest method less any impairment.

iv. Assets classified as held for sale

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed redeemable notes held by the Entity that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Entity also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the Entity's management consider that fair value can be reliably measured). Fair value is determined in the manner described in Note 13. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of assets classified as held for sale are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Entity's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

v. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

vi. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or

- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Entity's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days in Mexico, 60 days in USA and 30 days in Central and South America ("OLA"), as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

vii. <u>Derecognition of financial assets</u>

The Entity derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Entity retains an option to repurchase part of a transferred asset), the Entity allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

l. ***Inventories and cost of sales***

Inventories are stated at the lower of cost and net realizable value. Cost is comprised of acquisition cost, import duties, transport, handling, loading, and storage cost at the customs and distribution centers; returns on purchases are deducted from cost. Net realizable value represents the estimated selling price for inventories in the normal course of operations less all estimated costs of completion and costs necessary to make the sale. Cost is determined by using the average cost method.

m. ***Property, plant and equipment***

Property, plant and equipment are carried at acquisition cost, net of accumulated depreciation and accumulated impairment losses. Balances from certain acquisitions made through December 31, 2007 were restated for the effects of inflation by applying factors derived from the National Consumer Price Index ("NCPI") through that date, which became the deemed cost of such assets as of January 1, 2011 upon adoption of IFRS, as permitted by IFRS 1.

Cost include those costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Borrowing costs attributable to the acquisition, construction or production of qualifying assets, which are those assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized to the cost of the asset.

Cost for expansion, remodeling or improvements that enhance the capacity and extend the useful life of the asset are also capitalized. The carrying amount of the replaced asset, if any, is derecognized when replaced, and the effect is recognized in profit and loss. Repairs and maintenance costs are recognized in profit and loss of the period they are incurred.

Freehold land is not depreciated. Depreciation of the other property, plant and equipment is calculated using the straight-line method, to write-off the cost of the assets to their residual values over their estimated useful lives, as follows:

	Years
Infrastructure	15
Building foundations	45
Roofs	20
Fixed facilities and accessories	10
Manufacturing equipment	10
Vehicles	13
Office furniture and fixtures	10
Computer equipment	3
Leasehold improvements	Term of the lease contract

The Entity allocates the amount initially recognized in respect of an item of buildings and manufacturing equipment to its various significant parts (components) and depreciates each of such components separately.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The carrying value of an asset is reduced to its recoverable value, when the carrying amount exceeds its recoverable value.

The gain or loss arising from the sale of assets results from the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss in other income (expense) line.

Leasehold improvement and adaptations to buildings and premises in which the Entity is the lessee are recognized at historic cost less the respective depreciation based on useful lives on the same basis as owned assets.

n. ***Associates and joint ventures***

An associate is an entity over which the Entity has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non- current assets held for sale and discontinued*. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Entity's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Entity's share of losses of an associate or a joint venture exceeds the Entity's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Entity's net investment in the associate or joint venture), the Entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Entity's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Entity's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Entity's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Entity discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Entity retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Entity measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Entity accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Entity continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Entity reduces its ownership interest in an associate or a joint venture but the Entity continues to use the equity method, the Entity reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Entity, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Entity's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Entity.

o. ***Intangible assets***

Intangible assets are primarily comprised of trademarks and customer relationships resulting from the acquisition of business in the USA, Iberia and Compañía de Alimentos Fargo, S.A. ("Fargo") and certain trademarks in South America, and are recorded at their fair value on acquisition date. Subsequent to initial recognition; intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally-generated intangible assets, except for development costs, are not capitalized and are recognized as expenses in profit and loss in the period in which they are incurred.

Intangible assets are classified as having either finite or indefinite useful lives. Amortization of intangible assets with finite useful lives is recognized on a straight-line method over their estimated useful lives. Such assets are reviewed for impairment when there is an indicator of impairment. The amortization methods and useful lives of the assets are reviewed and adjusted, if necessary, annually, at the end of each reporting period. Amortization is recognized in profit and loss, within selling, distribution and administrative expenses. Intangible assets with indefinite useful lives are not amortized, but are at least tested annually for impairment.

p. ***Impairment of long lived assets, other than goodwill***

The Entity reviews the carrying amounts of long–lived assets other than goodwill, when an impairment indicator suggests that such amounts might not be recoverable, considering the greater of the present value of future net cash flows or the fair value less costs to sell. Impairment is recorded when the carrying amounts exceed the greater of the amounts mentioned above. Impairment indicators considered for these purposes are, among others, operating losses or negative cash flows in the period if they are combined with a history or projection of losses, depreciation and amortization charged to profit or loss, which in percentage terms in relation to revenues are substantially higher than that of previous years, obsolescence, reduction in the demand for the Entity's products, competition and other legal and economic factors. For the purposes of impairment analysis, the assets are grouped into identifiable smaller cash generating groups (cash generating unit). Long-lived assets with indefinite lives, other than goodwill, are tested for impairment at each reporting date.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

q. ***Goodwill***

Goodwill arising on acquisition of a business is carried at cost, which is determined as explained in the business acquisitions policy note above, less accumulated impairment losses (See note 11).

For purposes of impairment testing, goodwill is allocated to each cash-generating unit (or group of cash generating units) that is expected to benefit from the synergies of the acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Entity's policy for goodwill arising on the acquisition of an associate is described at note 3n. below.

r. ***Financial liabilities***

Financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the issuance of financial liabilities (except for those financial liabilities classified as at fair value with changes through profit and loss) are deducted from the fair value of the financial liability; transaction costs directly attributable to the issuance of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. Subsequent measurement depends on the category in which the financial liability is classified.

Financial liabilities are classified as either "Financial liabilities at fair value through profit or loss" or "Other financial liabilities". Note 13 provides further detail regarding financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when they are designated as at FVTPL (and comply with certain conditions to be directly classified as such) or when they are held for trading. The Entity has not designated financial liabilities as at FVTPL. Derivative financial instruments are classified as trading, except those designated and effective as hedging instruments (the specific accounting policy for derivative financial instruments is explained in more detail within the note 13).

Other financial liabilities

Other financial liabilities, mainly including borrowings and trade and other payables, are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, (or when appropriate a shorter period), to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Entity derecognizes a financial liability when, and only when, the Entity's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

s. ***Derivative financial instruments and hedging activities***

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Presentation of the related gain or loss from changes in fair value of the derivative financial instrument depends on whether they are designated as hedging instruments, and if so, the nature of the hedging relationship. The Entity only holds derivative financial instruments classified as cash flow hedges and hedges of net investment in foreign operations.

The Entity documents all hedging relationships at the beginning of the transaction, including their objectives and risk management strategies for undertaking derivative transactions. Periodically, the Entity documents whether the derivative financial instruments is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The fair value of derivative financial instruments used as hedging instruments is disclosed in Note 13.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under "Valuation effects of cash flow hedges". The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Entity revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Hedges of net investment in foreign operations

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 and accumulated under the heading of "Translation effects of foreign subsidiaries". The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the "Exchange loss (gain), net" line item. Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated other comprehensive income are reclassified to profit or loss on the disposal of the foreign operation.

t. ***Provisions***

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the estimated amount required to be settled and the amount initially recognized less cumulative amortization recognized.

u. ***Income taxes***

Income tax expense comprises current tax and deferred tax. Current and deferred tax are recognized in the consolidated statement of income, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

In Mexico, income taxes are comprised of regular income tax (*Impuesto Sobre la Renta* or ISR) and a business flat tax (*Impuesto Empresarial a Tasa Única* or IETU), and are recorded when incurred. Through December 31, 2013, current tax is the higher of ISR or IETU, which are based on taxable profit or cash flows of the year, respectively. Following the 2014 Fiscal Reform in Mexico, effective January 1, 2014, IETU has been eliminated. Accordingly, any existing deferred income tax effects have been eliminated in results.

Current income taxes are calculated in accordance with rates that have been enacted or substantively enacted as of the end of the reporting period for the countries in which the Entity operates.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the end of the reporting period. In Mexico, through December 31, 2012, to recognize the deferred tax, the Entity determines, based on tax projections, whether it expects to incur ISR or IETU, and recognizes the deferred taxes respective tax is expected to be payable on the year on the respective tax base that is expected to be incur each year. As a result of the elimination of IETU in the 2014 Fiscal Reform, IETU has been eliminated; accordingly, deferred IETU has also been eliminated as of December 31, 2013.

The deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the corresponding tax bases used for determining taxable income by applying the rate corresponding to these differences, including benefits from tax loss carryforwards and certain tax credits, if applicable. The liability for deferred income taxes are generally recognized for all temporary tax differences. An asset is recognized deferred tax for all deductible temporary differences to the extent that it is probable that the Entity will have future taxable income against which to apply those deductible temporary differences.

The deferred income tax is recognized using the asset and liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not recognized on the following temporary differences: i) amounts that arise from the initial recognition of assets or liabilities resulting from transactions other than in a business combination, that affects neither the accounting profit nor the taxable profit; ii) those related to investments in subsidiaries and associates, to the extent that it is not likely they will reverse in the foreseeable future, and, iii) those that result from the initial recognition of goodwill. The deferred income tax asset is recognized only to the extent that it is likely there will be future taxable profits it can be used against.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Assets and deferred tax liabilities are offset when a legal right to offset assets with liabilities exists and when they relate to income taxes relating to the same tax authorities and the Entity intends to liquidate its assets and liabilities on a net basis.

v. ***Employee benefits from termination, retirement and statutory employee profit sharing ("PTU")***

i. ***Pensions and seniority premiums***

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity or a fund and will have no legal or constructive obligation to pay further contributions. The obligation is recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The Entity early adopted International Accounting Standard ("IAS") 19, *Employee Benefits*, as of January 1, 2011.

The amount recognized in the consolidated statement of financial position as a liability or asset for defined benefit plan represents the present value of the net defined benefit obligation (defined benefit obligation minus the fair value of plan assets). The present value of the net defined benefit obligation is determined based on the discounted value of estimated net cash flows, using interest rates tied to government bonds denominated in the same currency in which the benefits are to be paid and whose terms are similar to those of the obligation.

The Entity provides cash payments to certain executives, which is calculated using performance metrics. The payment, net of ISR withheld, is used to purchase shares of the Entity. The employee may dispose of such shares, even if he or she leaves the Entity.

ii. ***Statutory employee profit sharing***

In Mexico, Venezuela and Brazil, there is an obligation to recognize a provision for the statutory employee profit sharing when the Entity has a legal or constructive obligation, as a result of past events and the amount can be reliably estimated. PTU is recorded in profit or loss of the year in which it is incurred.

iii. ***Termination benefits***

The Entity recognizes a liability for termination benefits only when the Entity is without realistic possibility of withdrawal from an offer to provide termination benefit to employees, or before, if it complies with the criteria for recognition of a liability related to a restructuring.

iv. ***Multi-employer pension plans ("MEPP")***

The Entity classifies the multi-employer plans as defined contribution plans or defined benefit plans in order to determine the accounting for such plans. If the MEPP is classified as a defined benefit plan, the Entity accounts for its proportionate share of the defined benefit obligation, plan assets and costs associated with the plan in the same manner as for any other defined benefit plan. When sufficient information is not available to use defined benefit accounting for a MEPP, the Entity accounts for such plan as a defined contribution plan.

Liabilities related to the wind-up or the Entity's withdrawal from a multi-employer plan is recognized and measured in conformity with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets.*

w. ***Revenue recognition***

Revenue is measured at the fair value of the consideration received or receivable, taking into account the estimated customer returns, rebates and other allowances.

- Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Entity.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

– Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Entity and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in Note 3, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

1. Consolidation of structured entities

As described in more detail in Note 7, BBU and Sara Lee have entered into agreements with third party contractors ("Independent Operators"), in which they hold no direct or indirect interest but that qualify as structured entities. The Entity has concluded that they have control with respect to certain independent operators, primarily with respect to rights or obligations to secure or grant financing, as well as the maintenance obligation related to distribution routes. In other cases, the Entity has concluded it does not exercise control over such independent operators.

Key sources of estimation uncertainty

1. Useful lives, residual values and depreciation and amortization methods of long-lived assets

As described in Note 3, the Entity periodically reviews the estimated useful lives, residual values and depreciation and amortization methods of long-lived assets, including property, plant and equipment and intangibles. Additionally, for intangibles, the Entity determines whether their useful lives are finite or infinite. During the periods presented in the accompanying consolidated financial statements, there were no modifications to such estimates.

2. Allowance for doubtful accounts

The Entity considers the credit risk of the customer, unguaranteed accounts and significant delays in collection according to the established credit limits in determining the allowance for doubtful accounts.

3. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

4. ***Fair value***

Derivative financial instruments are recognized at fair value as of the date of the consolidated statement of financial position. Additionally, the fair value of certain financial instruments, mainly with respect to long-term debt, is disclosed in the accompanying notes, although there is no risk of adjustment to the related carrying amount. A detailed description of the methodologies to determine fair values of derivative instruments as well as to determine fair value disclosures for long-term debt is included in Note 13. Finally, the Entity has acquired business that require fair value to be determined, at the date of acquisition, for consideration paid, identifiable assets acquired and liabilities assumed and non-controlling interest (if the fair value option is elected).

The fair values described above are estimated using valuation techniques that may include inputs that are not based on observable market data. The main assumptions, used by management are described in the respective notes. Management considers the valuation techniques and selected assumptions appropriate.

5. ***Employee benefits***

Cost of defined benefit plans and MEPP provided to employees is determined using actuarial valuations that involve assumptions related to discount rates, future salary increases, employee turnover rates and mortality rates, among others. Due to the long-term nature of these plans, such estimates are sensitive to changes in assumptions.

6. ***Determination of income taxes***

To determine whether a deferred income tax asset related to tax losses carryforwards is impaired, the Entity prepares tax projections to determine its recoverability.

7. ***Employee benefits, insurance and other liabilities***

Insurance risks exists in the USA which respect to the liability for general damages to other parties, car insurance and employee benefits that are self-insured by the Entity with coverage subjected to specific limits agreed in an insurance program. Provisions for claims are recorded on a claim-incurred basis. Insurable risk liabilities are determined using historical data of the Entity. The net liabilities at December 31, 2013, 2012 and 2011 amounted to $3,240, $2,945 and $2,995, respectively.

5. Accounts and notes receivable

	December 31, 2013	December 31, 2012	December 31, 2011
Trade receivables	$ 11,459	$ 11,804	$ 12,010
Allowance for doubtful accounts	(496)	(812)	(628)
	10,963	10,992	11,382
Notes receivable	232	254	801
Notes receivable from independent operators	513	416	399
Income, value –added and other recoverable taxes	3,185	3,731	4,330
Other receivables	955	901	662
	$ 15,848	$ 16,294	$ 17,574

The average credit terms on sales of goods within Mexico are 30 days, within the USA is 60 days and within "OLA", which includes the countries of Central and South America, is 30 days. Amounts past due but not impaired (reserved) are not significant as of the dates of the consolidated statement of financial position. Amounts past due over 90 and 180 days, excluding amounts for which collectability is expected, are reserved at a rate of 75% and 100%, respectively.

6. Inventories

	December 31, 2013	December 31, 2012	December 31, 2011
Finished products	$ 1,677	$ 1,628	$ 1,721
Orders in-process	138	174	157
Raw materials, containers and wrapping	2,482	2,565	2,843
Other	3	-	-
Allowance for slow-moving inventories	(44)	(34)	(23)
	4,256	4,333	4,698
Raw materials in-transit	473	258	282
	$ 4,729	$ 4,591	$ 4,980

7. Structured entities

BBU and Sara Lee entered into franchise agreements with independent third party contractors ("Independent Operators") representing distribution rights to sell and distribute the Entity's products via direct–store–delivery to retail outlets in defined sales territories. BBU and Sara Lee do not hold equity interests in any of the Independent Operator entities. Independent Operators generally finance the purchase of distribution rights through note agreements with a financial institution, which, in the aggregate, are partially guaranteed by Sara Lee or financed by BBU. In addition, BBU and Sara Lee maintain explicit and implicit commitments to maintain the function of routes to ensure product delivery to customers. BBU and Sara Lee determined that all Independent Operators, which are separate legal entities, qualify as structured entities that are in substance controlled by the Entity, mainly as a result of providing or guaranteeing financing, as well as its obligation to maintain distribution routes. Accordingly, such SEs are consolidated by the Entity.

Assets and liabilities of SEs included in the accompanying consolidated financial statements are as follows:

	December 31, 2013	December 31, 2012	December 31, 2011
Inventories – finished goods	$ 9	$ 23	$ 22
Property – trucks	993	830	829
Intangible distribution rights	2,183	2,208	2,140
Total assets	$ 3,185	$ 3,061	$ 2,991
Current maturities of long-term debt:			
Obligations under capital leases	$ 195	$ 289	$ 236
Independent Operator loans	33	87	98
Other current liabilities	20	38	38

	December 31, 2013	December 31, 2012	December 31, 2011
Long-term debt:			
Obligations under capital leases	560	302	399
Independent Operator loans	103	456	589
Due to related companies	1,288	902	664
Total liabilities	$ 2,199	$ 2,074	$ 2,024
Non-controlling interest	$ 986	$ 987	$ 967

Financing provided by BBU to the SE is eliminated in the accompanying consolidated financial statements.

There is no effect of consolidation of the Independent Operators on the statement of comprehensive income, as all transactions are eliminated upon consolidation against non-controlling interest.

Long-term lease obligations are secured by vehicles subject to the lease and do not represent any additional claim on the assets of the companies. The maximum exposure of the Entity regarding losses associated with Independent Operators is limited to $136 of long-term debt of the Independent Operators to December 31, 2013.

Additionally, the Entity sold certain equipment and distribution rights in the U.S. to former employees of the Entity and certain third parties, which are also considered Independent Operators, but are not considered SEs. These rights, totaling $2,073, $1,900 and $1,085 as of December 31, 2013, 2012 and 2011, respectively, are presented in the consolidated statement of financial position as accounts receivable from Independent Operators.

BBU finances 90% of the distribution rights sold to certain independent operators at rates between 5% and 11%, with a term of 120 months.

8. Property, plant and equipment

Reconciliation of beginning and ending carrying values in 2013, 2012 and 2011 is as follows:

	Balances as of January 1, 2013	Additions	Additions from business acquisitions	Translation effect	Retirements	Revaluation for inflation	Balance as of December 31, 2013
Investment:							
Building	$ 13,044	$ 1,759	$ 62	$ (641)	$ (165)	$ 214	$ 14,273
Industrial machinery and equipment	38,910	3,078	91	(1,092)	(1,424)	209	39,772
Vehicles	11,324	581	-	(81)	(559)	26	11,291
Office furniture	534	53	-	(12)	(31)	-	544
Computer equipment	2,824	431	1	(51)	(46)	-	3,159
Total investments	66,636	5,902	154	(1,877)	(2,225)	449	69,039
Depreciation:							
Building	(6,009)	(793)	-	285	113	(115)	(6,519)
Industrial machinery and equipment	(19,672)	(3,115)	-	561	1,297	(144)	(21,073)
Vehicles	(5,119)	(489)	-	67	367	(24)	(5,198)
Office furniture	(339)	(155)	-	7	31	-	(456)
Computer equipment	(2,071)	(347)	-	28	46	-	(2,344)
Total accumulated depreciation	(33,210)	(4,899)	-	948	1,854	(283)	(35,590)
	33,426	1,003	154	(929)	(371)	166	33,449
Land	4,395	1,054	31	(129)	(100)	29	5,280
Projects-in-progress and machinery in transit	4,350	1,599	-	(152)	(1,789)[1]	-	4,008
Reclassified as assets available for sale	(160)	-	-	-	106	-	(54)
Net investment	$ 42,011	$ 3,656	$ 185	$ (1,210)	$ (2,154)	$ 195	$ 42,683

	Balances as of January 1, 2012	Additions	Additions from business acquisitions	Translation effect	Retirements	Revaluation for inflation	Balance as of December 31, 2012
Investment:							
Building	$ 12,307	$ 1,744	$ -	$ (602)	$ (502)	$ 97	$ 13,044
Industrial machinery and equipment	38,469	2,245	-	(1,308)	(695)	199	38,910
Vehicles	10,635	1,102	-	(81)	(357)	25	11,324
Office furniture	686	87	-	(32)	(215)	8	534
Computer equipment	2,580	449	-	(100)	(115)	10	2,824
Total investments	64,677	5,627	-	(2,123)	(1,884)	339	66,636
Depreciation:							
Building	(4,996)	(1,688)	-	259	489	(73)	(6,009)
Industrial machinery and equipment	(17,792)	(2,346)	-	399	184	(117)	(19,672)
Vehicles	(4,598)	(789)	-	134	161	(27)	(5,119)
Office furniture	(480)	(64)	-	22	183	-	(339)
Computer equipment	(2,060)	(274)	-	181	83	(1)	(2,071)
Total accumulated depreciation	(29,926)	(5,161)	-	995	1,100	(218)	(33,210)
	34,751	466	-	(1,128)	(784)	121	33,426
Land	4,280	419	-	(102)	(215)	13	4,395
Projects-in-progress and machinery in transit	3,559	1,261	-	(150)	(296)[1]	(24)	4,350
Reclassified as assets available for sale	(171)	-	-	11	-	-	(160)
Net investment	$ 42,419	$ 2,146	$ -	$ (1,369)	$ (1,295)	$ 110	$ 42,011

[1] This amount corresponds to the assets in transit, capitalized during the year. The capitalization is included within additions.

