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OFFERING CIRCULAR

US\$300,000,000



Gruma, S.A. de C.V.
7.75% Perpetual Bonds

We are offering US\$300,000,000 aggregate principal amount of our 7.75% Perpetual Bonds. The bonds will initially be sold to investors at a price equal to 100% of the principal amount thereof, plus accrued interest, if any, from December 3, 2004. Interest on the bonds will accrue at a rate of 7.75% per annum. We will pay interest on the bonds quarterly in arrears on March 3, June 3, September 3 and December 3 of each year, commencing on March 3, 2005.

The bonds are perpetual bonds with no fixed final maturity date and will be repaid only in the event that we repurchase the bonds or that there is a redemption or acceleration due to an event of default, as further described under "Description of Bonds." We may, at our option, redeem the bonds in whole but not in part at their principal amount plus accrued interest and Additional Amounts, if any, at any time on or after December 3, 2009, or at any time in the event of certain changes affecting Mexican taxes.

No public market currently exists for the bonds. We have made application to list the bonds on the Luxembourg Stock Exchange.

Investing in the bonds involves risks. See "Risk Factors" beginning on page 4 and "Annex A—Item 3. Key Information—Risk Factors" beginning on page A-8 for a discussion of certain information that you should consider before investing in the bonds.

The bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws. Accordingly, the bonds are being offered and sold in the United States only to qualified institutional buyers as defined under Rule 144A under the Securities Act, and outside the United States in accordance with Regulation S under the Securities Act. See "Transfer Restrictions" for a description of the restrictions on transfer of the bonds.

THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR IS EXCLUSIVELY THE RESPONSIBILITY OF GRUMA, S.A. DE C.V. AND HAS NOT BEEN REVIEWED OR APPROVED BY MEXICO'S *COMISIÓN NACIONAL BANCARIA Y DE VALORES* (THE NATIONAL BANKING AND SECURITIES COMMISSION, OR "CNBV"). THE REGISTRATION WITH THE *SECCIÓN ESPECIAL DEL REGISTRO NACIONAL DE VALORES* (THE SPECIAL SECTION OF THE NATIONAL REGISTRY OF SECURITIES, OR "RNV"), MAINTAINED BY THE CNBV, DOES NOT IMPLY A CERTIFICATION OF THE INVESTMENT QUALITY OF THE BONDS OR GRUMA, S.A. DE C.V.'S SOLVENCY. THE BONDS HAVE NOT BEEN REGISTERED WITH THE *SECCIÓN DE VALORES* (SECURITIES SECTION) OF THE RNV AND, THEREFORE, THE BONDS MAY NOT BE PUBLICLY OFFERED OR TRADED IN MÉXICO. THE ACQUISITION OF THE BONDS BY ANY INVESTOR OF MEXICAN NATIONALITY WILL BE MADE UNDER SUCH INVESTOR'S OWN RESPONSIBILITY.

Delivery of the bonds is expected to be made through the facilities of The Depository Trust Company, as depository, for the accounts of its participants including Euroclear Bank, S.A./N.V. and Clearstream Banking, *société anonyme*, against payment therefor on the closing date, which is expected to be on or about December 3, 2004.

Lead Manager and Sole Bookrunner

Merrill Lynch & Co.

Barclays Capital

ING Financial Markets

The date of this offering circular is November 30, 2004.

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You should rely only on the information contained in this offering circular. We have not authorized anyone to provide you with different information. We have not, and the Initial Purchasers (as defined herein) are not, making an offer of the bonds in any jurisdiction where an offer is not permitted. You should not assume that the information contained in this offering circular is accurate as of any date other than the date on the front cover of this offering circular.

This offering circular is highly confidential, and we have prepared it for use solely in connection with the proposed offering of the bonds. This offering circular is personal to the offeree to whom it has been delivered by the Initial Purchasers and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the bonds. Distribution of this offering circular to any person other than the offeree and those persons, if any, retained to advise that offeree with respect thereto is unauthorized, and any disclosure of any of its contents without our prior written consent is prohibited. Each offeree, by accepting delivery of this offering circular, agrees to the foregoing and agrees to make no photocopies of this offering circular.

The bonds are subject to restrictions on transferability and resale and may not be transferred or resold in the United States except as permitted under the Securities Act and applicable U.S. state securities laws pursuant to registration or exemption from them. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. In making an investment decision, investors must rely on their own examination of our business and the terms of this offering, including the merits and risks involved.

You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the bonds or possess or distribute this offering circular and must obtain any consent, approval or permission you require for your purchase, offer or sale of bonds under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we nor any Initial Purchaser will have any responsibility therefor.

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We and the Initial Purchasers reserve the right to reject any offer to purchase, in whole or in part, and for any reason, the bonds offered hereby. We and the Initial Purchasers reserve the right to sell less than all of the bonds offered hereby.

We have made application to register the bonds with the Special Section of the RNV maintained by the CNBV. Registration of the bonds in the Special Section of the RNV does not imply any certification as to the investment quality of the bonds, our solvency or the completeness of the information included in this offering circular. The bonds have not been registered in the Securities Section of the RNV and, therefore, may not be publicly offered or traded in México. The acquisition of the bonds by any investor of Mexican nationality will be made under such investor's own responsibility.

The bonds have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

In connection with this offering, Merrill Lynch, Pierce, Fenner & Smith Incorporated may over-allot or effect transactions with a view to supporting the market price of the bonds at a level higher than that which might otherwise prevail for a limited period after the issue date. However, Merrill Lynch, Pierce, Fenner & Smith Incorporated has no obligation to engage in these activities which, if commenced, can be discontinued at any time.

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.

WHERE YOU CAN FIND MORE INFORMATION

We file periodic reports with and furnish other information to the United States Securities and Exchange Commission (the "SEC"). These reports, including the attached exhibits, and any reports or other information filed by us are available at the SEC's public reference room in Washington, D.C. Copies of these SEC filings may also be obtained at prescribed rates by writing to the Public Reference Section of the SEC at Judiciary Plaza, 450 Fifth Street, N.W., Washington, DC 20549. You can call the SEC at 1-800-SEC-0330 for further information regarding the operation of the public reference rooms. In addition, our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. If the application for listing of the bonds on the Luxembourg Stock Exchange is approved, these documents will also be available without charge during normal business hours at the specified office of the Paying and Transfer Agent in Luxembourg.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

Our consolidated financial statements as of December 31, 2002 and 2003 and for each of the three years of the period ended December 31, 2003 (the "Financial Statements"), which have been audited by PricewaterhouseCoopers, our independent accountants, are included in Item 18 of our annual report on Form 20-F for the year ended December 31, 2003 (the "Form 20-F") included in this offering circular as Annex A. This offering circular also includes certain unaudited condensed consolidated financial information as of September 30, 2003 and 2004 and for the nine-month periods ended September 30, 2003 and 2004 (the "Unaudited Financial Information", and, together with the Financial Information, being sometimes herein referred to as "financial information"). You should read our Unaudited Financial Information in conjunction with our Financial Statements.

We publish our financial statements in Pesos and prepare our consolidated financial statements in accordance with accounting principles generally accepted in México ("Mexican GAAP"). Mexican GAAP differs in certain significant respects from accounting principles generally accepted in the United States of America ("U.S. GAAP"). See Note 20 to our Financial Statements in Annex A for information regarding certain principal differences between Mexican GAAP and U.S. GAAP and for a quantitative reconciliation of our year-ended consolidated net income and stockholders' equity to U.S. GAAP. We have not completed a reconciliation to U.S. GAAP of our Unaudited Financial Information or other financial information in this offering circular. We cannot assure you that a reconciliation would not identify material quantitative differences between our Unaudited Financial Information or other financial information as prepared on the basis of Mexican GAAP if such information were to be prepared on the basis of U.S. GAAP.

Pursuant to Mexican GAAP, except for information as of and for the nine-month periods ended September 30, 2003 and 2004 or as otherwise indicated, financial data for all periods included in this offering circular have been restated in constant Pesos (having the same purchase power for each period indicated taking into account inflation) as of December 31, 2003. Financial data for the nine-month periods ended September 30, 2003 and 2004 herein are restated in constant Pesos as of September 30, 2004, and therefore are not comparable to financial information restated in constant Pesos as of December 31, 2003. The restatement factor we use to restate information for December 31, 2003 constant currency to September 30, 2004 constant currency is 1.0139%. According to Banco de México, the *Indice Nacional de Precios al Consumidor* (the Mexican National Consumer Price Index, or the "NCPI") increased 3.37% during the period from December 31, 2003 through September 30, 2004.

We are required to determine our monetary position gain/loss to reflect the effect of inflation on our monetary assets and liabilities. We determine our net monetary position by subtracting our monetary liabilities from our monetary assets and then adjusting our net monetary position by the appropriate inflation rate for the period with the resulting monetary gain or loss reflected in earnings. In so doing, we can reflect the effect inflation is having on our monetary items.