	Balances as of January 1, 2011	Additions	Additions from business acquisitions	Translation effect	Retirements	Revaluation for inflation	Balance as of December 31, 2011
Investment:							
Building	$ 10,850	$ 921	$ (141)	$ 749	$ (193)	$ 121	$ 12,307
Industrial machinery and equipment	30,098	2,487	5,687	2,655	(2,709)	251	38,469
Vehicles	8,296	1,324	854	601	(494)	54	10,635
Office furniture	641	41	43	21	(61)	1	686
Computer equipment	2,045	147	296	184	(99)	7	2,580
Total investments	51,930	4,920	6,739	4,210	(3,556)	434	64,677
Depreciation:							
Building	(4,834)	(453)	-	(265)	635	(79)	(4,996)
Industrial machinery and equipment	(15,734)	(2,184)	-	(1,287)	1,549	(136)	(17,792)
Vehicles	(3,756)	(717)	-	(455)	333	(3)	(4,598)
Office furniture	(428)	(422)	-	(15)	432	(47)	(480)
Computer equipment	(1,617)	(259)	-	(283)	99	-	(2,060)
Total accumulated depreciation	(26,369)	(4,035)	-	(2,305)	3,048	(265)	(29,926)
	25,561	885	6,739	1,905	(508)	169	34,751
Land	3,461	235	410	207	(34)	1	4,280
Projects-in-progress and machinery in transit	1,954	1,340	260	42	(36)	(1)	3,559
Reclassified as assets available for sale	-	-	(171)	-	-	-	(171)
Net investment	$ 30,976	$ 2,460	$ 7,238	$ 2,154	$ (578)	$ 169	$ 42,419

9. Investment in shares of associated companies

The investments in associated companies are as follows:

Associated companies	% of ownership	December 31, 2013	December 31, 2012	December 31, 2011
Beta San Miguel, S. A. de C. V.	8	$ 522	$ 508	$ 447
Mundo Dulce, S. A. de C. V.	50	272	336	304
Fábrica de Galletas La Moderna, S. A. de C. V.	50	247	267	267
Grupo La Moderna, S. A. de C. V.	3	156	156	156
Congelación y Almacenaje del Centro, S. A. de C. V.	15	111	98	88
Fin Común, S. A. de C. V.	30	94	71	74
Productos Rich, S. A. de C. V.	18	113	101	95
Grupo Altex, S. A. de C. V.	11	-	76	67
Frexport, S.A. de C.V.	15	110	-	-
Ovoplus, S. A. de C. V.	25	24	46	51
Innovación en Alimentos, S. A. de C. V.	50	-	29	27
Pierre, L. L.C.	30	-	-	14
Blue Label de México, S. A. de C. V.	45	413	427	210
Others	Various	70	27	3
		$ 2,132	$ 2,142	$ 1,803

All associated companies are incorporated and operating in Mexico and are recognized using the equity method in the consolidated financial statements. Equity investments in Beta San Miguel, SA de CV, Grupo Moderna, SA de CV, Rich Products, SA de CV, Grupo Altex, SA de CV, and Frexport, SA de CV, are considered to be associated entities over which the Entity exercises significant influence, based on its representation in the Board of Directors. In 2013, the Entity sold its participation in Grupo Altex.

10. Intangible assets

Following is an analysis of the balance of intangible assets by geographical area:

	December 31, 2013	December 31, 2012	December 31, 2011
Mexico	$ 8,929	$ 9,425	$ 9,452
USA	15,515	15,423	16,710
Iberia	871	754	792
OLA	1,662	1,593	1,771
Assets available for sale	-	(505)	(532)
	$ 26,977	$ 26,690	$ 28,193

At December 31, 2013, 2012 and 2011 detail of intangible assets is as follows:

	Average useful life	December 31, 2013	December 31, 2012	December 31, 2011
Trademarks	Indefinite	$ 20,139	$ 19,542	$ 20,384
Rights of distribution and use	Indefinite	2,514	2,428	2,268
		22,653	21,970	22,652
Customer relationships	18 years	5,664	5,629	6,041
Licensing agreements and software	8 and 2 years	336	333	364
Non-compete agreements	5 years	92	23	25
Others		34	34	37
		6,126	6,019	6,467
Accumulated amortization		(1,802)	(1,299)	(926)
		4,324	4,720	5,541
		$ 26,977	$ 26,690	$ 28,193

The Entity owns intangible assets related to customer relationships, resulting from the acquisition of Weston Foods, Inc. in 2009 and Sara Lee Bakery Group, Inc. in 2011. The carrying value of the assets and the remaining useful lives related to these two acquisitions were $2,913 and $1,081, 13 and 16, respectively at December 31, 2013; $3,119 and $1,143, and 14 and 17, respectively at December 31, 2012 and $3,589 and $1,301, and 15 and 18, respectively at December 31, 2011 .

The intangible assets by geographical area correspond to the following:

	December 31, 2013	December 31, 2012	December 31, 2011
Mexico:			
Barcel	$ 1,130	$ 1,141	$ 1,141
El Globo	360	360	360
Bimbo	310	310	310
BBU	7,048	6,998	6,998
Others	81	111	111
USA	15,515	15,423	16,710
Iberia:			
Spain	802	754	792
Argentina	69	-	-
OLA:			
Brazil	546	623	730
Fargo	615	556	587
Others	501	414	454
	$ 26,977	$ 26,690	$ 28,193

Cost

	Brands	Use and distribution rights	Clients relationships	Licenses and software	Non-compete agreements	Others	Assets held for sale	Total
Balances at beginning of 2011	$ 15,939	$ 36	$ 3,833	$ 247	$ 18	$ 23	$ (532)	$ 19,564
Additions	4,730	-	-	79	4	14	-	4,827
Structured entities	-	2,232	-	-	-	-	-	2,232
Effect of exchange rate differences on foreign currency	247	-	2,208	38	3	-	-	2,496
Balances as of December 31, 2011	20,916	2,268	6,041	364	25	37	(532)	29,119
Additions	-	-	-	1	-	-	-	1
Structured entities	-	317	-	-	-	-	-	317
Effect of exchange rate differences on foreign currency	(869)	(157)	(412)	(32)	(2)	(3)	27	(1,448)
Balances as of December 31, 2012	20,047	2,428	5,629	333	23	34	(505)	27,989
Additions	510	11	-	1	69	-	-	591
Structured entities	-	58	-	-	-	-	-	58
Disposals	(460)	-	-	-	-	-	455	(5)
Effect of exchange rate differences on foreign currency	42	17	35	2	-	-	50	146
Balances as of December 31, 2013	$ 20,139	$ 2,514	$ 5,664	$ 336	$ 92	$ 34	$ -	$ 28,779

Accumulated amortization and impairment

	Brands	Use and distribution rights	Clients relationships	Licenses and software	Non-compete agreements	Others	Assets held for sale	Total
Balances at beginning of 2011	$ -	$ -	$ (411)	$ (79)	$ (5)	$ (6)	$ -	$ (501)
Amortization expenses	-	-	(254)	(30)	(5)	(7)	-	(296)
Impairment	(64)	-	-	-	-	-	-	(64)
Effect of exchange rate differences on foreign currency	-	-	(54)	(11)	-	-	-	(65)
Balances as of December 31, 2011	(64)	-	(719)	(120)	(10)	(13)	-	(926)
Amortization expenses	-	-	(289)	(33)	(5)	(7)	-	(334)
Impairment	(8)	(99)	-	-	-	-	-	(107)
Effect of exchange rate differences on foreign currency	9	-	50	9	-	-	-	68
Balances as of December 31, 2012	(63)	(99)	(958)	(144)	(15)	(20)	-	(1,299)
Amortization expenses	-	-	(304)	(33)	(5)	(6)	-	(348)
Impairment	(55)	(95)	-	-	-	-	-	(150)
Effect of exchange rate differences on foreign currency	-	-	(5)	-	-	-	-	(5)
Balances as of December 31, 2013	$ (118)	$ (194)	$ (1,267)	$ (177)	$ (20)	$ (26)	$ -	$ (1,802)
Balances as of December 31, 2011	$ 20,852	$ 2,268	$ 5,322	$ 244	$ 15	$ 24	$ (532)	$ 28,193
Balances as of December 31, 2012	$ 19,984	$ 2,329	$ 4,671	$ 189	$ 8	$ 14	$ (505)	$ 26,690
Balances as of December 31, 2013	$ 20,021	$ 2,320	$ 4,397	$ 159	$ 72	$ 8	$ -	$ 26,977

During 2013, 2012 and 2011, the Entity recognized an impairment loss in trademarks, assigned to the USA segment, for $55, $8 and $64, respectively. These impairments were recognized in general expenses in the consolidated statements of income. Such impairment loss was the result of decreased sales of the related products in such segment.

For the purpose of impairment tests, the fair value of trademarks was estimated using the relief from royalty valuation technique, using a range of royalty rates between 2%and 5%, being 3% the rate used for most trademarks.

In 2013, impairment is mainly due to the value of Earth Grains brands and Iron Kids brands of $2.1 million dollars, each, was recognized.

11. Goodwill

Following is an analysis of the balance of goodwill by geographical area:

	December 31, 2013	December 31, 2012	December 31, 2011
Mexico	$ 1,339	$ 1,232	$ 1,232
USA	30,863	30,706	32,992
Iberia	448	426	451
OLA	1,843	1,831	2,044
	34,493	34,195	36,719
Impairment	(4,671)	(4,441)	(4,671)
	$ 29,822	$ 29,754	$ 32,048

Movements in goodwill during the years ended December 31, 2013, 2012 and 2011 were as follows:

	December 31, 2013	December 31, 2012	December 31, 2011
Balance as of January 1	$ 29,754	$ 32,048	$ 19,812
Acquisitions	195	-	10,320
Impairment	(243)	(120)	(268)
Adjustments due to variations in exchange rates	116	(2,174)	2,184
Balance as of December 31	$ 29,822	$ 29,754	$ 32,048

Due to recurring losses, the Entity recognized an impairment loss of goodwill in 2013 and 2012 related to El Globo (which is part of the Mexico reportable segment) in the amount of $243 and $120 respectively. The impairment loss has been included in the income statement under the general expenses line item. In 2011, the Entity also recognized an impairment loss of $268 in Brazil (which is assigned to the OLA reportable segment).

Movement in accumulated impairment losses as of December 31, 2013, 2012 and 2011 is as follows:

	December 31, 2013	December 31, 2012	December 31, 2011
Balance as of January 1	$ 4,441	$ 4,671	$ 3,898
Impairment	243	120	268
Adjustment due to variations in exchange rates	(13)	(350)	505
Balance as of December 31	$ 4,671	$ 4,441	$ 4,671

Allocation of goodwill to cash generating unit

When analyzing impairment, goodwill is allocated to cash-generating units, which are represented mainly by Mexico (Bimbo, Barcel and El Globo), USA, Brazil and others (Iberia and Argentina).

Balances of goodwill assigned to each cash-generating unit, after impairment losses, are as follows:

	December 31, 2013	December 31, 2012	December 31, 2011
Mexico (El Globo)	$ -	$ 243	$ 338
USA	26,800	26,396	28,649
Brazil	678	811	950
Others	2,344	2,304	2,111
	$ 29,822	$ 29,754	$ 32,048

El Globo

The recoverable amount of the Mexico cash-generating unit (which includes El Globo) is determined based on a value-in-use method, which uses cash flow projections based on financial budgets approved by management of the Entity covering a ten-year period. The cash flows beyond the 10-year period have been extrapolated; using growth rates and operating profit reaching 8% that consider both long-term average operating profits for the industry as well as past experience of the Entity. The Entity considers a 10-year period for cash flow projections as it is expected that during such period El Globo will reach average growth rates consistent with the industry. In 2013, 2012 and 2011, the pre-tax discount rate used in such projections was 9.3% per annum, considering the time value of money and the specific risks associated with the cash-generating unit.

At December 31, 2013, an unfavorable change of 100 basis points in operating income margin would cause the carrying amount to exceed the recoverable amount of the Mexico cash-generating unit by $128. At December 31, 2012, an unfavorable change of 100 basis points in operating income margin would cause the carrying value to exceed the recoverable amount by $262.

USA

The recoverable amount of the USA cash-generating unit is determined based on a value-in-use method, which uses cash flow projections based on financial budgets approved by management of the Entity covering a ten-year period. The cash flows beyond the 10-year period have been extrapolated; using growth rates and operating profit reaching 8% that consider both long-term average operating profits for the industry as well as past experience of the Entity. The Entity considers a 10-year period for cash flow projections as it is expected that during such period USA will reach average growth rates consistent with the industry. In 2013, 2012 and 2011, the pre-tax discount rate used in such projections was 6.88% per annum, considering the time value of money and the specific risks associated with the cash-generating unit. Management believes that a possible significant change in the key assumptions on which the recoverable amount of the cash-generating unit is based would not result in the carrying value of the cash-generating unit to exceed its recoverable amount.

Brazil

The recoverable amount of Brazil as a cash-generating unit is determined based on a value in use method, which uses cash flow projections based on financial budgets approved by management of the Entity. The cash flows beyond the 10-year period have been extrapolated; using growth rates and operating profit reaching 8% that consider both long-term average operating profits for the industry as well as past experience of the Entity. The Entity considers a 10-year period for cash flow projections as it is expected that during such period Brazil will reach such average growth rate of the industry. In 2013, 2012 and 2011, the pre-tax discount rate used in such projections was 9.1% per annum, considering the time value of money and the specific risks associated with the cash-generating unit.

At December 31, 2013, a change in the consideration of operating income margin, where margins projected by the Entity in the following year and considering a perpetual growth rate of 3% instead of 4%, would cause the carrying value of the cash-generating unit to exceed its recoverable amount by $115. At December 31, 2012, a change in operating income margin account where stable margins reached 7.5% to 8% in 2018, slowing the rate of increase in operating margin by 1% for 5 years, would cause the value Brazil's carrying amount exceeds the recoverable for $ 176.

Others

The recoverable amount of the Others cash-generating unit is determined based on a value in use method which uses cash flow projections based on financial budgets approved by management of the Entity, covering a period from 1 to 5 years. Management believes that the possibility of significant changes in the key assumptions on which the recoverable amount is based would not result in the carrying value of the cash-generating unit to exceed its recoverable amount.

The key assumptions vary among each cash-generating unit; however, the key long-term assumptions with the most significant impact in cash flow projections are those included in the perpetuity. Amounts and ranges of such assumptions are as follows:

Increase in sales	3%
Operating margin	8 – 12%
Capital expenditures as percentage of depreciation	100%

12. Long-term debt

	Fair Value	December 31, 2013	December 31, 2012	December 31, 2011
International bonds - On January 25, 2012, the Entity issued a bond under U.S. Securities and Exchange Commission ("SEC") Rule 144 A Regulation S for US$800 million maturing on January 25, 2022. Such bond pays a fixed interest rate of 4.50%, with semiannual payments. The proceeds from this issuance were used to the refinance the Entity's debt.	$ 10,383	$ 10,461	$ 10,408	$ -
On June 30, 2010, the Entity issued a bond	10,872	10,461	10,408	11,183

	Fair Value	December 31, 2013	December 31, 2012	December 31, 2011
under U.S. SEC Rule 144 A Regulation S for US$800 million maturing on January 30, 2020. Such bond pays a fixed interest rate of 4.875% with semiannual payments. The proceeds from this issuance were used to the refinance the Entity's debt, extending the maturity date.				
Local bonds - As of December 31, 2013, the Entity holds the following local bonds due as follows:				
Bimbo 12- Issued on February 10, 2012, maturing in August 2018, with a fixed interest rate of 6.83%	5,071	5,000	5,000	-
In 2009 the Entity completed the following issuances of local bonds, payables at maturity. The proceeds were used to restructure its debt, originally contracted for the acquisition of Bimbo Foods, Inc. ("BFI"):				
Bimbo 09- Issued June 15, 2009, maturing in June 2014, with interest at the 28–day Interbank Equilibrium rate ("TIIE") plus 1.55%	5,062	5,000	5,000	5,000
Bimbo 09-2- Issued June 15, 2009, maturing in June 2016, with a fixed interest rate of 10.60%	2,262	2,000	2,000	2,000
Bimbo 09U- Issued June 15, 2009 in the amount of 706,302,200 UDIs, maturing in June 2016, with a fixed interest rate of 6.05%. The UDI value at December 31, 2013, 2012 and 2011 was $5.058, $4.8746 and $4.6913, Mexican pesos per UDI, respectively.	3,936	3,573	3,443	3,313
Bimbo 02-2- Issued in May 17, 2002, maturing in May 2012.	-	-	-	750

	Fair Value	December 31, 2013	December 31, 2012	December 31, 2011
Syndicated bank loan 2011 - On April 26, 2011, the Entity entered into a long–term bank loan in the amount of the equivalent of US$1,300 million, in which Bank of America, N. A., as lead administrative agent, and a bank syndicate, comprised of ten institutions as of the date of the accompanying consolidated financial statements, participate. This bank loan is amortized on a semiannual basis from October 2014 to April 20, 2016. The Entity pays interest at London Interbank Offered Rate ("LIBOR") plus 1.10%. The proceeds obtained from this financing were used to refinance existing obligations of the Entity contracted during the acquisition of Weston in 2009 and to partially pay for the acquisition of Sara Lee. In December 2013 the Entity prepaid US$145 million, using the proceeds from its operations. In January 2012, the Entity prepaid US$1,102 million with the proceeds of the issuance of debt obtained during 2012.	697	693	2,576	18,172
Syndicated revolving Multi-currency credit facility - On April 26, 2010, the Company entered into a long–term syndicated revolving multi–currency credit facility with six financial institutions up to the amount of the equivalent of US$750 million. During December 2011, the Company entered into an agreement to amend the terms and conditions of this credit facility with ten financial institutions, increasing the credit facility up to the amount of US$1,500 million and establishing a new maturity date on December 27, 2016. The debt incurs interest at LIBOR plus 1.25% for withdrawals in US dollars and TIIE rate plus 1.00% for withdrawals in Mexican pesos. As of December 31, 2011, the balance of this line–of–credit was US$90 million, which bears interest at LIBOR plus 1.00%. The proceeds obtained from this financing were used to partially pay for the acquisition of Sara Lee. On February 2012, the Company fully paid this credit with the proceeds of the issuance of debt obtained during 2012.	-	-	-	1,258

	Fair Value	December 31, 2013	December 31, 2012	December 31, 2011
Euro credit facility - On October 24, 2011, the Entity entered into a long–term committed revolving credit facility with a European Bank in the amount of EUR$65 million, which currently bears interest at the European Interbank Offered rate (“EURIBOR”) plus 1.00%. The Euro Revolving Credit Facility matures on July 17, 2014. The proceeds obtained from this financing were used to partially pay for the acquisition of Iberia. In 2013 the Entity prepaid in full the debt, using the proceeds from its operations.	-	-	1,121	1,178
Mexican Peso revolving credit facility – On October 24, 2010, the Company entered into a committed revolving credit facility with a Mexican Bank in the amount of $5,200, which currently bears interest at the TIIE plus 2.50%. The Mexican Peso Revolving Credit Facility matured on April 27, 2012. In February 2012, the Company fully paid this credit with its own resources.	-	-	-	2,100
Secured working capital loans - Between December 27 and 31, 2013, the Entity entered into three short-term, secured loans with three credit institutions, for $350, $1,500 and $2,500 million. At December 31, 2013, the Entity had prepaid the full amount of the first two loans and $600 million of the third loan, which bears interest at a fixed rate of 4.15%.	1,900	1,900	-	-
Others - Certain subsidiaries have entered into other direct loans to meet their working capital needs, maturing from 2014 to 2017, at various interest rates.	1,501	1,501	2,312	1,249
	41,684	40,589	42,268	46,203
Less - Current portion of long–term debt	(8,463)	(7,997)	(1,573)	(4,042)
Less - debt issuance costs	(260)	(260)	(297)	(211)
Long–term debt	$ 32,961	$ 32,332	$ 40,398	$ 41,950

At December 31, 2013, long-term debt matures as follows:

Year	Amount
2015	$ 35
2016	6,293
2017	242
2018	4,831
2019 and thereafter	20,931
	$ 32,332

The committed dual–currency revolving credit facility, local bonds, international bond and syndicate bank loan are guaranteed by the principal subsidiaries of Grupo Bimbo. At December 31, 2013, 2012 and 2011, the Entity has complied with all the obligations, including financial ratios established in the loan agreements.

13. Financial instruments

13.1 Categories of financial instruments as of December 31, 2013, 2012 and 2011:

	December 31, 2013	December 31, 2012	December 31, 2011
Assets			
Current assets:			
Cash and cash equivalents	$ 2,504	$ 4,278	$ 3,966
Accounts and note receivables, net	15,848	16,294	17,574
Derivative financial instruments	38	123	18
Guarantee deposits for derivative financial instruments	659	566	470
Total current assets	19,049	21,261	22,028
Non-current assets:			
Notes receivable from independent operators	1,560	1,484	1,686
Derivative financial instruments	695	533	417
Total financial assets	$ 21,304	$ 23,278	$ 24,131
Liabilities			
Current liabilities:			
Bank loans	$ 7,997	$ 1,573	$ 3,292
Bonds	-	-	750
Trade accounts payable	9,698	9,488	9,090
Other accounts payable and accrued liabilities	10,779	10,800	10,499
Due to related parties	523	677	904
Derivative financial instruments	1,033	237	222
Total current liabilities	30,030	22,775	24,757
Bank loans	1,097	4,439	20,555
Bonds	31,235	35,959	21,395
Derivative financial instruments	236	936	1,961
Total financial liabilities	$ 62,598	$ 64,109	$ 68,668

13.2 Risk management

During the normal course of its operations, the Entity is exposed to risks inherent with variables related to financing as well as variations in the prices of some of its raw materials that are traded in international markets. The Entity has established an orderly risk management process that relies on internal bodies that assess the nature and extent of those risks.

Main financial risks the Entity is exposed to are:

- Market risk
- Interest rate risk
- Foreign currency risk
- Price risk
- Liquidity risk
- Credit risk
- Capital risk

The Entity's Corporate Treasury is responsible for managing the risks associated with interest rate, foreign currency, liquidity and credit risk that result from the ordinary course of business. Meanwhile, the Market Risk Subcommittee for commodities is responsible for risk management of purchase prices of commodities and reviews the consistency of Entity´s open positions in the futures markets with the Entity's corporate risk strategy. Both functions report their activities to the Risk Management Department. The main objectives of the Risk Management Department are as follows:

- Identify, evaluate and monitor external and internal risks that could significantly impact the Entity;
- Prioritize risks;
- Secure the assignment and monitoring of risk;
- Validate the functions and/or those responsible for risk management;
- Validate the progress in each of the prioritized risks; and
- Recommend future action to take.

Given that the variables the Entity is exposed are dynamic in behavior, hedging strategies are evaluated and monitored formally on an ongoing basis. Additionally, such strategies are reported to the relevant governing body within the Entity. The primary purpose of hedging strategies is to achieve a neutral and balanced position in relation to the exposure created by certain financial variables.

13.2.1 Market risks

The Entity is exposed to the financial risks associated with fluctuations in foreign currency and interest rates, which are managed by Corporate Treasury. The Entity is also exposed to price risk related to certain commodities purchased in its operation, which is managed by commodities subcommittees. The Entity occasionally uses derivative financial instruments to mitigate the potential impact of fluctuations in these variables and prices on its results. The Entity considers that the derivative financial instruments it enters into provide flexibility that allows for greater financial stability, better earnings visibility and certainty regarding costs and expenses to be paid in the future.

The Entity determines the amounts and objective parameters of the primary positions for which the derivative financial instruments are entered into, with the objective of minimizing one or more of the risk exposures in a transaction or group of transactions associated with the primary position.

The Entity only enters into derivative financial instrument contracts with recognized financial institutions of well-known solvency and within the limits set for each institution.

The principal types of derivative financial instruments used by the Entity are:

a) Contracts that establish a mutual obligation to exchange cash flows on specific future dates, at the nominal or reference value (swaps):

1. Interest rate swaps to balance the mix of fixed and variable interest rates used for financial liabilities.
2. Cross currency swaps, to change the currency in which both the principal and interest of a financial liability are expressed.

b) Foreign currency exchange forwards;
c) Foreign currency exchange calls;
d) Commodity futures; and
e) Options on commodities futures.

Market risk exposure is monitored and reported on an ongoing basis to the responsible governing area within the Entity.

The Entity has established a policy that derivative financial instruments are entered into exclusively to hedge a risk. Accordingly, in order to enter into a derivative financial instrument contract, it must necessarily be associated with a primary position that exposes the Entity to a specific risk. Consequently, the notional amounts of the Entity's derivative financial instruments will be consistent with the amounts of the primary positions that are being hedged. The Entity does not enter into derivative financial instruments for speculative purposes. If the Entity decides to enter into a hedging strategy whereby options are combined, the net premiums paid/collected must represent a cash outflow, meaning the Entity should not enter into derivative financial instrument transactions for speculative purposes.

Derivative financial instruments are comprised as follows:

	December 31, 2013	December 31, 2012	December 31, 2011
Assets:			
Current -			
Forwards	$ 9	$ 3	$ 1
Premiums paid on options, net	-	13	-
Swaps	-	29	-
Futures contracts:			
Fair value of wheat and soybean oil	-	-	11
Fair value of natural gas and diesel	29	78	6
Total asset derivatives – current	$ 38	$ 123	$ 18
Long-term swaps	$ 695	$ 533	$ 417
Liabilities:			
Current -			
Swaps	$ (615)	$ -	$ (62)
Forwards	(3)	-	(1)
Futures contracts:			
Fair value of wheat, corn, and soybean oil	(415)	(237)	(62)
Fair value of natural gas and diesel	-	-	(97)
Total derivatives liabilities current	$ (1,033)	$ (237)	$ (222)
Swaps	$ (236)	$ (936)	$ (1,961)
Total derivatives liabilities - long- term	$ (236)	$ (936)	$ (1,961)

	December 31, 2013	December 31, 2012	December 31, 2011
Stockholders' equity:			
Fair value of financial instruments designated as cash flow hedges, net of accrued interest	$ (317)	$ 68	$ (450)
Closed contracts for unused futures	(43)	(288)	(52)
	(360)	(220)	(502)
Deferred income tax, net	126	88	148
Accumulated other comprehensive income related to derivative financial instruments	$ (234)	$ (132)	$ (354)

13.2.2 Interest rate risk management

The Entity is exposed to interest rate risk, mainly with respect to its financial liabilities. The risk is managed through an adequate mix of fixed and variable rates, which on occasion, is achieved by entering into derivative financial instruments, such as interest rate swaps, which are accounted for as hedging instruments when they comply with the all criteria to be classified as such.

Management considers that its interest rate risk related to its financial assets is limited as their maturities are generally current.

As of December 31, 2013, 2012 and 2011, the Entity held long-term debt that bore interest at variable rates referenced to the TIIE, UDI, LIBOR and EURIBOR and entered into interest rate swaps to fix such interest rates. The swaps have been designated as cash flow hedges.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on balances exposed to interest rate risk, considering both derivative and non-derivative instruments at the date of the consolidated statement of financial position; therefore, the analyses may not be representative of the interest rate risk during the period due to variances in the balances exposed to such risk. For floating rate liabilities, the sensitivity analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A change of 20 basis points in the one-month LIBOR and 10 basis points in the one-month EURIBOR represents management´s best estimate of a reasonable potential change with respect to those rates. The changes in the basis point determined by management would result in a one hundred percent changes of the interest rate. The Entity has fully mitigated interest rate risks related to fluctuations in TIIE and the value of UDI through interest rate swaps.

An increase/decrease of 20 basis points in LIBOR, would result in a decrease/increase in profit or loss of approximately $1, $2 and $36 for the years ended December 31, 2013, 2012 and 2011, respectively. Such amounts are not deemed significant to the results of the operations of the Entity.

An increase/decrease of 10 basis points in EURIBOR would result in a decrease/increase in profit or loss of approximately $1 for the years ended December 31, 2013, 2012 and 2011. Such amounts are not deemed significant to the results of the operations of the Entity.

An increase/decrease of 15 basis points in LIBOR would result in a decrease/increase in the Entity´s comprehensive income of approximately $0, $1 and $0 for the years ended December 31, 2013, 2012 and 2011, respectively.

An increase of 100 basis points in TIIE, would result in a decrease in the Entity's comprehensive income of approximately \$19, \$67 and \$117 and a decrease of 100 basis points in LIBOR, would result in an increase in the Entity's comprehensive income of approximately \$19, \$69 and \$120 for the years ended December 31, 2013, 2012 and 2011, respectively.

13.2.3 Foreign currency risk management

The Entity undertakes transactions denominated in a variety of foreign currencies and presents its consolidated financial statements in Mexican pesos; it also has investments in foreign operations whose currencies differ from the Mexican peso. Accordingly, it is exposed to foreign currency risk (i.e., the forecasted purchase of inputs, contracts and monetary assets and liabilities) and foreign currency translation risk (i.e. net investments is foreign subsidiaries). The main risk is with respect to the parity of Mexican pesos to US dollars.

- *Management of translation of foreign currency risk*

The Entity has investments in foreign subsidiaries whose functional currency is other than the Mexican peso, which exposes it to the risk of foreign currency translation. Also, the Entity has contracted intercompany financial assets and liabilities with those foreign subsidiaries, in various currencies, therefore representing a foreign currency risk.

The risk is mitigated through the issuance of one or more loans denominated in currencies other than the functional currency to naturally hedge exposure to foreign currency, and presented as a net investment in foreign subsidiaries within other comprehensive income.

As of December 31, 2013, 2012 and 2011, loans that have been designated as hedges on the net investment in foreign subsidiaries amounted to US\$2,894, US\$2,953 and US\$2,735 million, respectively.

As of December 31, 2013, 2012 and 2011, amounts that have been designated as hedges of intercompany long-term debt are EUR\$255, EUR\$406 and EUR\$375 million, respectively.

Risk management policy regarding foreign currency also contemplates hedging expected foreign currency cash flows, mainly related to future purchases of inputs. Such purchases qualify as hedged items, represented by "highly probable" forecasted transactions for purposes of hedge accounting. At the time the purchase occurs, the Entity adjusts the non-financial asset that is considered the hedged item for the gain or loss previously recognized in other comprehensive income.

- *Management of foreign currency transactional risk*

The risk management policy regarding foreign currency exchange rate risk is to hedge forecasted cash flows related to future obligations. Such transactions comply with the criteria to be considered "highly probable" forecasted transactions for purposes of hedge accounting.

Foreign currency sensitivity analysis

The sensitivity analyses below have been determined based on the balances exposed to foreign currency exchange rate risk for both derivative and non-derivative instruments as of the date of the consolidated statement of financial position; therefore, the analyses may not be representative of the foreign currency exchange rate risk that existed during the year due to variances in the balances exposed to such risk.

A depreciation/appreciation of 1 peso per US dollar, represents management´s estimate of a reasonable potential change on the parity of both currencies, and would result in an increase/decrease of approximately \$108, \$29 and \$8 in profit or loss for the years ended December 31, 2013, 2012 and 2011, respectively.

Detail of derivative transactions to hedge the interest and exchange rate risk

The characteristics of the derivatives used to hedge the risks mentioned above and their fair values are as follows:

Amounts as of December 31, 2013						
Date of		Notional amount	Interest rate		Fair value	
Commencement	Maturity		Paid	Collected		
A) Swaps that convert the Bimbo 09-2 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:						
September 13, 2010	June 6, 2016	155.3 (*)	6.35% (USD)	10.60% (Pesos)	$	17
B) Swaps that modify the Bimbo 09U local bond currency and interest rate:						
June 10, 2009	June 6, 2016	$1,000	10.54% (Pesos)	6.05% (UDI)		212
June 24, 2009	June 6, 2016	$2,000	10.60% (Pesos)	6.05% (UDI)		420
C) Swaps that convert the Bimbo 12 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:						
February 14, 2012	August 3, 2018	50.0 (*)	3.24% (USD)	6.83% (Pesos)		5
February 15, 2012	August 3, 2018	50.0 (*)	3.30% (USD)	6.83% (Pesos)		7
February 17, 2012	August 3, 2018	50.0 (*)	3.27% (USD)	6.83% (Pesos)		5
February 17, 2012	August 3, 2018	72.1 (*)	3.27% (USD)	6.83% (Pesos)		9
February 14, 2012	August 3, 2018	70.0 (*)	3.25% (USD)	6.83% (Pesos)		7
February 14, 2012	August 3, 2018	100.0 (*)	3.33% (USD)	6.83% (Pesos)		13
Total long-term assets					$	695
D) Swaps that fix the rate of the long–term bank loan in US dollars:						
May 27, 2009	January 15, 2014	112.5 (*)	2.33% (Fixed)	0.30% (LIBOR)	$	(1)
E) Swaps that fix the interest rate of the Bimbo 09 local bond:						
June 26, 2009	June 9, 2014	2,000	7.43% (Fixed)	4.30% (TIIE)		(34)
February 24, 2011	June 9, 2014	1,000	8.00% (Fixed)	5.85% (TIIE+1.55%)		(12)
February 24, 2011	June 9, 2014	1,000	7.94% (Fixed)	5.85% (TIIE+1.55%)		(12)
February 28, 2011	June 9, 2014	1,000	8.03% (Fixed)	5.85% (TIIE+1.55%)		(12)

Date of		Notional amount	Interest rate		Fair value
Commencement	Maturity		Paid	Collected	

Amounts as of December 31, 2013

F) Swaps that convert the Bimbo 09 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:

Commencement	Maturity	Notional amount	Paid	Collected	Fair value
February 11, 2011	June 9, 2014	166.0 (*)	5.06% (USD)	8.98% (Pesos)	(165)
April 25, 2011	June 9, 2014	86.2 (*)	3.83% (USD)	8.03% (Pesos)	(122)
April 27, 2011	June 9, 2014	86.6 (*)	3.73% (USD)	7.94% (Pesos)	(129)
April 28, 2011	June 9, 2014	86.7 (*)	3.78% (USD)	8.00% (Pesos)	(129)
	Total liability short term				(615)

G) Swaps that convert the Bimbo 09U local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:

Commencement	Maturity	Notional amount	Paid	Collected	Fair value
February 17, 2011	June 6, 2016	83.1 (*)	6.47% (USD)	10.54% (Pesos)	(79)
February 17, 2011	June 6, 2016	166.3 (*)	6.53% (USD)	10.60% (Pesos)	(157)
					$ (236)

(*) Amounts in millions of US dollars
(**) Amounts in millions of euros

A) In connection with the issuance of the Bimbo 09–2 local bonds, for a national amount of $2,000 (equivalent to US$155.3 million), in 2010 the Entity entered into a foreign currency swap, which convert the debt from Mexican pesos to US dollars. The exchange rate was set at $12.88 Mexican pesos per US dollar, and the fixed interest rate to be paid is 6.35%.

B) In connection with the issuance of the Bimbo 09U local bonds, between June 10 and 24, 2009, the Entity entered into two foreign currency swaps for $1,000 and $2,000 that together hedge the entire Bimbo 09U issue and converts the debt from 6.05% in UDIs to Mexican pesos at fixed rates of 10.54% and 10.60%, respectively.

C) In order to convert all the Bimbo 12 local bonds from Mexican pesos to US dollars, between February 14 and 17, 2012 the Entity entered into 6 cross currency swaps for an amount of USD $50, $50, $72.1, $70, $100 and $50 respectively. All the instruments earn interest at a rate of 6.83% in Mexican pesos and pay interest at a rate of 3.24%, 3.30%, 3.27%, 3.27%, 3.25% and 3.33% respectively.

D) To hedge the interest rate risk on the US dollar portion of Tranche A of the Bank Loan, between May 27 and 29, 2009, the Entity entered into three swaps that originally totaled US$300 million and fixed the LIBOR rate to a weighted average rate of 1.63% and 1.66%. As a result of the prepayment in 2011 and 2010 of a portion of the US$300 million and by contracting a cross-currency swap that converts US$68.4 million to euros, as of December 31, 2012, US$112.5 million remain outstanding, which were allocated as hedge of the syndicated bank loan which uses Libor fixed rate of 2.33%

E) To hedge the interest rate risk on the issuance of the Bimbo 09 local bonds, on June 26, 2009 the Entity entered into an interest rate swap for $2,000 that fix the variable rate to 7.43%, effective July 13, 2009. Additionally, on February 24, 2011, the Entity entered into two instruments for $1,000 that fixes the rate from TIIE + 1.55% to 8.00% and 7.94%, respectively. On February 28, 2011, the Entity entered into another instrument for $1,000 that fixes the rate from TIIE + 1.55% to 8.03%.

F) In order to convert the fixed portion of the Bimbo 09 local bonds from Mexican pesos to US dollars, on February 17, 2011, the Entity entered into foreign currency and interest rate swaps for $2,000 (equivalent to US$166 million). The exchange rate was set at $12.05 Mexican pesos per US dollar and the interest rate at 5.06%. Additionally, between April 25 and 28, 2011, the Entity entered into three additional instruments, each one for $1,000, with exchange rates set at $11.53, $11.55 and $11.60 Mexican pesos per US dollar and fixed interest rates of 3.78%, 3.73% and 3.83%, respectively.

G) In order to convert the liability positions of instruments related to the issuance of the Bimbo 09-U bonds from Mexican pesos to US dollars, on February 17, 2011, the Entity entered into two foreign currency and interest rate swaps, one for $1,000 (equivalent to US$83.1 million) and the second for $2,000 (equivalent to US$166.3 million), respectively. The exchange rates applicable to these instruments were set at $12.03 Mexican pesos per US dollar and interest was fixed at 6.47% and 6.53%, respectively.

		Amounts as of December 31, 2012			
Date of		Notional amount	Interest rate		Fair value
Commencement	**Maturity**		**Paid**	**Collected**	
A) Short-term swaps that convert the debt from US dollars to euros and modify the interest rate from a fixed rate based on US dollars to a fixed rate based on euros:					
October 17, 2011	June 17, 2013	50.0(**)	3.52% (Euros)	3.43% (USD)	$ 29
B) Swaps that convert the Bimbo 09-2 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
September 13, 2010	June 6, 2016	155.3 (*)	6.35% (USD)	10.60% (Pesos)	6
C) Swaps that modify the Bimbo 09U local bond currency and interest rate:					
June 10, 2009	June 6, 2016	$1,000	10.54% (Pesos)	6.05% (UDI)	175
June 24, 2009	June 6, 2016	$2,000	10.60% (Pesos)	6.05% (UDI)	347
D) Swaps that convert the Bimbo 12 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
February 14, 2012	August 3, 2018	50.0 (*)	3.24% (USD)	6.83% (Pesos)	1
February 15, 2012	August 3, 2018	50.0 (*)	3.30% (USD)	6.83% (Pesos)	3
February 17, 2012	August 3, 2018	50.0 (*)	3.23% (USD)	6.83% (Pesos)	1
Total long-term assets					$ 533
E) Swaps that fix the rate of the long–term bank loan in US dollars:					
May 27, 2009	January 15, 2014	112.5 (*)	2.33% (Fixed)	0.30% (LIBOR)	$ (16)
F) Swaps that fix the interest rate of the Bimbo 09 local bond:					
June 26, 2009	June 9, 2014	2,000	7.43% (Fixed)	4.80% (TIIE)	(70)
February 24, 2011	June 9, 2014	1,000	8.00% (Fixed)	6.35% (TIIE+1.55%)	(22)
February 24, 2011	June 9, 2014	1,000	7.94% (Fixed)	6.35% (TIIE+1.55%)	(22)
February 28, 2011	June 9, 2014	1,000	8.03% (Fixed)	6.35% (TIIE+1.55%)	(21)

Date of		Amounts as of December 31, 2012			
		Notional amount	Interest rate		Fair value
Commencement	Maturity		Paid	Collected	
G) Swaps that convert the Bimbo 09 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
February 11, 2011	June 9, 2014	166.0 (*)	5.06% (USD)	8.98% (Pesos)	(152)
April 25, 2011	June 9, 2014	86.2 (*)	3.83% (USD)	8.03% (Pesos)	(114)
April 27, 2011	June 9, 2014	86.6 (*)	3.73% (USD)	7.94% (Pesos)	(107)
April 28, 2011	June 9, 2014	86.7 (*)	3.78% (USD)	8.00% (Pesos)	(121)
H) Swaps that convert the Bimbo 09U local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
February 17, 2011	June 6, 2016	83.1 (*)	6.47% (USD)	10.54% (Pesos)	(88)
February 17, 2011	June 6, 2016	166.3 (*)	6.53% (USD)	10.60% (Pesos)	(175)
I) Swaps that convert the Bimbo 12 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
February 17, 2012	August 3, 2018	72.1 (*)	3.33% (USD)	6.83% (Pesos)	(7)
February 17, 2012	August 3, 2018	70.0 (*)	3.27% (USD)	6.83% (Pesos)	(10)
February 17, 2012	August 3, 2018	100.0 (*)	3.25% (USD)	6.83% (Pesos)	(11)
Total current liabilities (swaps)					$ (936)

(*) Amounts in millions of US dollars
(**) Amounts in millions of euros

A) For the purpose of financing the acquisition of Iberia, on October 20, 2011, the Entity entered into a cross currency swap that converts US$68.4 million of the Syndicated Bank Loan into EUR$50 million. Under this instrument, the Entity receives a fixed rate of 3.43% US dollars and pays a fixed rate of 3.52% euros.

B) In connection with the issuance of the Bimbo 09–2 local bonds, for a national amount of $2,000 (equivalent to US$155.3 million), in 2010 the Entity entered into a foreign currency swap, which convert the debt from Mexican pesos to US dollars. The exchange rate was set at $12.88 Mexican pesos per US dollar, and the fixed interest rate to be paid is 6.35%.

C) In connection with the issuance of the Bimbo 09U local bonds, between June 10 and 24, 2009, the Entity entered into two foreign currency swaps for $1,000 and $2,000 that together hedge the entire Bimbo 09U issue and converts the debt from 6.05% in UDIs to Mexican pesos at fixed rates of 10.54% and 10.60%, respectively.

D) In order to convert the liability positions of instruments related to the issuance of the Bimbo 09-U bonds from Mexican pesos to US dollars, on February 17, 2011, the Entity entered into two foreign currency and interest rate swaps, one for $1,000 (equivalent to US$83.1 million) and the second for $2,000 (equivalent to US$166.3 million), respectively. The exchange rates applicable to these instruments were set at $12.03 Mexican pesos per US dollar and interest was fixed at 6.47% and 6.53%, respectively.

C) To hedge the interest rate risk on the US dollar portion of Tranche A of the Bank Loan, between May 27 and 29, 2009, the Entity entered into three swaps that originally totaled US$300 million and fixed the LIBOR rate to a weighted average rate of 1.63% and 1.66%. As a result of the prepayment in 2011 and 2010 of a portion of the US$300 million and by contracting a cross-currency swap that converts US$68.4 million to euros, as of December 31, 2012, US$112.5 million remain outstanding, which were allocated as hedge of the syndicated bank loan which uses Libor fixed rate of 2.33%

D) and I) In order to convert all the Bimbo 12 local bonds from Mexican pesos to US dollars, between February 14 and 17, 2012 the Entity entered into 6 cross currency swaps for an amount of USD $50, $50, $72.1, $70, $100 and $50 respectively. All the instruments earn interest at a rate of 6.83% in Mexican pesos and pay interest at a rate of 3.24%, 3.30%, 3.27%, 3.27%, 3.25% and 3.33% respectively.

E) To hedge the interest rate risk on the US dollar portion of Tranche A of the Bank Loan, between May 27 and 29, 2009, the Entity entered into three swaps that originally totaled US$300 million and fixed the LIBOR rate to a weighted average rate of 1.63% and 1.66%. As a result of the prepayment in 2011 and 2010 of a portion of the US$300 million and by contracting a cross-currency swap that converts US$68.4 million to euros, as of December 31, 2012, US$112.5 million remain outstanding, which were allocated as hedge of the syndicated bank loan which uses Libor fixed rate of 2.33%

F) To hedge the interest rate risk on the issuance of the Bimbo 09 local bonds, on June 26, 2009 the Entity entered into an interest rate swap for $2,000 that fix the variable rate to 7.43%, effective July 13, 2009. Additionally, on February 24, 2011, the Entity entered into two instruments for $1,000 that fixes the rate from TIIE + 1.55% to 8.00% and 7.94%, respectively. On February 28, 2011, the Entity entered into another instrument for $1,000 that fixes the rate from TIIE + 1.55% to 8.03%.

G) In order to convert the fixed portion of the Bimbo 09 local bonds from Mexican pesos to US dollars, on February 17, 2011, the Entity entered into foreign currency and interest rate swaps for $2,000 (equivalent to US$166 million). The exchange rate was set at $12.05 Mexican pesos per US dollar and the interest rate at 5.06%. Additionally, between April 25 and 28, 2011, the Entity entered into three additional instruments, each one for $1,000, with exchange rates set at $11.53, $11.55 and $11.60 Mexican pesos per US dollar and fixed interest rates of 3.78%, 3.73% and 3.83%, respectively.

H) In order to convert the liability positions of instruments related to the issuance of the Bimbo 09-U bonds from Mexican pesos to US dollars, on February 17, 2011, the Entity entered into two foreign currency and interest rate swaps, one for $1,000 (equivalent to US$83.1 million) and the second for $2,000 (equivalent to US$166.3 million), respectively. The exchange rates applicable to these instruments were set at $12.03 Mexican pesos per US dollar and interest was fixed at 6.47% and 6.53%, respectively.