We further restate our financial information as follows.

Pursuant to Bulletin B-15 of the Mexican Institute of Public Accountants ("MIPA"), we apply the actual inflation rate in the relevant country of each non-Mexican subsidiary and then translate the inflation-adjusted financial statements into Pesos. The figures for subsidiaries in México, Central America, Venezuela and U.S. are restated to period-end constant local currencies following the provisions of Bulletin B-10 and B-15, applying the general consumer price index from the country in which the subsidiary operates. Once figures are restated, they are converted to Mexican Pesos by applying the exchange rate in effect at the end of the period. For comparability purposes, the consolidated figures for prior periods have been restated in Mexican Pesos by utilizing an international

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weighted-average restatement factor described in Bulletin B-15, which considers the relative total net sales contribution by country, and the corresponding inflation and exchange-rate fluctuations for the period ended December 31, 2003 in the case of our Financial Statements and for the period ended September 30, 2004 in the case of our Unaudited Financial Information.

For the purposes of the quantitative reconciliation to U.S. GAAP, we have restated the data as of December 31, 2002 and for years ended December 31, 2001 and 2002 in Pesos of constant purchasing power as of December 31, 2003 using the NCPI rather than the international restatement factor in Bulletin B-15. For a more detailed discussion of Mexican GAAP inflation accounting methodologies, see “Annex A—Item 5. Operating and Financial Review and Prospects—Management’s Discussion and Analysis of Results of Operations—Overview of Accounting Presentation.” We have not reconciled our Unaudited Financial Information to U.S. GAAP.

Currency Information

Unless stated otherwise, references herein to “Pesos” or “Ps.” are to Pesos, the legal currency of México; references to “U.S. Dollars,” “Dollars,” “US\$” or “\$” are to United States Dollars, the legal currency of the United States.

This offering circular contains translations of certain Peso amounts into Dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Peso amounts actually represent such Dollar amounts or could be converted into Dollars at the rate indicated as of the dates mentioned herein or at any other rate. Except for information as of and for the nine month periods ended September 30, 2003 and 2004 or as otherwise indicated, Dollar amounts in this offering circular have been translated from Pesos at an exchange rate of Ps.11.24 to \$1.00 as published by Banco de México in the *Diario Oficial de la Federación* (the “Official Gazette”) on December 31, 2003. Dollar amounts translated from Pesos for September 30, 2004 are based on the rate published by Banco de México in the Official Gazette on September 30, 2004 of Ps.11.39 to \$1.00. See “Exchange Rates” and “Annex A—Item 3. Key Information—Exchange Rate Information” for information regarding the rates of exchange between the Peso and the Dollar for the periods specified therein.

Other Information

All references to “tons” herein refer to metric tons. One metric ton equals 2,204 pounds. Estimates of production capacity contained here assume operation of the relevant facilities on the basis of 24 hours a day, 360 days a year on three shifts and assume only regular intervals for required maintenance.

In this offering circular “Gruma,” “we,” “us” and “our company” refer to Gruma, S.A. de C.V. and its consolidated subsidiaries, unless the context otherwise requires or unless specified otherwise. References to the “Issuer” or the “Company” mean, unless the context otherwise requires, Gruma, S.A. de C.V.

Any statement contained in our Form 20-F, attached as Annex A, shall be deemed to be modified or superceded for purposes of this offering circular to the extent that any other statement contained herein modifies or supercedes such statement.

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FORWARD-LOOKING STATEMENTS

This offering circular includes “forward-looking statements” within the meaning of Section 27A of the Securities Act, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), including the statements about our plans, strategies and prospects. Some of these statements contain words such as “believe,” “expect,” “intend,” “anticipate,” “estimate,” “strategy,” “plans” and other similar words. Although we believe that our plans, intentions and expectations as reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that these plans, intentions or expectations will be achieved. Actual results could differ materially from the forward-looking statements as a result of risks, uncertainties and other factors, some of which are discussed in “Risk Factors.” Such risks, uncertainties and factors include, among others, general economic and business conditions, including changes in the Mexican Peso/U.S. dollar exchange rate, the Venezuelan bolivar/U.S. dollar exchange rate, and conditions that affect the price of corn and wheat; potential changes in demand for our products; price and product competition; and other factors discussed in this offering circular.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

We are a *sociedad anónima de capital variable* (a variable capital corporation) organized under the laws of México. Most of our directors and executive officers reside outside of the United States, and a significant portion of the assets of our directors and executive officers, and a significant portion of our assets, are located in México. As a result, you may experience difficulty in effecting service of process upon our company or our directors and executive officers in the United States, or, more generally, outside of México and in enforcing civil judgments of non-Mexican courts in México, including judgments predicated on civil liability under U.S. federal securities laws, against us, or our directors and executive officers. We have been advised by our Special Mexican Counsel, that there is doubt as to the enforceability in original actions in Mexican courts of liabilities predicated solely on the U.S. federal securities laws.