Amounts as of December 31, 2011

Date of		Notional				
		amount	Interest rate		Fair	
Commencement	**Maturity**		**Paid**	**Commencement**	**Maturity**	
A) Swaps that convert the debt from USD to Euros and modify the interest rate from a fixed rate based on US dollars to a fixed rate based on euros:						
October 20, 2011	June 17, 2013	50.0(**)	3.52% (Euros)	3.43% (USD)	$	45
B) Swaps that modify the Bimbo 09U local bond currency and interest rate:						
June 10, 2009	June 6, 2016	$1,000	10.54% (Pesos)	6.05% (UDI)		126
June 24, 2009	June 6, 2016	$2,000	10.60% (Pesos)	6.05% (UDI)		246
Total long-term assets					$	417

Amounts as of December 31, 2011

Date of Commencement	Maturity	Notional amount	Interest rate Paid	Commencement	Fair Maturity
C) Swaps that fix the rate of the long–term credit line in US dollars:					
May 29, 2009	January 13, 2012	25 (*)	1.66% (Fixed)	0.30% (LIBOR)	$ (1)
May 29, 2009	January 13, 2012	100 (*)	1.63% (Fixed)	0.30% (LIBOR)	(1)
D) Swaps that convert the Bimbo 02–2 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
September 15, 2010	May 3, 2012	58.6 (*)	5.70% (USD)	10.15% (Pesos)	(60)
Total current liabilities					$ (62)
E) Swaps that fix the rate of the long–term bank loan in US dollars:					
May 27, 2009	January 15, 2014	150 (*)	2.33% (USD)	0.30% (LIBOR)	(49)
F) Swaps that modify the Bimbo 09 local bond currency and interest rate:					
February 24, 2011	June 9, 2014	1,000	8.00% (Fixed)	6.35% (TIIE+1.55%)	$ (28)
February 24, 2011	June 9, 2014	1,000	7.94% (Fixed)	6.35% (TIIE+1.55%)	(27)
February 28, 2011	June 9, 2014	1,000	8.03% (Fixed)	6.35% (TIIE+1.55%)	(28)
June 26, 2009	June 9, 2014	2,000	7.43% (Fixed)	4.80% (TIIE)	(101)
G) Swaps that convert the Bimbo 09-2 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
September 13, 2010	June 6, 2016	155.3 (*)	6.35% (USD)	10.60% (pesos)	(188)
H) Swaps that convert the Bimbo 09 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
February 11, 2011	June 9, 2014	166.0 (*)	5.06% (USD)	8.98% (pesos)	(339)
February 17, 2011	June 6, 2016	83.1 (*)	6.47% (USD)	10.54% (pesos)	(198)
February 17, 2011	June 6, 2016	166.3 (*)	6.53% (USD)	10.60% (pesos)	(397)
April 27, 2011	June 9, 2014	86.6 (*)	3.73% (USD)	7.94% (pesos)	(203)
April 25, 2011	June 9, 2014	86.2 (*)	3.83% (USD)	8.03% (pesos)	(198)
April 28, 2011	June 9, 2014	86.7 (*)	3.78% (USD)	8.00% (pesos)	(205)
Total long-term liabilities					$ (1,961)

(*) Amounts in millions of US dollars
(**) Amounts in millions of euros

A) For the purpose of financing the acquisition of Iberia, on October 20, 2011, the Company entered into a cross currency swap that converts US$68.4 million of the Syndicated Bank Loan into EUR$50 million. Under this instrument, the Company receives a fixed rate of 3.43% US dollars and pays a fixed rate of 3.52% euros.

B) In connection with the issuance of the Bimbo 09U local bonds, between June 10 and 24, 2009, the Company entered into two foreign currency swaps for $1,000 and $2,000 that together hedge the entire Bimbo 09U issue and converts the debt from 6.05% UDIs to Mexican pesos at fixed rates of 10.54% and 10.60%, respectively.

C) and E) To hedge the interest rate risk on the US dollar portion of Tranche A of the Bank Loan, between May 27 and 29, 2009, the Company entered into three swaps that originally totaled US$300 million and fix the one-month LIBOR to an average rate of 1.63% and 1.66%. On August 25, 2011 the Company prepaid US$175 million of Tranche A of the Bank Loan, so the remaining balance of the hedging instrument of US$125 million was assigned to hedge the Tranche B Bank Loan. Additionally, to hedge the interest rate risk on the US dollar portion of Tranche B of the Bank Loan, on May 27, 2009, the Company entered into a swap for US$150 million that fixes the one-month LIBOR rate at 2.33%.

Tranche B of the Bank Loan was prepaid and the swaps were assigned to the New Syndicated Bank Loan issued in April 2011.

D) and G) In connection with the issuance of the Bimbo 02-2 and the Bimbo 09-2 local bonds, in September 2010 the Company entered into a foreign currency swap and an interest rate swap for $750, equivalent to US$58.6 million, and $2,000, equivalent to US$155.3 million, respectively, which convert the debt from Mexican pesos to US dollars and modify the related interest rates. The applicable exchange rates were $12.79 and $12.88 Mexican pesos per US dollar, and the interest rates to be paid are 5.70% and 6.35%, respectively.

F) To hedge the interest rate risk on the issuance of the Bimbo 09 local bonds, on June 26, 2009 the Company entered into an interest rate swap for $2,000 that fixes TIIE at 7.43% rate, effective July 13, 2009. Additionally, on February 24, 2011, the Company entered into two instruments for $1,000 that fix the variable TIIE plus 1.55% rate to 8.00% and 7.94%. On February 28, 2011, the Company entered into another instrument for $1,000 that fixes the variable TIIE plus 1.55% rate to 8.03%.

H) In order to convert the fixed portion of the Bimbo 09 Revolving Certificates from Mexican pesos to US dollars, on February 17, 2011, the Company entered into foreign currency and interest rate swaps for $2,000 (equivalent to US$166 million), fixing the exchange rate at $12.05 Mexican pesos per US dollar and the interest rate at 5.06%. Additionally, between April 25 and 28, 2011, the Company entered into three instruments, each one for $1,000 with fixed exchange rates of $11.53, $11.55 and $11.60 Mexican pesos per US dollar and fixed interest rates of 3.78%, 3.73% and 3.83%, respectively.

In order to convert the aforementioned instruments from Mexican pesos to US dollars, on February 17, 2011, the Company entered into two foreign currency and interest rate swaps, one for $1,000, (equivalent to US$83.1 million) and the second for $2,000 (equivalent to US$166.3 million), respectively. The exchange rates applicable to these instruments were $12.03 Mexican pesos per US dollar and interest was fixed at 6.47% and 6.53%, respectively.

Foreign Currency Hedge

As of December 31, 2012 and 2011, the Entity maintained short-term forwards, which hedges intercompany liabilities in euros, and hedge a cover a notional amount of EUR 24.9 and EUR 20.0 million, respectively and fixed the exchange rate at $17.022 and $18.1345 Mexican pesos per euro, and its fair value was $3 and $1, respectively.

Based on its projections of expense, Corporate treasury has diverse obligations in USD, for which reason, at December 31, 2013, 2012 and 2011, it maintains a portfolio of options and forwards that result in a long-term position in forwards with monthly maturities of USD$170, USD$128 million and USD$10 million, respectively, at an average exchange rate of $13.0719, $13.9996 and $13.8363 Mexican pesos per USD. The net fair value of the instruments is $9, $(2) and $(1) as at December 31, 2013, 2012 and 2011, respectively.

As of December 31, 2012 and 2011, the Entity entered into a forward to hedge the cash outflows related to financial and/or operating liabilities denominated in US dollars. This instrument hedges a notional amount of debt of USD$10.5 million and USD $10, respectively and fixed the exchange rate for purchases of foreign currency at $ 13.259 and $13.8363 Mexican pesos per USD, respectively. The fair value was $(1).

In 2013, the Entity entered into a forward to hedge the exchange risks related to the purchase of commodities in Uruguay. This instrument hedges a notional amount of USD$4.8 million and fixed the exchange rate at $22.72 Uruguayan pesos per USD. The fair value of the instrument as of December 31, 2013 was $(2).

In 2013, the Entity entered into a forward to hedge the exchange risks related to the purchase of commodities in Mexico. This instrument hedges a notional amount of USD$91.3 million and fixed the exchange rate at $13.18 Mexican pesos per USD. The fair value of the instrument as of December 31, 2013 was $(1).

13.2.4 Commodities price risk management

In accordance with the Entity´s risk management policies, it enters into wheat, natural gas, and other commodities futures contracts to minimize the risk of variation in international prices of such inputs.

Wheat, the main input used by the Entity, together with natural gas, are some of the commodities hedged. The transactions are carried out in recognized commodity markets, and through their formal documentation are designated as cash flow hedges of forecasted transactions. The Entity performs prospective and retrospective effectiveness tests of the instruments to ensure they mitigate the variability of cash flows from fluctuations in the price of such inputs.

As of December 31, 2013, 2012 and 2011, the Entity has recognized, in other comprehensive income, closed contracts that have not yet been transferred to cost of sales due to the fact that the wheat under these contracts has not been used for flour consumption.

Detail of derivative transactions that hedge commodities price risk

As of December 31, 2013, 2012 and 2011, the contracted futures and their main characteristics were as follows:

		Amounts as of December 31, 2013			
Commencement date	**Position**	**Contracts Number**	**Maturity**	**Region**	**Fair Value**
Futures contracts to fix the purchase price of natural gas and diesel:					
Various (diesel)	Long	918	Various	USA	$ 17
Various (gasoline)	Long	136	Various	USA	5
Various (natural gas)	Long	135	Various	USA	10
Various (natural gas)	Long	2,620	Various	Mexico	(3)
Total current assets					$ 29

Amounts as of December 31, 2013

Commencement date	Position	Contracts Number	Maturity	Region	Fair Value
Futures contracts to fix the purchase price of wheat and soybean oil:					
August through December 2012 (wheat)	Long	5,974	May through December 2013	USA	$ (280)
April through December 2012 (wheat)	Long	3,950	May through December 2013	Mexico	(118)
Various (corn)	Long	90	July through December 2013	USA	-
Various (soybean oil)	Long	421	March through December 2013	USA	(7)
October through December 2012 (wheat)	Long	250	March through July 2013	OLA	(10)
Total current liabilities					$ (415)

Amounts as of December 31, 2012

Commencement date	Position	Contracts Number	Maturity	Region	Fair Value
Futures contracts to fix the purchase price of natural gas and diesel:					
Various (diesel)	Long	2,530	Various	USA	$ 48
Various (gasoline)	Long	735	Various	USA	30
Various (natural gas)	Long	350	Various	Mexico	-
Various (natural gas)	Long	246	Various	USA	-
Total current assets					$ 78

Commencement date	Position	Contracts Number	Maturity	Region	Fair Value
Futures contracts to fix the purchase price of wheat and soybean oil:					
August through December 2012 (wheat)	Long	6,815	May through December 2013	USA	$ (189)
April through December 2012 (wheat)	Long	3,113	May through December 2013	Mexico	(33)
Various (corn)	Long	174	July through December 2013	USA	(5)
Various (soybean oil)	Long	581	March through December 2013	USA	(6)
October through December 2012 (wheat)	Long	179	March through July 2013	OLA	(4)
Total current liabilities					$ (237)

Amounts as of December 31, 2011

Commencement date	Position	Contracts Number	Maturity	Region	Fair Value
Futures contracts to fix the purchase price of wheat and soybean oil:					
September through December 2011	Long	879	From March to September 2012	USA	$ 8
Various (soybean oil)	Long	335	From March to May, 2012	USA	3
Total current assets					$ 11

Amounts as of December 31, 2011

Commencement date	Position	Contracts Number	Contracts Maturity	Region	Fair Value
Futures contracts to fix the purchase price of natural gas and diesel:					
Various (Diesel)	Long	1,004	Various	USA	$ 3
Various (Gasoline)	Long	469	Various	USA	3
Total current assets					$ 6
Futures contracts to fix the purchase price of wheat and soybean oil:					
June through December 2011	Long	3,474	From March to December 2012	Mexico	$ (60)
July through November 2011	Long	133	From March to September 2012	OLA	(2)
Total current liabilities					$ (62)
Futures contracts to fix the purchase price of natural gas:					
Various (natural gas)	Long	524	Various	Mexico	$ (65)
Various (natural gas)	Long	215	Various	USA	(32)
Total current liabilities					$ (97)

As of December 31, 2013, the Entity held two forward contracts to hedge cash flows related to the purchase of inputs denominated in US dollars.

Amounts as of December 31, 2013

Commencement date	Maturity	Contracts Notional Amount	Contracts Average exchange rate	Fair Value
Forwards to hedge cash flows related to the purchase of inputs in USD:				
September through December 2013	Between January and May 2014	US $91.3 millions	$ 13.18	(1)

As of December 31, 2012 the Company held two forward contracts to hedge cash flows related to the purchase of inputs denominated in US dollars. As of December 31, 2011 there are no hedges of currency forwards for purchase of inputs.

Amounts as of December 31, 2012

Commencement date	Maturity	Contracts Notional Amount	Contracts Average exchange rate	Fair Value
Forwards to hedge cash flows related to the purchase of inputs in USD:				
September through December 2012	Between January and April 2013	USD $80 millions	Fix to $12.9730	2

Embedded derivative instruments - As of December 31, 2013, 2012 and 2011, the Entity has not identified any embedded derivative financial instruments that require bifurcation.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair value of financial assets and liabilities is determined as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions which are traded on active, liquid markets are determined with reference to their quoted market prices, hence are considered Level 1, based on the hierarchy described below.
.

The fair value of other financial assets and liabilities are determined in accordance with accepted pricing models, generally based on discounted cash flow analysis.

In particular, the fair value of loans from financial institutions is determined using the income approach, discounting the contractual cash flows of these liabilities at current rates estimated by the Entity. Such current rates are determined through quotations obtained from a variety of counterparties. The rates used were 1.45% for loans denominated in U.S. dollars. This valuation is considered Level 3, based on the hierarchy described below. The carrying value of financial assets and liabilities does not vary significantly from their fair value.

As of December 31, 2013, 2012 and 2011, the carrying value of financial assets and liabilities does not vary significantly from their fair value.

The fair value of market long-term debt, such as bonds, was determined based on the prices provided by Valuación Operativa y Referencias de Mercado S. A. de C. V. ("VALMER") which is an entity supervised by the Mexican National Securities and Banking Commission (*Comisión Nacional Bancaria y de Valores*), that provides prices for financial instruments. Such valuation is considered as Level 1, according to the hierarchy described as follows:

Fair value hierarchy

The amount of assets and liabilities in the consolidated statements of financial position, measured at fair value, are grouped into one of the following three hierarchy levels. Categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurement are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

13.2.5 Liquidity risk management

Corporate treasury is responsible for managing liquidity risk. Risk management allows the Entity to determine its short-, medium- and long-term cash flow needs, while seeking financial flexibility. The Entity maintains sufficient liquidity through an orderly management of its resources and ongoing monitoring of cash flows, as well as maintaining a variety of credit lines (some of them committed) with bank institutions and proper management of working capital. These actions ensure the payment of future obligations. The Entity believes that due to the nature of its business, liquidity risk is low.

Obligations resulting from financial instruments and debt amortization are as follows:

	X<1 year	1 year <X<3 years	3 years<X<5 years	X>5years
Debt	$ (9,913)	$ (10,081)	$ (8,080)	$ (25,271)
Derivative instruments	(748)	(1,900)	(202)	-
Total	$ (10,661)	$ (11,981)	$ (8,282)	$ (25,271)

13.2.6 Credit risk management

Credit risk arises from the possible loss if a customer is unable to pay its obligations, loss on investments and principally the risk related to derivative financial instruments.

When accounts receivable to customers is impaired, the Entity recognizes an allowance for doubtful accounts. The allowance is increased for those accounts beyond 90 days past due, based on the results of the analysis of each account and the overall results of changes in the accounts receivable and the seasonality of the customers' business. The methodology used to determine the allowance has been applied consistently and the allowance has been historically sufficient to cover impaired unrecoverable accounts.

With respect to operations with derivative financial instruments related to interest rate and exchange rate hedges, these instruments are entered into bilaterally ("OTC"), with counterparties of high repute that meet certain criteria mentioned below, and who maintain a significant and continuous commercial relationship with the Entity.

These counterparties are deemed of high repute, as they are sufficiently solvent -based on their "counterparty risk" rating from Standard & Poor´s- for short- and long-term obligations in local and foreign currency. The counterparties with whom the Entity has contracts with respect to derivative financial instruments are:

Banco Nacional de México, S. A., BBVA Bancomer, S. A., Barclays Bank, PLC W. London, Bank of America México, S. A., Merrill Lynch Capital Services, Inc., HSBC Bank, ING. Investment Bank, JP Morgan Chase Bank, N. A., Banco Santander, S. A., Mizuho Corporate Bank, Ltd. and The Bank of Tokyo Mitsubishi ufj, Ltd.

Commodities derivatives financial instruments are contracted in the following recognized markets:

a. Minneapolis Grain Exchange (MGE)
b. Kansas City Board of Trade (KCBOT)
c. Chicago Board of Trade (CBOT)
d. Mercado a Término de Buenos Aires
e. New York Mercantile Exchange (NYMEX)

Exposure to each counterparty is monitored on a monthly basis.

All derivative financial instrument transactions are performed under a standardized contract and duly executed by the legal representatives of the Entity and those of the counterparties.

Appendix and annexes to the contract, establish the settlement and other relevant terms in accordance with the manners and practices of the Mexican market.

Some derivative financial instrument contracts include the establishment of a security deposit or other securities to guarantee payment of obligations arising from such contracts. Credit limits that the Entity has with its counterparties are large enough to support its current operations; however, the Entity maintains cash deposits as collateral for payment of derivative financial instruments.

For those commodities future contracts executed in recognized, international markets, the Entity is subject to the regulation of those markets. These regulations include, among others, establishing an initial margin call for futures contracts and subsequent margin calls required of the Entity.

13.2.7 Equity structure management

The Entity maintains a healthy relation between debt and equity, to maximize the shareholders' return.

The leverage ratio at the end of each period is as follows:

	December 31, 2013	December 31, 2012	December 31, 2011
Debt (i)	$ 40,329	$ 41,971	$ 45,992
Cash and cash equivalents	2,504	4,278	3,966
Net debt	37,825	37,693	42,026
Stockholders' equity	47,783	47,058	48,699
Net debt to stockholders' equity	0.79 times	0.80 times	0.86 times

(i) Debt is comprised of bank loans and short- and long-term bonds.

14. Employee benefits and workers´ compensation

Net projected liabilities of employee and welfare benefits plans and workers' compensation, by geographical area, are as follows:

	December 31, 2013	December 31, 2012	December 31, 2011
Mexico:			
Retirement benefits	$ 1,577	$ 2,912	$ 1,989
USA:			
Retirement and post-retirement benefits in USA	4,173	5,362	5,259
Workers' compensation in USA	2,399	2,534	2,754
MEPP in USA	9,081	9,400	9,338
	15,653	17,296	17,351
OLA			
Retirement	169	161	-
Total net liability	$ 17,399	$ 20,369	$ 19,340

a. ***Mexico***

The Entity has a defined benefit pension and seniority premium plan. The Entity is also required to pay termination benefit obligations, which do not qualify as post-retirement benefit plans under IFRS, for which reason a liability for the benefits is not recognized until the obligation occurs, generally upon payment. The Entity´s funding policy is to make discretionary contributions. During 2013, 2012 and 2011, the Entity has not contributed to the plans.

Seniority premiums payment consist of a one–time payment of 12 days for each year worked based on the final salary, not exceeding twice the minimum wage, applicable at the payment date, established by law for all its personnel, as stipulated in the respective employment contracts. Such benefits vest for employees with 15 or more years of service.

The most recent actuarial valuations of the plan assets and present value of defined benefits obligation were performed as of December 31, 2013, 2012 and 2011 by Bufete Matemático Actuarial, S.C., member of Colegio Nacional de Actuarios, A. C. The present value of defined benefits obligation, cost of services of the year, and past service cost were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2013	December 31, 2012	December 31, 2011
Discount rate	8.50%	7.13%	7.64%
Wage increases	4.50%	4.50%	4.54%

The amounts recognized in profit or loss with respect to defined benefit pension plans:

	December 31, 2013	December 31, 2012	December 31, 2011
Current service cost	$ 449	$ 407	$ 370
Interest cost	541	498	473
Interest income on plan assets	(358)	(351)	(390)
Net cost of the period	$ 632	$ 554	$ 453

The net cost of the period was allocated $137, $120 and $114 in 2013, 2012 and 2011, respectively, as cost of sales and the remainder as general expenses. The interest on the net obligation was recognized as finance costs.

The following table shows the funded status of the pension and seniority premium obligations as of the date thereon:

	December 31, 2013	December 31, 2012	December 31, 2011
Present value of defined benefit obligation	$ 6,513	$ 7,716	$ 6,637
Less- Fair value of plan assets	4,936	4,804	4,648
Underfunded status of the defined benefit obligation	$ 1,577	$ 2,912	$ 1,989

Movements in the present value of the defined benefit obligation:

	December 31, 2013	December 31, 2012	December 31, 2011
Present value of the defined obligation as of January 1,	$ 7,716	$ 6,637	$ 6,041
Service cost	449	407	370
Interest cost	541	498	473
Actuarial gain on estimate obligation	(1,911)	458	-
Other experience adjustments on the obligation	(16)	(42)	(30)
Benefits paid	(266)	(242)	(217)
Present value of the defined benefit obligation as of December 31	$ 6,513	$ 7,716	$ 6,637

Movements in fair value of plan assets:

	December 31, 2013	December 31, 2012	December 31, 2011
Plan assets at fair value as of January 1	$ 4,804	$ 4,648	$ 4,561
Return on plan assets	358	351	390
Actuarial gain on estimation of plan assets	40	47	(86)
Benefits paid	(266)	(242)	(217)
Plan assets at fair value as of December 31	$ 4,936	$ 4,804	$ 4,648

Categories of plan assets:

		Fair value of plan assets	
	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
Equity instruments	$ 1,397	$ 1,675	$ 842
Debt instruments	3,011	2,916	3,406
Others	528	213	400
Total	$ 4,936	$ 4,804	$ 4,648
Expected weighted return	$ 8.50	$ 7.13	$ 8.67
Real weighted return	$ 4.65	$ 13.54	$ 5.60

Fair value of the assets of the plan are measured using valuation techniques that include inputs that are not based on observable market data.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected wage. The sensitivity analysis presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 100 basis points higher (lower), the defined obligation would decrease by $178, (increase by $127).

If the expected wage increases (decreases) by 1 %, the defined benefit obligation would increased by $2.112 (decrease by $1.893).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Each year an Asset-Liability-Matching study is performed in which the consequences of the strategic investment policies are analyzed in terms of risk-and-return profiles. Investment and contribution policies are integrated within this study.. Main strategic choices that are formulated in the actuarial and technical policy document of the Fund are:

- Asset mix based on 25 % equity instruments, 65 % debt instruments and 10 % of other instruments or alternative.
- Maintain an equity buffer that gives a70 % assurance that assets are sufficient within the next 12 months.

There has been no change in the process used by the Entity to manage its risks from priors periods.

The Entity's subsidiaries fund the cost of the entitlements expected to be earned on a yearly basis. The residual contribution (including back service payments) is paid by the entities of Grupo Bimbo. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on a risk free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increases (back-service liabilities) are paid immediately to the Fund. Apart from paying the costs of the entitlements, the Entity's subsidiaries are not liable to pay additional contributions in case the Fund does not hold sufficient assets. In that case, the Fund would take other measures to restore its solvency, such as a reduction of the entitlements of the plan members.

The average duration of the benefit obligation as of December 31, 2013 is 25 years. This number can be analyzed as follows:

- Active members: 37 (2012: 36 years), and
- Retired members: 47 years (2012: 47 years).

The history of experience adjustments are as follows:

	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
Defined benefit obligation	$ 6,513	$ 7,716	$ 6,637
Less – Fair value of plan assets	4,936	4,804	4,648
Underfunded status	$ 1,577	$ 2,912	$ 1,989
Experience adjustments on the defined benefit obligation	$ 1,927	$ 416	$ (30)
Experience adjustments on plan assets	$ 40	$ 47	$ (86)

b. ***USA -*** The Entity has established a defined benefit pension plan that covers eligible employees. Effective January 1, 2009, the benefits of the plan were frozen. The Entity´s funding policy is to make discretionary contributions. As of December 31, 2013, 2012 and 2011, the Entity contributed to such plan $628, $540 and $456, respectively.

The Entity also has established post-retirement employee welfare plans, which covers the medical insurance of certain eligible employees. The Entity has insurance and pays these expenses as they occur.

The most recent actuarial valuations of the plan assets and present value of defined benefits obligation were performed as of December 31, 2013, 2012 and 2011 by Mercer (US), Inc., member of the Institute of actuaries in the U.S. The present value of defined benefits obligation, cost of services of the year, and past service cost were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2013	December 31, 2012	December 31, 2011
Average of discount rates	4.75% - 3.55%	3.25% - 4.00%	4.30% - 4.65%
Wage increases	3.75%	3.75%	3.75%
Inflation rates	2.75%	2.75%	2.75%

The amounts recognized in profit or loss with respect to defined benefit pension plans and post-retirement benefits:

	December 31, 2013	December 31, 2012	December 31, 2011
Current service cost	$ 242	$ 234	$ 125
Interest cost	603	686	465
Prior service costs and other	26	(225)	25
Interest income on plan assets	(426)	(485)	(285)
Net cost of the period	$ 445	$ 210	$ 330

The net cost of the period was allocated $140, $119 and $123 in 2013, 2012 and 2011, respectively, in the consolidated statements of income as cost of sales and the remainder as general expenses. The interest on the obligation and the expected return on the plan assets are recognized as finance costs.

The following table shows the funded status of the pension and seniority premium obligations as of the date thereon:

	December 31, 2013	December 31, 2012	December 31, 2011
Present value of defined benefit obligation	$ 15,912	$ 16,959	$ 16,471
Less - Fair value of plan assets	11,739	11,597	11,212
Underfunded status of defined benefit obligation	$ 4,173	$ 5,362	$ 5,259

Movements in the present value of the defined benefit obligation:

	December 31, 2013	December 31, 2012	December 31, 2011
Present value of the defined obligation as of January 1	$ 16,959	$ 16,471	$ 7,546
Service cost	242	233	125
Interest cost	603	686	465
Effect of experience adjustments	(70)	(323)	(148)
Effect of changes in demographic assumptions	556	95	45
Effect of changes in financial assumptions	(1,676)	1,679	501
Business acquisitions	-	-	7,483
Adjustment for fluctuation in currency exchange	87	(1,141)	990
Benefits paid	(789)	(741)	(536)
Present value of the defined benefit obligation as of December 31	$ 15,912	$ 16,959	$ 16,471

Movements in fair value of plan assets:

	December 31, 2013	December 31, 2012	December 31, 2011
Plan assets at fair value as of January 1	$ 11,597	$ 11,212	$ 4,286
Interest income, and others	426	465	269
Return on plan assets	(302)	742	516
Employer and employee contributions	628	523	449
Business acquisitions	-	-	5,573
Adjustment for fluctuation in currency exchange	59	(777)	563
Benefits paid	(669)	(568)	(444)
Plan assets at fair value as of December 31	$ 11,739	$ 11,597	$ 11,212

Categories of plan assets:

	Fair Value of plan assets		
	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
Equity instruments	$ 4,178	$ 4,386	$ 3,658
Debt instruments	5,580	5,607	5,655
Others	1,981	1,604	1,899
Total	$ 11,739	$ 11,597	$ 11,212
Expected weighted return	$ 3.60	$ 4.57	$ 7.25

Fair value of the assets of the plan are measured using valuation techniques that include inputs that are not based on observable market data.

Significant actuarial assumptions for the determination of the defined obligation are the discount rate and expected wage increase. The sensitivity analysis presented below were determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by $1,950, (increase by $1,950).

If the expected wage growth increases to 4.75%, the benefit obligation would increase by $ 597; if the increase in the expected wage decreases to 2.75%, the defined benefit obligation would decrease by $585.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Each year an Asset-Liability-Matching study is performed in which the consequences of the strategic investment policies are analyzed in terms of risk-and-return profiles. Investment and contribution policies are integrated within this study. Main strategic choices that are formulated in the actuarial and technical policy document of the Fund are:

- Asset mix on 31 % equity instruments, 54 % debt instruments and 15% other instruments or alternative.

- Maintain an equity buffer that gives a 70% assurance that assets are sufficient within the next 12 months.

There has been no change in the process used by the Entity to manage its risks from previous periods.

The Entity's subsidiaries fund the cost of the entitlements expected to be earned on a yearly basis. The residual contribution (including back service payments) is paid by the entities of Grupo Bimbo. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on a risk free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increases (back-service liabilities) are paid immediately to the Fund. Apart from paying the costs of the entitlements, the Entity's subsidiaries are not liable to pay additional contributions in case the Fund does not hold sufficient assets. In that case, the Fund would take other measures to restore its solvency, such as a reduction of the entitlements of the plan members.

The average duration of the benefit obligation as of December 31, 2013 is 13 years. This number can be analyzed as follows:

- Active members: 51 years (2012: 50 years);
- Deferred members: 51 years (2012: 51 years), and
- Retired members: 71 years (2012:71 years).

The amounts of experience adjustments are as follows:

	December 31, 2013	December 31, 2012	December 31, 2011
Present value of defined benefits obligation	$ 15,912	$ 16,959	$ 16,471
Less - Fair value of plan assets	11,739	11,597	11,212
Underfunded status	$ 4,173	$ 5,362	$ 5,259
Experience adjustments on plan obligation	$ (100)	$ (323)	$ (148)
Experience adjustments on plan assets	$ (302)	$ 742	$ 516

Multi-employer pension plans ("MEPP")

The Entity participates in defined benefits plans defined as MEPP. A MEPP is a fund in which several unrelated employers, in the same or similar industry, make payments to fund retirement benefits for unionized employees enrolled in the plan. Originally, it was set to facilitate the mobility of employees between companies in the same industry preserving pension benefits. Usually they are administered by a trust that is overseen by representatives of all employers and employees. Currently BBU participates in 34 MEPPs .

Some of the Company's MEPP qualify as a defined contribution plans. Therefore, annual contributions are recognized in profit or loss. Other plans qualify as defined benefits, however are accounted for in the same way, as the Company does not have sufficient available information to complete the respective calculations as the nature of the collective plans and involvement of the Company in the management of the plans is limited.

Contributions to MEPP´s for the years ended December 31, 2013, 2012 and 2011 amounted to $1,489, $1,426 and $917, respectively, which are recognized in profit or loss as incurred. The estimated contributions for 2014 are approximately $1,556.

In case that other employer exits the MEPP´s program, without satisfying the liability of its exit, the non-covered amount is distributed to the other active employers. Generally, the distribution of the liability for the exit of the plan related to the relation between the Company´s obligations to the plan and the relation to the other contributors to the plan.

When the exit of a MEPP is highly probable to happen, is recognized as a provision for the estimated future cash outflows present value, discounted at the actual rate. The Entity recognizes a withdrawal liability related to three MEPPs, for which an exit contracts exist. The total liability related to MEPP´s is shown below:

	2013	2012	2011
MEPP´s withdrawal liability	$ 9,081	$ 9,400	$ 8,601
MEPP´s provision	1,372	542	737
	$ 10,453	$ 9,942	$ 9,338

The MEPP´s withdrawal liability results from two contracts entered by the Entity in 2012 to execute a complete withdrawal from the MEPP and re-enter under advantageous terms designed to maintain the financial stability of the plan. The terms of the agreement allow the Entity to cap its complete withdrawal liability and fund it interest free over 25 years. In 2012, the Entity notified another MEPP of the intent to exit from the MEPP. This action caused the trustees of the plan to declare a mass withdrawal has occurred in the plan. In 2013 the Entity adjusted the liability previously recognized, based on a notification from the trustees of the plans. The MEPP´s provision is recorded $81 under accrued liabilities and $1,291 under other liabilities.

The decision to exit the MEPPs resulted in a withdrawal liability and expense in 2012 of $954, presented in the other operating expenses line.

The MEPP withdrawal liability generated form the acquisition of Sara Lee, as mentioned in Note 1, is $8,354, resulting from the contractual obligation on the underfunded plans. The amount was determined based on information provided by the fund´s administrator, upon intention to exit the plan. In addition to the amount above, BBU also obtained the information related to other plans not related to Sara Lee´s, for which BBU has expressed its intention to withdraw, and recorded, as a charge to results in 2011 $564.

The MEPP´s provision result from the intention to exit a plan.

Liabilities that have been recorded with respect to the MEPP concept are subject to changes based on changes in wages, seniority and the mix of employees in the plan, which are recognized within income of the year in addition to amounts that are contributed in different MEPPs. In 2013, 2012 and 2011,the Entity recognized $418, $148 and $0, respectively.

The estimated cost of the withdrawal liability of all the plans is $24,989, of which the Company has provisioned $10,453. The differential not provisioned represents the Company´s best estimate of withdrawal cost of the other plans, for which as of the date of the accompanying consolidated financial statements, the Company does not have the intent of withdrawing.

Welfare benefit plans USA

The Entity maintains a welfare benefit plan that covers certain eligible employees' postretirement medical expenses. Amounts correspond to expenses that are recorded in profit or loss as incurred. These obligations are classified as current or long-term welfare benefit plans and the amounts are included in the income statement. As of December 31, 2013, 2012 and 2011, these liabilities were:

	December 31, 2013	December 31, 2012	December 31, 2011
Welfare benefit plans			
Current (a)	$ 1,182	$ 1,313	$ 1,180
Long-term	2,399	2,534	2,754
	$ 3,581	$ 3,847	$ 3,934

(a) Included in other accounts payable and accrued expenses

c. ***OLA***

Venezuela - The Entity maintains a defined benefit plan in respect of the social benefits of their employees in accordance to the provisions of the Labor Law, the Workers and Employees Act ("LOTTT", for its acronym in Spanish).

On May 7, 2012, the President of the Bolivarian Republic of Venezuela amended the LOTTT Act, which entitles each employee with a guarantee for concept of social security benefits equivalent to fifteen days' wages for each three months of work, calculated based on the last wage accrued. Additionally, after the second year of employment, the employee is entitled to two days pay for each year of work, cumulative up to thirty days' salary. This benefit is retroactive as of June 19, 1997, and applicable for all employees that joined the Entity before that date. For employees that joined after such date, the benefit accrues from the date of hire.

Upon termination of employment, the employee is entitled to receive a payment of equal to the higher of thirty days per year of service or fractions of more than six months, or the full guaranteed benefits.

Also, upon the termination of employment for reasons beyond the control of the employee, or in cases of dismissal without justifiable reasons, the Entity pays additional compensation equivalent to the amount that equals to the worker's social benefits. This compensation is considered a termination benefit and the Entity recognizes a liability and related expense when, and only when, it is demonstrably committed to the termination of the employment relationship.

The present value of the defined benefit obligations, resulting from obligations social at the date of the financial statements benefit is determined based on expected future payments required to settle the obligations arising from services rendered by employees during the period current and prior periods, through the method of actuarial valuation of the projected unit credit, net of guaranteed social security benefits. Until 2011, the Labor Law established the obligation to pay employees the equivalent of five days per month, capped to 60 days per year of their salary. The amounts were accrued as incurred.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2013	December 31, 2012	December 31, 2011
Discount rate	22%	22%	n/a
Wage increases	20%	20%	n/a
Inflation rate	21%	21%	n/a

The net cost of the period in 2013, 2012 and 2011 was $12, $111 and $98, respectively. The past service cost arising from the retroactive effects of LOTTT was recognized directly in profit or loss in the amount of $88.

Honduras - According to the Labour Code of Honduras and decree No.150/2008 October 3, 2008, workers who completed fifteen years of continuous work are entitled to thirty-five percent of the amount of their benefits as assistance of retirement support for the years of service.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2013	December 31, 2012	December 31, 2011
Discount rate	12%	10%	10%
Wage increase	6%	7%	7%

The net cost of the period in 2013, 2012 and 2011 was $3 each year.

15. Stockholders' equity

At December 31, 2013, stockholders' equity consists of the following:

	Number of shares	Historical value	Restatement / translation effect	Total
Fixed capital series "A"	4,703,200,000	$ 1,901	$ 2,326	$ 4,227
Reserve for repurchase of shares		758	159	917
Retained earnings		27,913	11,300	39,213
Consolidated net income		4,404	-	4,404
Accumulated translation effect of foreign subsidiaries		-	(3,975)	(3,975)
Accumulated effect of employee benefits		1,067	-	1,067
Unrealized loss on cash flow hedges		(234)	-	(234)
Non-controlling interest in consolidated subsidiaries		2,031	133	2,164
Total		$ 37,840	$ 9,943	$ 47,783

Capital stock is fully subscribed and paid–in and represents fixed capital. Variable capital cannot exceed 10 times the amount of minimum fixed capital without right of withdrawal and must be represented by Series "B", ordinary, nominative, no–par shares and/or limited voting, nominative, no–par shares of the Series to be named when they are issued. Limited voting shares cannot represent more than 25% of non–voting capital stock.

i. Dividends declared in 2013, 2012 and 2011 were:

Approval date:	Mexican pesos per Share	Total Value
November 22, 2013	$ 0.35	$ 1,646
April 09, 2013	$ 0.17	$ 776
April 20, 2012	$ 0.150	$ 705
April 28, 2011	$ 0.137	$ 647

During 2013, 2012 and 2011, the dividends paid to non–controlling shareholders were $285, $136 and $126, respectively.

ii. An additional Income Tax on dividends was enacted in 2013 of 10% when they are distributed to individuals and persons residing outside the country. The income tax is paid via withholding and it's a final payment by the shareholder. For foreigners, treaties to avoid double taxation may apply. This tax will apply to the distribution of profits generated beginning 2014.

iii. Retained earnings include the statutory legal reserve. Mexican General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value (historical Mexican pesos). The legal reserve may be capitalized but may not be distributed unless the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. As of December 31, 2013, 2012 the legal reserve, in historical Mexican pesos, was $500.

iv. Stockholders' equity, except restated paid–in capital and tax-retained earnings, will be subject to income taxes payable by the Entity at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and the following two fiscal years.

v. The balances in the stockholders' equity tax accounts at December 31 are:

	December 31, 2013	December 31, 2012	December 31, 2011
Paid-in capital	$ 27,354	$ 26,310	$ 25,406
Net after-tax income	35,958	26,175	22,377
Total	$ 63,312	$ 52,485	$ 47,783

16. Transactions and balances with related parties

Balances and transactions between the Entity and its subsidiaries, which are related parties, have been eliminated in consolidation and are not disclosed in this note.

a. Transactions with related parties, carried out in the ordinary course of business, were as follows:

	2013	2012	2011
Collected interest income	$ 2	$ 1	$ 68
Expenditures for purchases of:			
Raw material			
Beta San Miguel, S.A. de C.V.	$ 1,190	$ 1,188	$ 1,537
Frexport, S.A. de C.V.	629	680	650
Grupo Altex, S.A. de C.V.	2,761	2,910	2,228
Industrial Molinera Monserrat, S.A. de C.V.	413	406	378
Makymat, S.A. de C.V.	41	18	27
Ovoplus del Centro, S.A. de C.V.	401	416	338
Paniplus, S.A. de C.V.	127	123	121
Finished inventory			
Fábrica de Galletas La Moderna, S.A. de C.V.	$ 496	$ 563	$ 382
Grupo La Moderna, S.A.B. de C.V.	140	-	-
Mundo Dulce, S.A. de C.V.	611	649	673
Pan-Glo de México, S. de R.L. de C.V.	45	129	118

	2013	2012	2011
Stationary, uniforms and others			
Asesoria Estratégica Total, S.A.	$ 9	$ -	$ 4
Efform, S.A. de C.V.	161	167	159
Galerias Louis C Morton, S.A. de C.V.	6	6	-
Marhnos Inmobiliaria, S.A.	31	27	34
Proarce, S.A. de C.V.	396	174	184
Uniformes y Equipo Industrial, S.A. de C.V.	105	114	57
Artes Gráficas Unidas	-	-	545
Financial services			
Efform, S.A. de C.V.	$ 338	$ -	$ -

Transactions with related parties are carried out at market prices expected between independent parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior years for bad or doubtful accounts in respect of the amounts owed by related parties.

b. The net balances due to related parties are:

	December 31, 2013	December 31, 2012	December 31, 2011
Beta San Miguel, S. A. de C. V.	$ 108	$ 51	$ 361
Efform, S. A. de C. V.	24	28	28
Fábrica de Galletas La Moderna, S. A. de C. V.	63	89	42
Frexport, S. A. de C. V.	83	82	87
Grupo Altex, S. A. de C. V.	150	243	229
Industrial Molinera Montserrat, S. A. de C. V.	15	32	11
Makymat, S. A. de C. V.	8	8	6
Mundo Dulce, S. A. de C. V.	8	58	75
Ovoplus del Centro, S. A. de C. V.	10	5	9
Pan-Glo de México, S. de R. L. de C. V.	7	11	1
Paniplus, S. A. de C. V.	25	21	21
Proarce, S. A. de C. V.	15	39	26
Uniformes y Equipo Industrial, S. A. de C. V.	7	10	8
	$ 523	$ 677	$ 904

c. Employee benefits granted to the Entity's key management were as follows:

	2013	2012	2011
Short- and long –term direct benefits	$ 379	$ 351	$ 328
Cash payments for purchase of shares	95	88	80
Severance benefits	533	494	449
	$ 1,007	$ 933	$ 857

The compensation of management and key executives is determined by the Compensation Committee based on the performance of individuals and market trends.

17. Income taxes

Income taxes in México -

The Entity is subject to ISR and through December 31, 2013, to ISR and IETU. The current income tax is the greater of ISR and IETU up to 2013.

ISR -The rate was 30% in 2013, 2012 and 2011 and as a result of the new 2014 ISR law (2014Tax Law), the rate will continue at 30% in 2014 and thereafter.

IETU - IETU was eliminated as of 2014; therefore, up to December 31, 2013, this tax was incurred both on revenues and deductions and certain tax credits based on cash flows from each year. The respective rate was 17.5%.

Through 2012, based on financial projections, the Entity identified that essentially it would pay ISR in some subsidiaries and IETU in others, for which reason it recognized only deferred ISR and IETU. However, due to the elimination of IETU in 2013, the effect of the deferred IETU was canceled by the Entity through results of the year, and the respective deferred ISR was recorded.

Income taxes in other countries -

Foreign subsidiaries calculate income taxes on their individual results, in accordance with the regulations of each country. The subsidiaries in the USA have authorization to file consolidated income tax returns.

The tax rates applicable in other countries where the Entity mainly operates and the period in which tax losses may be applied, are as follows:

	Statutory income tax rate (%)			Period of expiration of tax loss carryforwards
	December 31, 2013	December 31, 2012	December 31, 2011	
Argentina	35.0	35.0	35.0	(A) 5
Austria	25.0	25.0	25.0	(B)
Brazil	34.0	34.0	34.0	(C)
Colombia	25.0	33.0	33.0	(D)
Costa Rica	30.0	30.0	30.0	(E) 4
Chile	20.0	20.0	20.0	(F)
China	25.0	25.0	25.0	5
El Salvador	30.0	30.0	25.0	(G)
Spain	30.0	30.0	30.0	(H) 18
USA	(I) 35.0	(I) 35.0	(I) 35.0	(I) 20
Guatemala	(J) 31.0	(J) 31.0	(J) 31.0	(J)
Netherlands	(K) 25.0	(K) 25.0	(K) 25.0	9
Honduras	(L) 25.0	(L) 25.0	(L) 25.0	(L) 3
Hungary	(M) 19.0	(M) 19.0	(M) 19.0	(M)
Luxembourg	(N) 21.0	(N) 21.0	(N) 21.0	(N)
Nicaragua	30.0	30.0	30.0	(O) 3
Paraguay	10.0	10.0	10.0	(P)
Panama	25.0	25.0	27.5	(Q)
Peru	30.0	30.0	30.0	(R)
Czech Republic	19.0	19.0	19.0	(S)
Uruguay	25.0	25.0	25.0	(T)
Venezuela	34.0	34.0	34.0	(U)

(A) Tax losses from sales of shares or other equity investments may only be offset against income of the same nature. The same applies for losses on derivatives. Foreign source tax losses may only be amortized with income from foreign sources. Operational tax losses expire after 5 years.

(B) Tax losses generated after 1990 may be applied indefinitely but may only be offset each year up to an amount equal to 75% of the net taxable profit for the year.

(C) Tax loses may be applied indefinitely, but may only be offset each year up to an amount equivalent to 30% of the net taxable profit for the year.

(D) Starting 2013 the tax rate goes from 33% to 25%. Also the tax rate on non-current gains goes from 33% to 10%. Additionally, the "income tax for equity"(CREE) is enacted, with a tax rate of 9% for the 2013, 2014 and 2015 fiscal years, then decreases to 8% in 2016 and thereafter.

Tax losses generated in generated between 2003 and 2006 may be amortized within the following eight years, but only up to 25% of the income tax of each year. Beginning 2007, tax losses may be amortized without limitation with respect to value or period.

In relation to CREE, there are no specification as to whether tax losses may be amortized against future gains.

(E) In 2012 a modification was issued, extending the amortization period of tax losses from 3 to 4 years, effective for 2013.

(F) The Tax Reform of September 27, 2012 stated:

a) Increase in the rate of income tax from 18.5% to 20% , effective on January 1, 2012.
b) Exception: when the income is affected by the Unique First Category Tax rate, it would increase by 20%.

Tax losses do not expire

(G) Operating losses are not amortizable.

(H) Tax losses can be amortized over 18 years, after they were incurred. However, for periods beginning in 2012 and 2013 and subsequently extended for periods beginning during 2014 and 2015, companies whose turnover has exceeded the amount of 6,010,121.04 euros, and whose net turnover in the financial year above is at least twenty million, but less than sixty million euros, can only offset 50% of pre-tax basis to the compensation of losses. This percentage drops to 25% in the case of entities whose turnover is at least sixty million euros. Until 2012 tax losses were could be amortized for up to 15 years.

(I) A state tax should be added to this percentage, which varies in each state of the US. The weighted average combined statutory tax rate for 2012 and 2011 was 38.9 and 39.1%. Tax losses can be amortization over a period of 20 years. The states have different amortization periods, but generally are20 years or less.

(J) There is a simplified regime, with a rate of 5% for the first 30,000 quetzals and 7% on the excess; but the tax base is calculated as follows: Total gross revenues less non– taxable revenues. This tax is payable in a monthly basis. The optional tax rate is 31% but the tax basis is different: Net income less non-taxable revenues, plus nondeductible expenses, and other deductions. The tax rate will decrease to 28% in 2014, and 25% in 2015 and thereafter.

Operating losses are not amortizable.

(K) The tax rate is 20% for taxable bases 0 to 200,000 euros and 25% for amounts over 200,000 euros.

(L) In the case of a taxable income greater than 1 million Lempiras, an additional 6% must be paid as temporary solidarity tax. This tax will decrease to 5% in 2014.

Tax losses can be amortized over a period of 3 years.

Starting in 2014 period, Entities are subject to a minimum tax equivalent to 1.5% of the gross income, paying the greater of this tax or the one resulting from applying 25% on taxable net income.
Also, the Entity must pay the tax resulting from applying 1% to assets reflected on the statement of financial position at period end, exonerating. 3,000,000 lempiras.

(M) The tax rate is 10% for taxable basis of 0 to 500 million Hungarian forints and 19% for amounts exceeding this limit. The tax losses do not expire and can be amortized for up to 50% of the tax base each year.

(N) A state tax should be added as follows: 7% and 5% for 2013, 2012 and 2011 , respectively. Resulting in a combined tax of 22.47 % and 22.05 % for 2013, 2012 and 2011, respectively. Tax losses may be carried forward indefinitely.

(O) The deduction of losses incurred in the fiscal year may be made up to three fiscal years following the year in which they occur; Losses over a period of exemption or tax benefit, may not be transferred to the periods in which this exemption or benefit disappears ; to enjoy the taxpayer with a tax benefit, exemption , exemption or exception to the Definitive Minimum Payment (1% of gross income), could not be used as extraordinary deduction tax losses generated under the conditions indicated , unless , they are generated in a general scheme without any benefit.

(P) Operating losses are not amortizable.

(Q) In addition, when obtaining a taxable income in excess of U.S. $ 1,500,000.00 annually, the Entity shall pay a tax on the greater of the following:

a. Traditional Method : Net taxable income calculated resulting from deducting the costs and expenses from gross income to the rates listed above .
b. Method Number 2 Taxable net income resulting from applying the total taxable income of 4.67%.

When it comes to pay tax Number 2 may request the taxpayer to the tax authorities not to apply this calculation when it is determined that incur loss or when the effective rate is higher than the nominal rate of income tax.

Tax losses may be amortized in the following 5 years of being incurred, and up to 20 % of the tax loss, without reducing the tax basis in more than 50%. The unamortized portion in one year, is not subject of amortization in the following years.

(R) There are two alternatives allowed for tax loss amortization: 1) over the following four years or 2) unlimited amortization up to 50% of the net taxable profit of each year. The Entity chose option 1. Once made, an election may not be changed, until the accumulated losses of previous years are applied.

(S) Tax losses generated since 2004 ,may be amortized in the following 5 years of being generated . Tax losses generated prior to 2004 may be amortized in the 7 following years.

(T) Tax losses may be amortized in the following five years of being generated.

(U) Depending on the nature of the tax losses, the period of amortization may vary: 1) Operating, 3 years; 2) tax inflation adjustment, 1 year; 3) foreign, can only be applied to foreign profits, 3 years; and 4) those originated in tax havens can only be applied to those profits obtained in such jurisdictions, 3 years.

Operations in the USA, Argentina, Colombia, Guatemala, Panamá and Nicaragua are subject to minimum payments of income tax.

Details of provisions, effective tax rate and deferred effects

a. Income tax in profit and loss:

	December 31, 2013	December 31, 2012	December 31, 2011
Income tax:			
Current	$ 2,712	$ 2,636	$ 2,760
Deferred	465	(488)	2
	3,177	2,148	2,762
IETU:			
Current	-	3	17
Deferred	(299)	44	50
	(299)	47	67
	$ 2,878	$ 2,195	$ 2,829

b. The reconciliation of the statutory and effective ISR rates expressed as a percentage of income before taxes on income for the years ended December 31, 2013, 2012 and 2011:

	December 31, 2013	December 31, 2012	December 31, 2011
Income before taxes	$ 7,656	$ 4,626	$ 8,035
Statutory rate in Mexico	30%	30%	30%
ISR at statutory tax rate	2,297	1,388	2,410
Add (less) tax effects of the following items:			
Inflationary effects on the monetary financial position	407	379	428
Nondeductible expenses, nontaxable revenues and other	56	115	70
Difference in tax rates and currency of subsidiaries in different tax jurisdictions	(99)	(256)	193
Effect of changes in Mexican tax law	(27)	-	-
Tax effect on the values of property, plant and equipment	(99)	(109)	(79)
Recognition of deferred ISR for entities that previously recognized deferred IETU	(233)	-	-
Cancellation of deferred IETU	(299)	-	-
Deferred IETU	-	47	67
Participation in the results of associates	11	(15)	(15)
Change in unrecognized tax benefits	864	646	(245)
Income tax recognized in profit or loss	$ 2,878	$ 2,195	$ 2,829
Effective tax rate	38%	47%	35%

To determine deferred ISR at December 31, 2013, entities applied to the temporary differences the tax rates expected to be in effect based on the estimated reversal date of the temporary difference. The effect of the change in the Mexican income tax law is presented above under effects of changes in Mexican tax law.

In calculating deferred ISR according to the above paragraphs, the effects of tax loss carryforward of $17,034, were included; however, some of them have been reserved because there is not a high probability of recovering such amounts.

The main items originating a deferred income tax asset as of December 31, 2013, 2012 and 2011 are:

	December 31, 2012	Effects through profit or loss	Effects through comprehensive income	Changes due to business acquisition	December 31, 2013
Allowance for doubtful accounts	$ (300)	$ (17)	$ -	$ -	$ (317)
Inventories and payments in advance	(18)	248	-	-	230
Property, plant and equipment	3,207	317	-	103	3,627
Intangible and other assets	5,020	473	-	-	5,493
Other reserves	(10,480)	(315)	711	-	(10,084)
Employee profit sharing	(225)	(21)	-	-	(246)
Tax loss carry forwards	(2,767)	(385)	-	-	(3,152)
Translation effect of hedge items	-	115	(115)	-	-
Deferred IETU	299	(299)	-	-	-
Other items	592	50	(38)	-	604
	$ (4,672)	$ 166	$ 558	$ 103	$ (3,845)

	December 31, 2011	Effects through profit or loss	Effects through comprehensive income	Changes due to business acquisition	December 31, 2012
Allowance for doubtful accounts	$ (219)	$ (81)	$ -	$ -	$ (300)
Inventories and payments in advance	32	(50)	-	-	(18)
Property, plant and equipment	3,565	(358)	-	-	3,207
Intangible and other assets	4,648	372	-	-	5,020
Other reserves	(10,489)	162	(153)	-	(10,480)
Employee profit sharing	(227)	2	-	-	(225)
Tax loss carry forwards	(3,304)	537	-	-	(2,767)
Translation effect of hedge items	-	(962)	962	-	-
Deferred IETU	255	44	-	-	299
Other items	(141)	(110)	843	-	592
Total (asset) liability, net	$ (5,880)	$ (444)	$ 1,652	$ -	$ (4,672)

	January 1, 2011	Effects through profit or loss	Effects through comprehensive income	Changes due to business acquisitions	December 31, 2011
Allowance for doubtful accounts	$ (109)	$ (89)	$ -	$ (21)	$ (219)
Inventories and payments in advance	9	-	-	23	32
Property, plant and equipment	2,010	196	-	1,359	3,565
Intangible and other assets	3,493	128	-	1,027	4,648
Other reserves	(3,095)	(2,181)	(75)	(5,138)	(10,489)
Employee profit sharing	(212)	(15)	-	-	(227)
Tax loss carry forwards	(3,502)	(123)	-	(506)	(4,131)
Tax loss carry forwards reserve	173	381	-	273	827
Translation effect for hedge of net investment	-	1,626	(1,626)	-	-
Deferred IETU	205	50	-	-	255
Other items	(62)	79	(158)	-	(141)
Total (asset) liability, net	$ (1,090)	$ 52	$ (1,859)	$ (2,983)	$ (5,880)

The deferred income tax asset and liability have not been offset in the accompanying consolidated statements of financial position as they result from different taxable entities and tax authorities. Gross amounts are as follows:

	December 31, 2013	December 31, 2012	December 31, 2011
Deferred income tax asset	$ (5,399)	$ (6,054)	$ (7,605)
Deferred income tax liability	1,554	1,382	1,725
Total asset, net	$ (3,845)	$ (4,672)	$ (5,880)

c. As of December 31, 2013, tax loss carry forwards, pending amortization against future income taxes, expire as follows:

Years	Amount
2014	$ 135
2015	157
2016	383
2017	396
2018	277
2019 and thereafter	15,686
	17,034
Unrecognized tax losses	(7,097)
Total	$ 9,937

18. Costs and expenses by nature

Cost of sales and distribution, selling, administrative, and other general expenses presented on the consolidated statements of income, are comprised as follows:

	December 31, 2013	December 31, 2012	December 31, 2011
Cost of sales			
Raw materials and manufacturing expenses	$ 77,228	$ 78,247	$ 60,194
Freight, fuel and maintenance	3,600	3,838	2,872
Depreciation	3,114	3,269	2,330
	$ 83,942	$ 85,354	$ 65,396

	December 31, 2013	December 31, 2012	December 31, 2011
Distribution, selling, administrative and other expenses			
Wages and salaries	$ 34,716	$ 33,283	$ 32,124
Depreciation	1,785	1,892	1,705
Freight, fuel and maintenance	2,822	3,199	2,173
Professional services and consulting	8,122	8,546	7,522
Advertising and promotional expenses	4,977	4,539	3,681
Other	29,187	28,939	11,361
	$ 81,609	$ 80,398	$ 58,566

19. Other general expenses

a. Other general expenses are comprised as follows:

	December 31, 2013	December 31, 2012	December 31, 2011
Tax incentives	$ (38)	$ (95)	$ (79)
Loss on sale of property, plant and equipment	194	96	72
Insurance recovery claims	(56)	-	-
Labor liabilities	-	954	564
Write off	640	-	-
Provision for MEPPs	368	148	-
Others	35	111	186
	$ 1,143	$ 1,214	$ 743

20. Commitments

Guaranteesand/or guarantors

a. The Entity, along with certain subsidiary companies have issued letters of credit to guarantee certain commercial obligations and contingent risk related to workers' compensation of certain subsidiaries. The value of such letters of credit at December 31, 2013, 2012 and 2011 are US$220, US$221.4 and US$214.1 million, respectively.

b. Iberia entered into a contract with third parties, which principally consists of purchase obligations for certain products at a preferential price. Iberia is also obligated to pay 75% of severance cost to terminated employees of the third parties. The contract was terminated in 2013, resulting in an approximate severance cost of$34.

c. The Entity entered into contracts, which requires it to acquire certain amounts of renewable energy for an 17-year period at a fixed price, that will be updated according to changes in the INPC factors for the first 15 years. Even though the contracts have derivative financial instruments characteristics, they fall within the exception of "own-use"; therefore, they are recognized in the financial statements as the consumption of energy occurs. The estimated commitment to purchase energy in 2014 amounts to $400, and is to be updated annually based on inflation, for the remaining 16 years of the contract.

Lease commitments

a. The Entity has long–term commitments under operating leases, related to the facilities used to produce, distribute and sell its products. These commitments vary from 3 to 14 years, with a renewal option of between one and five years. Certain leases require the Entity to pay all related expenses, such as taxes, maintenance and insurance for the term of the contracts. Lease expense was $3,052 ,$3,056 and $2,349 for the years ended December 31, 2013, 2012 and 2011, respectively. The total amount of future minimum lease commitments is as follows:

Years	Operating leases	Finance leases	Finance leases Non-controlling Interest
2014	$ 1,883	$ 32	$ 273
2015	1,447	25	215
2016	1,158	19	175
2017	898	4	134
2018	690	-	100
2019 and thereafter	1,886	-	58
Total minimum lease payments	7,962	80	955
Amounts representing interest	-	(5)	-
Present value of net minimum payments	-	-	(193)
Total	$ 7,962	$ 75	$ 762

21. Contingencies

Certain contingencies exist, of varying nature, that have arisen in the normal course of business of the Entity, for which management has evaluated the likelihood of loss as remote, probable or possible. Based on such evaluation, for those contingencies for which the Entity believes it is probable it will be required to use future resources to settle its obligation. At December 31, 2013, the Entity has accrued the following amounts:

Type	Amount
Labor-related	$ 120
Tax-related	74
Civil-related	23
Other	9
Total	$ 226

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Those contingencies for which management does not believe it is probable that it will be required to use future resources to settle its obligations and that are not expected to have a material adverse effect are not accrued until other information becomes available to support the recognition of a liability.

The Entity has restricted cash of $268 and pledged certain assets in Brazil amounting to an additional $13 million as a guarantee of certain tax contingencies, which are presented in other long–term assets.

Derived from the purchase of items of property, plant and equipment and intangible assets in Brazil concerning the Firenze brand, made in 2008, the Entity is subject to tax liens and presumed successor of companies involved in these actions. The court issued an injunction, ordering the restriction of the accounts receivable of the Entity from the sale of branded products "Firenze". The Entity continues to defend itself regarding this claim, which is expected to be resolved in the long-term. Due to the complexity of the dispute, the Entity has not been able to reasonably estimate its potential exposure for which reason it has not recognized a related liability

22. Segment information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on four geographical zones: Mexico, USA, OLA and Iberia. Segment revenue is comprised of bread (for all segments) and confectionery (Mexico and USA) products.

The following is the presents the condensed financial information by reportable segment based on the geographical areas in which the Entity operates for the years ended December 31, 2013, 2012 and 2011:

	2 0 1 3					
	México	USA	OLA	Iberia	Consolidation eliminations	Total
Net sales	$ 73,179	$ 79,767	$ 21,822	$ 5,323	$ (4,050)	$ 176,041
Operating income (loss) (*)	$ 9,556	$ 2,613	$ (1,168)	$ (545)	$ 34	$ 10,490
Depreciation and amortization	$ 1,758	$ 2,667	$ 726	$ 96	$ -	$ 5,247
Impairment and other non-cash	$ 243	$ 518	$ 583	$ 245	$ -	$ 1,589
EBITDA (*)	$ 11,557	$ 5,798	$ 141	$ (204)	$ 34	$ 17,326
Net income of controlling stockholders	$ 5,753	$ 907	$ (1,697)	$ (558)	$ (1)	$ 4,404
Interest income	$ 181	$ 388	$ 71	$ 4	$ (376)	$ 268
Interest expense	$ 2,280	$ 640	$ 383	$ 33	$ (190)	$ 3,146
Total assets	$ 42,436	$ 71,790	$ 19,278	$ 3,103	$ (1,880)	$ 134,727
Total liabilities	$ 50,193	$ 27,551	$ 7,996	$ 2,035	$ (831)	$ 86,944

	2012					
	México	USA	OLA	Iberia	Consolidation eliminations	Total
Net sales	$ 70,491	$ 78,927	$ 22,674	$ 5,182	$ (4,135)	$ 173,139
Operating income (loss) (*)	$ 7,922	$ 1,118	$ (1,101)	$ (570)	$ 18	$ 7,387
Depreciation and amortization	$ 1,693	$ 2,807	$ 848	$ 119	$ -	$ 5,467
Impairment and other non-cash	$ 120	$ 1,102	$ -	$ -	$ -	$ 1,222
EBITDA (*)	$ 9,735	$ 5,027	$ (253)	$ (451)	$ 18	$ 14,076
Net income of controlling stockholders	$ 4,211	$ 180	$ (1,879)	$ (502)	$ 18	$ 2,028
Interest income	$ 184	$ 519	$ 39	$ 6	$ (238)	$ 510
Interest expense	$ 2,479	$ 588	$ 401	$ 102	$ (238)	$ 3,332
Total assets	$ 45,287	$ 72,718	$ 19,750	$ 3,886	$ (4,501)	$ 137,140
Total liabilities	$ 58,188	$ 27,837	$ 5,773	$ 2,013	$ (3,729)	$ 90,082

	2011					
	México	USA	OLA	Iberia	Consolidation eliminations	Total
Net sales	$ 64,368	$ 53,810	$ 18,352	$ 393	$ (3,427)	$ 133,496
Operating income (loss) (*)	$ 7,534	$ 3,058	$ (949)	$ (81)	$ (28)	$ 9,534
Depreciation and amortization	$ 1,672	$ 1,609	$ 1,000	$ 8	$ -	$ 4,289
Impairment and other non-cash	$ -	$ 628	$ 268	$ -	$ -	$ 896
EBITDA (*)	$ 9,206	$ 5,295	$ 319	$ (73)	$ (28)	$ 14,719
Net income of controlling stockholders	$ 4,517	$ 1,559	$ (834)	$ 265	$ (632)	$ 4,875
Interest income	$ 167	$ 262	$ 25	$ 2	$ (24)	$ 432
Interest expense	$ 2,073	$ 341	$ 361	$ 9	$ (24)	$ 2,760
Total assets	$ 46,585	$ 79,870	$ 20,169	$ 4,101	$ (7,490)	$ 143,235
Total liabilities	$ 64,890	$ 27,884	$ 5,979	$ 2,030	$ (6,247)	$ 94,536

(*) Amount does not include intercompany royalties.

The accounting policies of the reportable segments are the same as the Entity's accounting policies described in note 3.

For the years ended December 31, 2013, 2012 and 2011 the sales to its largest customer represented 14% of consolidated net sales of the Entity. There are no other customers whose sales exceed 10% of total consolidated sales.

23. Events after the reporting period

On February 12, 2014, the Entity announced that it has reached an agreement to acquire, for 1,830 million Canadian dollars, all shares of Canada Bread Company, Limited (" Canada Bread"), a Canadian public company listed on the Stock values of Toronto.

Canada Bread is one of the leading companies in the production and sale of bakery products, including categories of bread, buns, bagels, muffins and tortillas Inglés in Canada, frozen bread North America, and bakery specializing in UK.

This acquisition boosts global growth strategy of the Group and enables its foray into the Canadian market attractive through recognized brands such as Dempster 's ® , POM ® , Villaggio ®, Ben's ®, ® and McGAVIN MATIN BON 'S ®. Canada Bread has a strong relationship with major supermarkets and institutional channels in Canada and is recognized for its strong market position in all categories baking. Canada Bread employs about 5,400 employees, operates 25 plants in Canada, the U.S. and the UK and has the largest direct distribution network in Canada, comprising more than 41,000 point of sales.

The operation generates annual sales of $1.439 billion Canadian dollars and EBITDA of $185 million Canadian dollars.

The transaction will be carried out through an agreement between the parties ("Court- Approved Plan of Arrangement"), common scheme in Canada to acquire public companies, which require the approval of at least two thirds of the votes cast by shareholders of Canada Bread. The Board of Directors of Canada Bread recommended that shareholders approve the transaction. Maple Leaf Foods Inc. ("Maple Leaf"), which owns approximately 90 % of the shares of Canada Bread, agreed to vote in favor. The transaction is subject to regulatory approvals.

To finance the transaction, the Entity will use both equity and financing available under existing lines of credit committed long term. The acquisition maintains the financial flexibility and strong credit profile of the Entity, with a pro forma total debt relative to EBITDA after the acquisition between 2.9 and 3.1 times.

24. Financial statements issuance authorization

On March 28, 2014 the issuance of the accompanying consolidated financial statements was authorized by Lic. Daniel Servitje Montull, Chief Executive Officer, and the Board of Directors of the Entity. Consequently, they do not reflect events occurred after that date. These consolidated financial statements are subject to the Entity stockholders’ approval at the General Stockholders’ meeting, where they may be modified, based on provisions set forth by Mexican General Corporate Law.

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Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Condensed Consolidated Interim Financial Statements as of March 31, 2014 and December 31, 2013

Index to the notes to the condensed consolidated financial statements

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Condensed Consolidated Interim Statements of Financial Position (Unaudited)

As of March 31, 2014 and December 31, 2013
(In millions of Mexican pesos)

Assets	March 31, 2014	December 31, 2013
Current assets:		
Cash and cash equivalents	$ 3,579	$ 2,504
Accounts and notes receivable - net	15,939	15,848
Inventories - net	3,905	4,729
Prepaid expenses	1,140	1,421
Derivative financial instruments	475	38
Guarantee deposits for derivative financial instruments	-	659
Assets available for sale	55	54
Total current assets	25,093	25,253
Non-current assets:		
Notes receivable from independent operators	1,434	1,560
Property, plant and equipment- net	42,186	42,683
Investment in shares of associated companies	2,162	2,132
Derivative financial instruments	774	695
Deferred income taxes	5,260	5,399
Intangible assets - net	27,135	26,977
Goodwill	29,804	29,822
Other assets - net	501	206
Total	$ 134,349	$ 134,727

Liabilities and stockholders' equity	March 31, 2014	December 31, 2013
Current liabilities:		
Current portion of long-term debt	$ 5,946	$ 7,997
Trade accounts payable	9,077	9,698
Other accounts payable and accrued liabilities	13,048	10,779
Due to related parties	353	523
Income tax	1,996	2,372
Statutory employee profit sharing payable	1,025	876
Derivative financial instruments	845	1,033
Total current liabilities	32,290	33,278
Non-current liabilities:		
Long-term debt	31,905	32,332
Derivative financial instruments	222	236
Employee labor obligations and workers' compensation	16,804	17,399
Deferred income taxes	1,433	1,554
Other liabilities	2,921	2,145
Total liabilities	85,575	86,944
Stockholders' equity:		
Capital stock	4,227	4,227
Reserve for repurchase of shares	917	917
Retained earnings	44,130	43,617
Accumulated translation effects of foreign subsidiaries	(4,247)	(3,975)
Remeasurement effects of employee benefits	1,067	1,067
Valuation effects of cash flow hedges	367	(234)
Equity attributable to owners of the Entity	46,461	45,619
Noncontrolling interest in consolidated subsidiaries	2,313	2,164
Total stockholders' equity	48,774	47,783
Total	$ 134,349	$ 134,727

See accompanying notes to unaudited condensed consolidated interim financial statements.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Condensed Consolidated Interim Statements of Income (Unaudited)

For the three months ended March 31, 2014 and 2013
(In millions of Mexican pesos, except earnings per common share)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Net sales	$ 41,979	$ 41,455
Cost of sales	19,774	20,279
Gross profit	22,205	21,176
General expenses:		
Distribution and selling	17,003	16,014
Administrative	2,958	2,863
Integration costs	625	312
Other general expenses	76	-
	20,662	19,189
Operating income	1,543	1,987
Net financing costs:		
Interest expense	752	756
Interest income	(67)	(68)
Exchange (gain) loss, net	(35)	138
Monetary position gain	(41)	(29)
	609	797
Equity in loss of associated companies	(10)	(2)
Income before income taxes	924	1,188
Income tax expense	359	539
Consolidated net income	$ 565	$ 649
Net income attributable to owners of the Entity	$ 513	$ 570
Net income attributable to non-controlling interests	$ 52	$ 79
Basic and diluted earnings per common share	$ 0.11	$ 0.12
Weighted average number of shares outstanding (000´s)	4,703,200	4,703,200

See accompanying notes to unaudited condensed consolidated interim financial statements.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Comprehensive Income (Loss)

For the three months ended March 31, 2014 and 2013
(In millions of Mexican pesos)

	March 31, 2014	March 31, 2013
Consolidated net income	$ 565	$ 649
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Hedges of net investments in foreign operations, net	(17)	2,459
Exchange differences on translating foreign operations	(260)	(4,744)
Net fair value gain on hedging instruments entered into for cash flow hedges	917	(304)
Income taxes related to items that will be reclassified in the future	(311)	(662)
Other comprehensive loss for the year	329	(3,664)
Total comprehensive income (loss) for the period	$ 894	$ (2,602)
Comprehensive income (loss) attributable to owners of the Entity	$ 842	$ (2,681)
Comprehensive income attributable to non-controlling interests	$ 52	$ 79

See accompanying notes to unaudited condensed consolidated interim financial statements.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Condensed Consolidated Interim Statements of Changes in Stockholders' Equity (Unaudited)

For the three months ended March 31, 2014 and 2013
(In millions of Mexican pesos)

	Capital Stock	Reserve for repurchase of shares	Retained earnings	Accumulated other comprehensive income (loss)	Equity attributable to owners of the Entity	Non-controlling interests in consolidated subsidiaries	Total stockholders' equity
Balances, January 1, 2013	$ 4,227	$ 906	$ 41,635	$ (2,032)	$ 44,736	$ 2,322	$ 47,058
Consolidation effect of special purpose entities	-	-	-	-	-	(390)	(390)
Dividends declared	-	-	-	-	-	-	-
Increase in reserve for repurchase of shares	-	11	-	-	11	-	11
Balances before comprehensive income (loss)	4,227	917	41,635	(2,032)	44,747	1,932	46,679
Consolidated net income for the period	-	-	570	-	570	79	649
Other comprehensive loss	-	-	-	(3,251)	(3,251)	-	(3,251)
Total comprehensive (loss) income	-	-	570	(3,251)	(2,681)	79	(2,602)
Balances, March 31, 2013	$ 4,227	$ 917	$ 42,205	$ (5,283)	$ 42,066	$ 2,011	$ 44,077
Balances, January 1, 2014	$ 4,227	$ 917	$ 43,617	$ (3,142)	$ 45,619	$ 2,164	$ 47,783
Consolidation effect of special purpose entities	-	-	-	-	-	97	97
Balances before comprehensive income	4,227	917	43,617	(3,142)	45,619	2,261	47,880
Consolidated net income for the period	-	-	513	-	513	52	565
Other comprehensive income	-	-	-	329	329	-	329
Total comprehensive income	-	-	513	329	842	52	894
Balances, March 31, 2014	$ 4,227	$ 917	$ 44,130	$ (2,813)	$ 46,461	$ 2,313	$ 48,774

See accompanying notes to unaudited condensed consolidated interim financial statements.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Condensed Consolidated Interim Statements of Cash Flows (Unaudited)

For the three months ended March 31, 2014 and 2013
(In millions of Mexican pesos)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Cash flows from operating activities:		
Income before income taxes	$ 924	$ 1,188
Adjustments for:		
Depreciation and amortization	1,350	1,237
Impairment and non-cash write-off	79	-
Loss on sale of property, plant and equipment	279	598
Equity in loss of associated companies	(10)	(2)
Interest expense	752	756
Interest income	(67)	(68)
Changes in assets and liabilities:		
Accounts and notes receivable	(690)	968
Inventories	841	309
Prepaid expenses	330	(99)
Trade accounts payable	(725)	(1,001)
Other accounts payable and accrued liabilities	2,617	(650)
Due to related parties	(127)	(134)
Income tax paid	(355)	(1,010)
Derivative financial instruments	858	(1,136)
Statutory employee profit sharing	147	310
Employee labor obligations and workers' compensation	(589)	1,727
Net cash flows generated by operating activities	5,614	2,993
Investing activities:		
Acquisition of property, plant and equipment	(1,181)	(1,252)
Proceeds from sale of property, plant and equipment	10	86
Acquisition of intangibles	(253)	-
Other assets	(205)	(518)
Divesture of plants in the USA	-	455
Interest collected	60	68
Net cash flows used in investing activities	(1,569)	(1,161)
Financing activities:		
Proceeds from long-term debt	869	87
Payment of long-term debt	(3,448)	(367)
Interest paid	(390)	(704)
Payments of interest rate swaps	(227)	(290)
Repurchase of share	-	11
Interest rate swaps collected	380	399
Net cash flows used in financing activities	(2,816)	(864)
Adjustments to cash flows due to exchange rate fluctuations and inflationary effects	(154)	(477)
Net increase in cash and cash equivalents	1,075	491
Cash and cash equivalents at the beginning of the period	2,504	4,279
Cash and cash equivalents at the end of the period	$ 3,579	$ 4,770

See accompanying notes to unaudited condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

For the three months ended March 31, 2014 and 2013
(In millions of Mexican pesos, unless otherwise stated)

1. The Entity

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries (the "Entity") is engaged in the manufacture, distribution and sale of bread; as well as in the manufacture, distribution and sale of, cookies, cakes, candies, chocolates, snacks, tortillas and processed foods.

The Entity operates in the following geographical areas: Mexico, the United States of America ("USA"), Central and South America ("OLA"), Europe ("Iberia") and China. Due to its minimal significance, the financial information of China is aggregated with Mexico in the disclosures that follow.

Corporate offices are based in 1000 Prolongación Paseo de la Reforma, Colonia Peña Blanca Santa Fé, Álvaro Obregón, Zip code 01210, Distrito Federal, Mexico.

2. Basis of presentation

Interim financial statements - The accompanying condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") No. 34, Interim Financial Reporting. Grupo Bimbo, S. A. B. de C. V. and Subsidiaries (the "Entity") has included all adjustments (consisting mainly of ordinary, recurring adjustments) considered necessary for the fair presentation of the accompanying condensed consolidated interim financial statements in accordance with IAS 34. The results of operations for the periods presented are not necessarily indicative of results for the full year.

These unaudited condensed consolidated interim financial statements do not include all of the information required in full annual financial statements, and therefore should be read in conjunction with the audited consolidated financial statements of the Entity and their respective notes as of and for the year ended December 31, 2013.

The accounting policies and methods of computation are consistent with the audited consolidated financial statements for the year ended December 31, 2013.

Basis of consolidation - The consolidated financial statements incorporate the financial statements of Grupo Bimbo, S. A. B. de C. V. and the subsidiaries over which it exercises control, including structured entities ("SE"). The most significant subsidiaries are shown below:

Subsidiary	% of ownership	Country	Main activity
Bimbo, S. A. de C. V.	97	Mexico	Baking
Bimbo Bakeries USA, Inc.	100	United States	Baking
Barcel, S. A. de C. V.	97	Mexico	Sweets and snacks
Bimbo do Brasil, Ltda.	100	Brazil	Baking
Bimbo, S.A.U. ("Iberia")	100	Spain and Portugal	Baking

Balances and transactions between consolidated entities have been eliminated in these consolidated financial statements.

3. Significant events in the three months ended March 31, 2014

On February 12, 2014, the Entity announced that it has reached an agreement to acquire, for 1,830 million Canadian dollars, 100% of the shares of Canada Bread Company, Limited ("Canada Bread"), a Canadian public company listed on the Toronto Stock Exchange.

Canada Bread is one of the leading companies in the production and sale of bakery products, including bread, buns, bagels, muffins and tortillas in Canada, frozen bread North America, and specialized bakery products in the UK. This acquisition forms part of the growth strategy of Grupo Bimbo and its entrance into the Canadian market.

Canada Bread operates through major supermarkets and institutional channels in Canada and is recognized for its strong market position in all baking categories, as well as for its recognized brands including Dempster 's ®, POM ®, Villaggio ®, Ben's ® and McGAVIN MATIN BON 'S ®. It employs about 5,400 employees, operates 25 plants in Canada, the United States of America and the United Kingdom and has the largest direct distribution network in Canada, comprising more than 41,000 points of sale.

Canada Bread generated annual sales of $1,454 billion Canadian dollars and adjusted EBITDA (as defined by Canada Bread) of $176 million Canadian dollars during the year ended December 31, 2013.

4. Significant accounting policies

As mentioned in Note 1, the Entity has applied the same accounting policies in the preparation of these statements than those applied when preparing those for the year ended December 31, 2013, except for the adoption of the following new standards.

a. ***Revised International Financial Reporting Standards adopted in the period -***

In the current year, the Entity has applied a number of revised International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after January 1, 2014.

Amendments to IAS 32 Financial Instruments: Presentation

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and ‘simultaneous realization and settlement’.

Amendments to IAS 36 - Impairment of Assets

Amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

Amendments to IAS 39 - Financial Instruments

Clarifies that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

There were no significant impacts from the adoption of these standards in the accompanying condensed consolidated financial statements.

b. ***Revised IFRSs in issue but not yet effective***

The Entity has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IAS 19 Employee benefits,

Clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in those contributions, can, but are not required, to be recognized as a reduction in the service cost in the period in which the related service is rendered.

Annual improvements 2010 – 2012 Cycle - Which made amendments to the following: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 24, IAS 16 and IAS 38.

Amendment to IFRS 2 amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition. Changes to IFRS 3 Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date. IFRS 8 **r**equires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

Amendment to IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only). IAS 16 and IAS 38 clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount. Lastly, the amendments to IAS 24 clarify how payments to entities providing management services are to be disclosed

Annual improvements 2011 - 2013 Cycle - Which made amendments to the following: IFRS 3, IFRS 13 and IAS 40.

Amendments clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. IFRS 13 clarify the scope of the portfolio exception in paragraph 52, while the amendments in IAS 40 clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

Amendments to IFRS 11 Joint arrangements

Requires an acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 and disclose the information required by IFRS 3 and other IFRSs for business combinations.

Amendments to IAS 16 Property, Plant and equipment and IAS 38 Intangible assets

Clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. Introduces a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. Adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The Entity’s management does not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Entity’s consolidated financial statements.

5. Accounts and notes receivable

	March 31, 2014	December 31, 2013
Trade receivables	$ 11,842	$ 11,459
Allowance for doubtful accounts	(503)	(496)
	11,339	10,963
Notes receivable	127	232
Notes receivable from independent operators	516	513
Income, value - added and other recoverable taxes	3,307	3,185
Other receivables	650	955
	$ 15,939	$ 15,848

The average credit terms on sales of goods within Mexico is 30 days, within the USA is 60 days and within OLA, which includes the countries of Central and South America, is 30 days. Amounts past due but not impaired (reserved) are not significant as of the dates of the consolidated statement of financial position. Amounts past due over 90 days and 180 days, are reserved at a rate of 75% and 100%, respectively.

6. Inventories

	March 31, 2014	December 31, 2013
Finished products	$ 1,595	$ 1,677
Orders in-process	142	138
Raw materials, containers and wrapping	1,954	2,482
Other	-	3
Allowance for slow-moving inventories	(18)	(44)
	3,673	4,256
Raw materials in-transit	232	473
	$ 3,905	$ 4,729

7. Property, plant and equipment

Reconciliation of beginning and ending carrying values at March 31, 2014 and 2013 is as follows:

	Balances as of January 1, 2014	Additions	Additions from business acquisitions	Translation effect	Retirements	Revaluation for inflation	Balance as of March 31, 2014
Investment:							
Building	$ 14,273	$ 427	$ -	$ (15)	$ (77)	$ 44	$ 14,652
Industrial machinery and equipment	39,772	937	-	(93)	(781)	46	39,881
Vehicles	11,291	206	-	(15)	(89)	6	11,399
Office furniture	544	181	-	(2)	(117)	-	606
Computer equipment	3,159	78	-	(4)	(43)	-	3,190
Total investments	69,039	1,829	-	(129)	(1,107)	96	69,728
Depreciation:							
Building	(6,519)	(199)	-	4	73	(21)	(6,662)
Industrial machinery and equipment	(21,073)	(851)	-	50	484	(28)	(21,418)
Vehicles	(5,198)	(128)	-	5	75	(5)	(5,251)
Office furniture	(456)	(4)	-	1	112	-	(347)
Computer equipment	(2,344)	(88)	-	4	35	-	(2,393)
Total accumulated depreciation	(35,590)	(1,270)	-	64	779	(54)	(36,071)
	33,449	559	-	(65)	(328)	42	33,657
Land	5,280	2	-	(22)	(9)	6	5,257
Projects-in-progress and machinery in transit	4,008	-	-	(31)	(650)	-	3,327
Reclassified as assets available for sale	(54)	-	-	(1)	-	-	(55)
Net investment	$ 42,683	$ 561	$ -	$ (119)	$ (987)	$ 48	$ 42,186

	Balances as of January 1, 2013	Additions	Additions from business acquisitions	Translation effect	Retirements	Revaluation for inflation	Balance as of December 31, 2013
Investment:							
Building	$ 13,044	$ 1,759	$	$ (641)	$ (165)	$ 214	$ 14,273
Industrial machinery and equipment	38,910	3,078	9	(1,092)	(1,424)	209	39,772
Vehicles	11,324	581	-	(81)	(559)	26	11,291
Office furniture	534	53	-	(12)	(31)	-	544
Computer equipment	2,824	431		(51)	(46)	-	3,159
Total investments	66,636	5,902	1	(1,877)	(2,225)	449	69,039
Depreciation:							
Building	(6,009)	(793)	-	285	113	(115)	(6,519)
Industrial machinery and equipment	(19,672)	(3,115)	-	561	1,297	(144)	(21,073)
Vehicles	(5,119)	(489)	-	67	367	(24)	(5,198)
Office furniture	(339)	(155)	-	7	31	-	(456)
Computer equipment	(2,071)	(347)	-	28	46	-	(2,344)
Total accumulated depreciation	(33,210)	(4,899)	-	948	1,854	(283)	(35,590)
	33,426	1,003	1	(929)	(371)	166	33,449
Land	4,395	1,054	3	(129)	(100)	29	5,280
Projects-in-progress and machinery in transit	4,350	1,599	-	(152)	(1,789)	-	4,008
Reclassified as assets available for sale	(160)	-	-	-	106	-	(54)
Net investment	$ 42,011	$ 3,656	$ 1	$ (1,210)	$ (2,154)	$ 195	$ 42,683

The depreciation expense in the three months ended March 31, 2014 and 2013 was $1,270 and $1,160, respectively.

8. Intangible assets

Cost

	Brands	Use and distribution rights	Clients relationships	Licenses and software	Non-compete agreements	Others	Assets held for sale	Total
Balances at beginning of 2013	$ 20,047	$ 2,428	$ 5,629	$ 333	$ 23	$ 34	$ (505)	$ 27,989
Additions	510	11	-	1	69	-	-	591
Structured entities	-	58	-	-	-	-	-	58
Disposals	(460)	-	-	-	-	-	455	(5)
Effect of exchange rate differences on foreign currency	42	17	35	2	-	-	50	146
Balances as of December 31, 2013	20,139	2,514	5,664	336	92	34	-	28,779
Additions	-	-	-	-	-	-	-	-
Structured entities	-	253	-	-	-	-	-	253
Disposals	-	-	-	-	-	-	-	-
Effect of exchange rate differences on foreign currency	8	3	4	-	-	-	-	15
Balances as of March 31, 2014	$ 20,147	$ 2,770	$ 5,668	$ 336	$ 92	$ 34	$ -	$ 29,047

Accumulated amortization and impairment

	Brands	Use and distribution rights	Clients relationships	Licenses and software	Non-compete agreements	Others	Assets held for sale	Total
Balances at beginning of 2013	$ (63)	$ (99)	$ (958)	$ (144)	$ (15)	$ (20)	$ -	$ (1,299)
Amortization expenses	-	-	(304)	(33)	(5)	(6)	-	(348)
Impairment	(55)	(95)	-	-	-	-	-	(150)
Effect of exchange rate differences on foreign currency	-	-	(5)	-	-	-	-	(5)
Balances as of December 31, 2013	$ (118)	$ (194)	$ (1,267)	$ (177)	$ (20)	$ (26)	$ -	$ (1,802)
Amortization expenses	-	-	(72)	(8)	-	-	-	(80)
Impairment	-	(28)	(2)	-	-	-	-	(30)
Effect of exchange rate differences on foreign currency	-	-	-	-	-	-	-	-
Balances as of March 31, 2014	$ (118)	$ (222)	$ (1,341)	$ (185)	$ (20)	$ (26)	$ -	$ (1,912)
Net balances as of December 31, 2013	$ 20,021	$ 2,320	$ 4,397	$ 159	$ 72	$ 8	$ -	$ 26,977
Net balances as of March 31, 2014	$ 20,029	$ 2,548	$ 4,327j	$ 151	$ 72	$ 8	$ -	$ 27,135

The amortization expense in the three months ended March 31, 2014 and 2013 was $80 and $77, respectively.

9. Long-term debt

	Fair Value	March 31, 2014	December 31, 2013
International bonds - On January 25, 2012, the Entity issued a bond under U.S. Securities and Exchange Commission ("SEC") Rule 144 A Regulation S for US$800 million maturing on January 25, 2022. Such bond pays a fixed interest rate of 4.50%, with semiannual payments. The proceeds from this issuance were used to the refinance the Entity's debt.	$ 10,789	$ 10,467	$ 10,461
On June 30, 2010, the Entity issued a bond under U.S. SEC Rule 144 A Regulation S for US$800 million maturing on January 30, 2020. Such bond pays a fixed interest rate of 4.875% with semiannual payments. The proceeds from this issuance were used to the refinance the Entity's debt, extending the maturity date.	11,138	10,467	10,461
Local bonds - As of March 31, 2014 and December 31, 2013, the Entity holds the following local bonds due as follows:			
Bimbo 12- Issued on February 10, 2012, maturing in August 2018, with a fixed interest rate of 6.83%	5,137	5,000	5,000
In 2009 the Entity completed the following issuances of local bonds, payables at maturity. The proceeds were used to restructure its debt, originally contracted for the acquisition of Bimbo Foods, Inc. ("BFI"):	-	-	-
Bimbo 09- Issued June 15, 2009, maturing in June 2014, with interest at the 28–day Interbank Equilibrium rate ("TIIE") plus 1.55%	5,049	5,000	5,000
Bimbo 09-2- Issued June 15, 2009, maturing in June 2016, with a fixed interest rate of 10.60%	2,243	2,000	2,000
Bimbo 09U- Issued June 15, 2009 in the amount of 706,302,200 UDIs, maturing in June 2016, with a fixed interest rate of 6.05%. The UDI value at March 31, 2014 and December 31, 2013 was $5.15 and $5.058, Mexican pesos per UDI, respectively.	3,929	3,634	3,573
Syndicated bank loan 2011 - On April 26, 2011, the Entity entered into a long–term bank loan in the amount of the equivalent of US$1,300 million, in which Bank of America, N. A., as lead administrative agent, and a bank syndicate, comprised of ten institutions as of the date of the accompanying consolidated financial statements, participate. This bank loan is amortized on a semiannual basis from October 2014 to April 20, 2016. The Entity pays interest at London Interbank Offered Rate ("LIBOR") plus 1.10%. The proceeds obtained from this financing were used to refinance existing obligations of the Entity contracted during the acquisition of Weston in 2009 and to partially pay for the acquisition of Sara Lee. In December 2013 the Entity prepaid US$145 million, using the proceeds from its operations. During 2014, the Entity prepaid the remaining balance of this loan.	-	-	693
Secured working capital loans - Between December 27 and 31, 2013, the Entity entered into three short-term, secured loans with three credit institutions, for $350, $1,500 and $2,500 million. At December 31, 2013, the Entity had prepaid the full amount of the first two loans and $600 million of the third loan. During 2014, the Entity prepaid the remaining balance of this loan.	-	-	1,900
Others - Certain subsidiaries have entered into other direct loans to meet their working capital needs, maturing from 2014 to 2017, at various interest rates.	1,523	1,523	1,501
	39,808	38,091	40,589
Less – Current portion of long–term debt	(5,995)	(5,946)	(7,997)
Less – Debt issuance costs	(240)	(240)	(260)
Long–term debt	$ 33,573	$ 31,905	$ 32,332

At March 31, 2014, long–term debt matures as follows:

Year		Amount
2015	$	50
2016		5,874
2017		34
2018		5,253
2019 and thereafter		20,694
	$	31,905

International and local bonds are guaranteed by the principal subsidiaries of Grupo Bimbo. At March 31, 2014 the Entity has complied with all the obligations, including financial ratios established in the loan agreements.

10. Financial instruments

10.1 Categories of financial instruments as of March 31, 2014 and December 31, 2013:

		March 31, 2014		December 31, 2013
ASSETS				
Current assets:				
Cash and cash equivalents	$	3,579	$	2,504
Accounts and note receivables, net		15,939		15,848
Derivative financial instruments		475		38
Guarantee deposits for derivative financial instruments		-		659
Total current assets		19,993		19,049
Non-current assets:				
Notes receivable from independent operators		1,434		1,560
Derivative financial instruments		774		695
Total financial assets	$	22,201	$	21,304
LIABILITIES				
Current liabilities:				
Current portion of long-term debt	$	5,946	$	7,997
Trade accounts payable		9,077		9,698
Other accounts payable and accrued liabilities		13,048		10,779
Due to related parties		353		523
Derivative financial instruments		845		1,033
Total current liabilities		29,269		30,030
Long-term debt (bank loans)		-		1,097
Bonds		31,905		31,235
Derivative financial instruments		222		236
Total financial liabilities	$	61,396	$	62,598

10.2 Risk management

During the normal course of its operations, the Entity is exposed to risks inherent with variables related to financing as well as variations in the prices of some of its raw materials that are traded in international markets. The Entity has established an orderly risk management process that relies on internal bodies that assess the nature and extent of those risks.

Main financial risks the Entity is exposed to are:

- Market risk
- Interest rate risk
- Foreign currency risk
- Price risk
- Liquidity risk
- Credit risk
- Capital risk

The Entity's Corporate Treasury is responsible for managing the risks associated with interest rate, foreign currency, liquidity and credit risk that result from the ordinary course of business. Meanwhile, the Market Risk Subcommittee for commodities is responsible for risk management of purchase prices of commodities and reviews the consistency of Entity´s open positions in the futures markets with the Entity's corporate risk strategy. Both functions report their activities to the Risk Management Department. The main objectives of the Risk Management Department are as follows:

- Identify, evaluate and monitor external and internal risks that could significantly impact the Entity;
- Prioritize risks;
- Secure the assignment and monitoring of risk;
- Validate the functions and/or those responsible for risk management;
- Validate the progress in each of the prioritized risks; and
- Recommend future action to take.

Given that the variables the Entity is exposed are dynamic in behavior, hedging strategies are evaluated and monitored formally on an ongoing basis. Additionally, such strategies are reported to the relevant governing body within the Entity. The primary purpose of hedging strategies is to achieve a neutral and balanced position in relation to the exposure created by certain financial variables.

10.2.1 Market risks

The Entity is exposed to the financial risks associated with fluctuations in foreign currency and interest rates, which are managed by Corporate Treasury. The Entity is also exposed to price risk related to certain commodities purchased in its operation, which is managed by commodities subcommittees. The Entity occasionally uses derivative financial instruments to mitigate the potential impact of fluctuations in these variables and prices on its results. The Entity considers that the derivative financial instruments it enters into provide flexibility that allows for greater financial stability, better earnings visibility and certainty regarding costs and expenses to be paid in the future.

The Entity determines the amounts and objective parameters of the primary positions for which the derivative financial instruments are entered into, with the objective of minimizing one or more of the risk exposures in a transaction or group of transactions associated with the primary position.

The Entity only enters into derivative financial instrument contracts with recognized financial institutions of well-known solvency and within the limits set for each institution.

The principal types of derivative financial instruments used by the Entity are:

a) Contracts that establish a mutual obligation to exchange cash flows on specific future dates, at the nominal or reference value (swaps):

1. Interest rate swaps to balance the mix of fixed and variable interest rates used for financial liabilities.
2. Cross currency swaps, to change the currency in which both the principal and interest of a financial liability are expressed.

b) Foreign currency exchange forwards;
c) Foreign currency exchange calls;
d) Commodity futures; and
e) Options on commodities futures.

Market risk exposure is monitored and reported on an ongoing basis to the responsible governing area within the Entity.

The Entity has established a policy that derivative financial instruments are entered into exclusively to hedge a risk. Accordingly, in order to enter into a derivative financial instrument contract, it must necessarily be associated with a primary position that exposes the Entity to a specific risk. Consequently, the notional amounts of the Entity's derivative financial instruments will be consistent with the amounts of the primary positions that are being hedged. The Entity does not enter into derivative financial instruments for speculative purposes. If the Entity decides to enter into a hedging strategy whereby options are combined, the net premiums paid/collected must represent a cash outflow, meaning the Entity should not enter into derivative financial instrument transactions for speculative purposes.

Derivative financial instruments are comprised as follows:

	March 31, 2014	December 31, 2013
Assets:		
Current -		
Forwards	$ 16	$ 9
Futures contracts:		
Fair value of wheat, corn and soybean oil	444	-
Subject raw forwards	1	-
Fair value of natural gas and diesel	14	29
Total asset derivatives - current	$ 475	$ 38
Long-term swaps	$ 774	$ 695
Liabilities:		
Current -		
Swaps	$ (574)	$ (615)
Forwards	(14)	(3)
Guarantee deposits	(257)	-
Futures contracts:		
Fair value of wheat, corn, and soybean oil	-	(415)
Total derivatives liabilities current	$ (845)	$ (1,033)
Total derivatives liabilities - long- term (Swaps)	$ (222)	$ (236)

	March 31, 2014	December 31, 2013
Stockholders' equity:		
Fair value of financial instruments designated as cash flow hedges, net of accrued interest	$ 565	$ (317)
Closed contracts for unused futures	(8)	(43)
	557	(360)
Deferred income tax, net	(190)	126
Accumulated other comprehensive income related to derivative financial instruments	$ 367	$ (234)

10.2.2 Interest rate risk management

The Entity is exposed to interest rate risk, mainly with respect to its financial liabilities. The risk is managed through an adequate mix of fixed and variable rates, which on occasion, is achieved by entering into derivative financial instruments, such as interest rate swaps, which are accounted for as hedging instruments when they comply with the all criteria to be classified as such.

Management considers that its interest rate risk related to its financial assets is limited as their maturities are generally current.

10.2.3 Foreign currency risk management

The Entity undertakes transactions denominated in a variety of foreign currencies and presents its consolidated financial statements in Mexican pesos; it also has investments in foreign operations whose currencies differ from the Mexican peso. Accordingly, it is exposed to foreign currency risk (i.e., the forecasted purchase of inputs, contracts and monetary assets and liabilities) and foreign currency translation risk (i.e. net investments is foreign subsidiaries). The main risk is with respect to the parity of Mexican pesos to US dollars.

Also, to hedge Corporate Treasury´s future needs of Canadian dollars to cover the acquisition of Canada Bread, the Entity maintain as of March 31, 2014 a portfolio of forwards that result in a long position for a total of 378 million of Canadian dollars, at an average exchange rate of $1.1188 Canadian dollar per USD.

Valuation techniques and assumptions applied for the purposes of measuring fair value

<u>The fair value of financial assets and liabilities is determined as follows:</u>

The fair values of financial assets and financial liabilities with standard terms and conditions which are traded on active, liquid markets are determined with reference to their quoted market prices, hence are considered Level 1, based on the hierarchy described below.

The fair value of other financial assets and liabilities are determined in accordance with accepted pricing models, generally based on discounted cash flow analysis.

In particular, the fair value of loans from financial institutions is determined using the income approach, discounting the contractual cash flows of these liabilities at current rates estimated by the Entity. Such current rates are determined through quotations obtained from a variety of counterparties. The rates used were 1.45% for loans denominated in U.S. dollars. This valuation is considered Level 3, based on the hierarchy described below. The carrying value of financial assets and liabilities does not vary significantly from their fair value, which is presented in Note 10 only for comparative purposes.

The fair value of market long-term debt, such as bonds, was determined based on the prices provided by Valuación Operativa y Referencias de Mercado S. A. de C. V. ("VALMER") which is an entity supervised by the Mexican National Securities and Banking Commission (*Comisión Nacional Bancaria y de Valores*), that provides prices for financial instruments. Such valuation is considered as Level 1, according to the hierarchy described in the following section.

Derivative financial instruments contracted by the Entity are recorded at fair value; they are considered Level 1 and Level 2, according to the hierarchy described in the following section.

As of March 31, 2014 and 2013, the carrying value of other financial assets and liabilities does not vary significantly from their fair value.

Fair value hierarchy

The amount of assets and liabilities in the consolidated statements of financial position, measured at fair value, are grouped into one of the following three hierarchy levels. Categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurement are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

10.2.4 Liquidity risk management

Corporate treasury is responsible for managing liquidity risk. Risk management allows the Entity to determine its short-, medium- and long-term cash flow needs, while seeking financial flexibility. The Entity maintains sufficient liquidity through an orderly management of its resources and ongoing monitoring of cash flows, as well as maintaining a variety of credit lines (some of them committed) with bank institutions and proper management of working capital. These actions ensure the payment of future obligations. The Entity believes that due to the nature of its business, liquidity risk is low.

Obligations resulting from financial instruments and debt amortization are as follows:

	X<1 year	1 year <X<3 years	3 years<X<5 years	X>5years
Debt	$ (6,840)	$ (9,317)	$ (7,644)	$ (25,152)
Derivative instruments	(797)	795	(342)	-
Total	$ (7,637)	$ (8,522)	$ (7,986)	$ (25,152)

10.2.5 Equity structure management

The Entity maintains a healthy relation between debt and equity, to maximize the shareholders' return.

The leverage ratio at the end of each period is as follows:

	March 31, 2014	December 31, 2013
Debt (i)	$ 37,851	$ 40,329
Cash and cash equivalents	3,579	2,504
Net debt	34,272	37,825
Stockholders' equity	48,774	47,783
Net debt to stockholders' equity	0.70 times	0.79 times

(i) Debt is comprised of bank loans and short- and long-term bonds.

11. Employee benefits and workers´ compensation

Net projected liabilities of employee and welfare benefits plans and workers' compensation, by geographical area, are as follows:

	March 31, 2014	December 31, 2013
Mexico:		
Retirement benefits in México	$ 1,724	$ 1,577
USA:		
Retirement and post-retirement benefits	3,994	4,173
Workers' compensation	1,803	2,399
MEPP	9,152	9,081
Total USA	14,949	15,653
Retirement benefits in OLA	131	169
Total net liability	$ 16,804	$ 17,399

12. Stockholders' equity

At March 31, 2014, stockholders' equity consists of the following:

	Number of shares	Historical value	Restatement / translation effect	Total
Fixed capital series "A"	4,703,200,000	$ 1,901	$ 2,326	$ 4,227
Reserve for repurchase of shares		758	159	917
Retained earnings		32,317	11,300	43,617
Consolidated net income		513	-	513
Accumulated translation effect of foreign subsidiaries		-	(4,247)	(4,247)
Accumulated effect of employee benefits		1,067	-	1,067
Unrealized gain on cash flow hedges		367	-	367
Non-controlling interest in consolidated subsidiaries		2,180	133	2,313
Total		$ 39,103	$ 9,671	$ 48,774

Capital stock is fully subscribed and paid–in and represents fixed capital. Variable capital cannot exceed 10 times the amount of minimum fixed capital without right of withdrawal and must be represented by Series "B", ordinary, nominative, no–par shares and/or limited voting, nominative, no–par shares of the Series to be named when they are issued. Limited voting shares cannot represent more than 25% of non–voting capital stock.

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognized and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Entity's accounting policy.

During the three months ended March 31, 2014 and 2013, the Entity reclassified from other comprehensive income into profit or loss $(6) and $(70), and the tax impact was $2 and $20, respectively.

13. Transactions and balances with related parties

Transactions and balances with related parties have not changed substantially from those carried out during the year ended December 31, 2013.

14. Income taxes

Income taxes in México -

The Entity is subject to ISR and through December 31, 2013, to ISR and IETU. The current income tax is the greater of ISR and IETU up to 2013.

ISR - The rate was 30% in 2013 and 2012 and as a result of the new 2014 ISR law (2014Tax Law), the rate will continue at 30% in 2014 and thereafter.

IETU - IETU was eliminated as of 2014; therefore, up to December 31, 2013, this tax was incurred both on revenues and deductions and certain tax credits based on cash flows from each year. The respective rate was 17.5%.

On October 31, 2013, an economic package for the 2014 fiscal year was approved by the Federal Congress. The economic package was accompanied by a number of tax reform proposals. Such proposals, known as “Fiscal Reform” (“Reforma fiscal”) was published on December 11, 2013. The most significant modifications of the Fiscal Reform affecting the main subsidiaries of Grupo Bimbo operating in Mexico are the following:

- A 8% Special tax on Production and Services on processed foods with a caloric density of 275 kilocalories or more per each 100 grams. Among others, the products included are snacks, confectionery, chocolate, and other cocoa products, custard puddings, sweets, peanut and hazelnut cream, milk sweets, prepared foods from cereals, ice cream, and popsicles.

- Regarding remuneration payments to employees that are partially exempt, only 47% considered as exempt for the employee -for social welfare items, saving funds, final payment to employees, annual bonuses and overtime- are now deductible. Also, only 47% of contributions made to pension funds, pensions, and “seniority premiums” are now deductible.

- 16% Value Added Tax rate (instead of 11%) on all Mexican border areas.

- An additional 10% corporate income tax on dividends distributed or profits paid by Mexican legal entities and Mexican permanent establishments to shareholders or to a corporate head office. If the dividend is paid by an Entity, the additional 10% tax is to be imposed as a withholding tax, with the tax being assessed on the recipient of the income (Mexican individuals and foreign residents).

In contrast, IETU (Mexico’s flat business tax) was repealed.

Details of provisions, effective tax rate and deferred effects

a. Income tax in profit and loss:

	March 31, 2014	December 31, 2013
Income tax:		
Current	$ 651	$ 2,717
Deferred	(292)	462
	359	3,179
IETU:		
Current	-	(2)
Deferred	-	(299)
	-	(301)
	$ 359	$ 2,878

b. The effective ISR for the three months ended March 31, 2014 and 2013 are 39% and 38%, respectively.

Some subsidiaries have incurred in tax losses, which have not been recognized by the Entity as they do not believe they will generate sufficient taxable income to recover such benefits. Such amounts were $6,737 and $7,097 as of March 31, 2014 and December 31, 2013, respectively.

The main items originating a deferred income tax asset as of March 31, 2014 and December 31, 2013 are:

	December 31, 2013	Effects through profit or loss	Effects through comprehensive income	Changes due to business acquisition	March 31, 2014
Allowance for doubtful accounts	$ (317)	$ (4)	$ -	$ -	$ (321)
Inventories and payments in advance	230	(92)	-	-	138
Property, plant and equipment	3,627	(211)	14	-	3,430
Intangible and other assets	5,493	11	-	-	5,504
Other reserves	(10,084)	(55)	-	-	(10,139)
Employee profit sharing	(246)	(47)	-	-	(293)
Tax loss carry forwards	(3,152)	104	-	-	(3,048)
Translation effect of hedge items	-	5	(5)	-	-
Other items	604	(3)	301	-	902
	$ (3,845)	$ (292)	$ 310	$ -	$ (3,827)

	December 31, 2012	Effects through profit or loss	Effects through comprehensive income	Changes due to business acquisition	December 31, 2013
Allowance for doubtful accounts	$ (300)	$ (17)	$ -	$ -	$ (317)
Inventories and payments in advance	(18)	248	-	-	230
Property, plant and equipment	3,207	317	-	103	3,627
Intangible and other assets	5,020	473	-	-	5,493
Other reserves	(10,480)	(315)	711	-	(10,084)
Employee profit sharing	(225)	(21)	-	-	(246)
Tax loss carry forwards	(2,767)	(385)	-	-	(3,152)
Translation effect of hedge items	-	115	(115)	-	-
Deferred IETU	299	(299)	-	-	-
Other items	592	50	(38)	-	604
	$ (4,672)	$ 166	$ 558	$ 103	$ (3,845)

The deferred income tax asset and liability have not been offset in the accompanying consolidated statements of financial position as they result from different taxable entities and tax authorities. Gross amounts are as follows:

	March 31, 2014	December 31, 2013
Deferred income tax asset	$ (5,260)	$ (5,399)
Deferred income tax liability	1,433	1,554
Total asset, net	$ (3,827)	$ (3,845)

c. As of March 31, 2014, tax loss carry forwards, pending amortization against future income taxes, expire as follows:

Years	Amount
2014	$ 98
2015	222
2016	313
2017	307
2018	169
2019 and thereafter	15,464
	16,573
Unrecognized tax losses	(6,737)
Total	$ 9,836

15. Costs and expenses by nature

Cost of sales and distribution, selling, administrative, and other general expenses presented on the consolidated statements of income, are comprised as follows:

	March 31, 2014	March 31, 2013
Cost of sales		
Raw materials and manufacturing expenses	$ 18,209	$ 18,693
Freight, fuel and maintenance	827	862
Depreciation	738	724
	$ 19,774	$ 20,279

	March 31, 2014	March 31, 2013
Distribution and selling, administrative and other expenses		
Wages and salaries	$ 8,919	$ 8,735
Depreciation	532	436
Freight, fuel and maintenance	723	642
Professional services and consulting	2,068	1,562
Advertising and promotional expenses	1,693	1,760
Integration costs	625	312
Other	6,102	5,742
	$ 20,662	$ 19,189

16. Commitments

Guarantees and/or guarantors

a. The Entity, along with certain subsidiary companies have issued letters of credit to guarantee certain commercial obligations and contingent risk related to workers' compensation of certain subsidiaries. The value of such letters of credit at March 31, 2014 and December 31, 2013 are US$220 million,.

b. The Entity entered into contracts, which requires it to acquire certain amounts of renewable energy for a 17-year period at a fixed price, that will be updated according to changes in the INPC factors for the first 15 years. Even though the contracts have derivative financial instruments characteristics, they fall within the exception of "own-use"; therefore, they are recognized in the financial statements as the consumption of energy occurs. The estimated commitment to purchase energy in 2014 amounts to $300, and is to be updated annually based on inflation, for the remaining 16 years of the contract.

Lease commitments

a. The total amount of future minimum lease commitments is as follows:

Years	Operating leases	Finance leases	Finance leases Non-controlling interest
2014	$ 1,439	$ 23	$ 205
2015	1,473	25	215
2016	1,179	19	175
2017	907	4	134
2018	694	-	100
2019 and thereafter	1,888	-	58
Total minimum lease payments	7,580	71	887
Amounts representing interest	-	(5)	(193)
Total	$ 7,580	$ 66	$ 694

17. Contingencies

Certain contingencies exist, of varying nature, that have arisen in the normal course of business of the Entity, for which management has evaluated the likelihood of loss as remote, probable or possible. Based on such evaluation, for those contingencies for which the Entity believes it is probable it will be required to use future resources to settle its obligation, the Entity has accrued the following amounts:

Type	Amount
Labor-related	$ 120
Tax-related	74
Civil-related	23
Other	9
Total	$ 226

Those contingencies for which management does not believe it is probable that it will be required to use future resources to settle its obligations and that are not expected to have a material adverse effect are not accrued until other information becomes available to support the recognition of a liability.

The Entity has restricted cash of $268 and pledged certain assets in Brazil amounting to an additional $13 million as a guarantee of certain tax contingencies, which are presented in other long–term assets.

Derived from the purchase of items of property, plant and equipment and intangible assets in Brazil concerning the Firenze brand, made in 2008, the Entity is subject to tax liens and presumed successor of companies involved in these actions. The court issued an injunction, ordering the restriction of the accounts receivable of the Entity from the sale of branded products "Firenze". The Entity continues to defend itself regarding this claim, which is expected to be resolved in the long-term. Due to the complexity of the dispute, the Entity has not been able to reasonably estimate its potential exposure for which reason it has not recognized a related liability.

18. Segment information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on four geographical zones: Mexico, USA, OLA and Iberia. Segment revenue is comprised of bread (for all segments) and confectionery (Mexico and USA) products.

The following is the presents the condense financial information by reportable segment based on the geographical areas in which the Entity operates for the three month period and year ended March 31, 2014 and 2013, and December 31, 2013:

	March 31, 2014					
	Mexico	USA	OLA	Iberia	Consolidation eliminations	Total
Net sales	$ 17,709	$ 18,415	$ 5,494	$ 1,451	$ (1,090)	$ 41,97
Operating income (loss) (*)	$ 1,575	$ 94	$ (53)	$ (74)	$ 1	$ 1,54
Depreciation and amortization	$ 445	$ 679	$ 199	$ 27	$ -	$ 1,35
Impairment and other non-cash	$ 51	$ 28	$ -	$ -	$ -	$ 7
EBITDA (*)	$ 2,071	$ 801	$ 146	$ (47)	$ 1	$ 2,97
Net income of controlling stockholders	$ 772	$ (186)	$ (107)	$ (30)	$ 64	$ 51
Interest income	$ 11	$ 78	$ 11	$ 90	$ (123)	$ 6
Interest expense	$ 594	$ 164	$ 83	$ 7	$ (96)	$ 75
Total assets	$ 42,647	$ 71,345	$ 17,724	$ 4,413	$ (1,780)	$ 134,34
Total liabilities	$ 51,731	$ 27,066	$ 5,684	$ 1,815	$ (721)	$ 85,57

	March 31, 2013					
	Mexico	USA	OLA	Iberia	Consolidation eliminations	Total
Net sales	$ 17,740	$ 18,216	$ 5,208	$ 1,219	$ (928)	$ 41,45
Operating income (loss) (*)	$ 1,635	$ 676	$ (236)	$ (98)	$ 10	$ 1,98
Depreciation and amortization	$ 436	$ 602	$ 176	$ 23	$ -	$ 1,23
Impairment and other non-cash	$ 1	$ -	$ -	$ -	$ -	$
EBITDA (*)	$ 2,072	$ 1,278	$ (60)	$ (75)	$ 10	$ 3,22
Net income of controlling stockholders	$ 779	$ 194	$ (342)	$ (81)	$ 20	$ 57
Interest income	$ 45	$ 108	$ 13	$ 1	$ (142)	$ 2
Interest expense	$ 525	$ 169	$ 99	$ 21	$ (100)	$ 71

	December 31, 2013					
	Mexico	USA	OLA	Iberia	Consolidation eliminations	Total
Total assets	$ 42,436	$ 71,790	$ 19,278	$ 3,103	$ (1,880)	$ 134,72
Total liabilities	$ 50,193	$ 27,551	$ 7,996	$ 2,035	$ (831)	$ 86,94

(*) Amount does not include intercompany royalties.

For the year ended December 31, 2013 the sales to its largest customer represented 14% of consolidated net sales of the Entity. The sales proportion for the three month period ended March 31, 2014 to its largest customer did not have a significant variation.

19. Events after the reporting period

On May 13, 2014, the Entity obtained the approval from the Canadian Minister of Industry to finalize the acquisition. The regulatory authorities in Canada and United States of America ultimately approved the acquisition on May 23, 2014, which is the acquisition date of the transaction.

To finance the transaction, Grupo Bimbo has used its own resources as well as borrowed funds available under existing lines of credit.

20. Financial statements issuance authorization

On May 28, 2014 the issuance of the accompanying consolidated financial statements was authorized by Lic. Daniel Servitje Montull, Chief Executive Officer, and the Board of Directors of the Entity. Consequently, they do not reflect events occurred after that date. These consolidated financial statements are subject to the Entity stockholders' approval at the General Stockholders' meeting, where they may be modified, based on provisions set forth by Mexican General Corporate Law.

* * * * * *

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Mexico City, Mexico

U.S.$800,000,000 3.875% Notes due 2024
U.S.$500,000,000 4.875% Notes due 2044

OFFERING MEMORANDUM

Joint Bookrunning and Joint Lead Managers

Citigroup	**HSBC**	**J.P. Morgan**	**Mitsubishi UFJ Securities**

June 25, 2014