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SUMMARY OF TERMS AND CONDITIONS

This summary highlights information contained elsewhere in this offering circular and may not contain all of the information that may be important to you. This summary is qualified in its entirety by the more detailed information appearing elsewhere in this offering circular. Capitalized terms used herein and not defined have the meanings given to them in "Description of Bonds" or elsewhere in this offering circular.

Issuer	Gruma, S.A. de C.V.
Bonds	US\$300,000,000 aggregate principal amount of 7.75% Perpetual Bonds.
Issue Price	100% of the principal amount.
Interest Payment Dates	March 3, June 3, September 3 and December 3 of each year, commencing on March 3, 2005.
Maturity Date	The bonds are perpetual bonds with no fixed final maturity date and no sinking fund provisions.
Ranking	The bonds will be our senior unsecured obligations and will rank <i>pari passu</i> in priority of payment with our existing and future senior unsecured and unsubordinated indebtedness. The bonds will be senior to the Issuer's future subordinated indebtedness and will be junior to any secured indebtedness the Issuer may incur to the extent of the value of the collateral securing that indebtedness and to all existing and future liabilities, including trade payables, of the Issuer's subsidiaries. See "Description of Bonds—General" and "Risk Factors—Holding company structure and related risks."
Optional Redemption	We may, at our option, redeem the bonds in whole but not in part at the principal amount plus accrued interest and Additional Amounts, if any, at any time on or after December 3, 2009. See "Description of Bonds—Maturity, Optional Redemption and Tax Redemption."
Use of Proceeds	We intend to use the net proceeds of this offering to repurchase any and all of our US\$250 million 7.625% Notes Due 2007 (the "Notes") tendered pursuant to tender offer and to pay the tender premium, accrued and unpaid interest on such notes to the payment date and fees and expenses in connection therewith. The net proceeds not used to repurchase the Notes tendered will be used to repay amounts outstanding under the revolving credit portion of our US\$250 million senior credit facility (the "2004 Credit Facility"), with any remaining net proceeds to be used for

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Additional Amounts	<p>general corporate purposes. See “Use of Proceeds.”</p> <p>We will pay to the holder of any bond such “Additional Amounts” as may be necessary in order that every net payment made by us in respect of such bond, after deduction or withholding for or on account of any Mexican withholding taxes, will not be less than the amount then due and payable on such bonds, subject to certain exceptions. See “Description of Bonds—Additional Amounts.”</p>
Tax Redemption	<p>We may redeem the bonds at our option in whole but not in part at any time at their principal amount together, if applicable, with interest accrued in the event of certain changes affecting Mexican taxes. See “Description of Bonds—Maturity, Optional Redemption and Tax Redemption.”</p>
Certain Covenants	<p>The indenture relating to the bonds prohibits us from creating certain liens, entering into certain sale-leaseback transactions and from consolidating or merging with or transferring all or substantially all of our assets to another person. However, all of these limitations and restrictions are subject to a number of significant exceptions. See “Description of the Bonds—Covenants.”</p>
Events of Default	<p>For a discussion of certain events of default that will permit acceleration of the principal of the bonds plus accrued interest, Additional Amounts, if any, and any other amounts due in respect of the bonds, see “Description of Bonds—Events of Default.”</p>
Further Issuances	<p>We may from time to time, without notice to or consent of the holders of bonds, create and issue an unlimited principal amount of additional bonds of the same series as the bonds issued pursuant to this offering circular.</p>
Transfer Restrictions	<p>The bonds will not be registered under the Securities Act or any U.S. state securities laws and are subject to restrictions on transfer. See “Transfer Restrictions.”</p>
Book-Entry and Form	<p>The bonds will be issued in the form of one or more global bonds without coupons, registered in the name of a nominee of The Depository Trust Company (“DTC”), as depository, for the accounts of its participants including Euroclear Bank, S.A./N.V. (“Euroclear”) and Clearstream</p>

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	Banking, <i>société anonyme</i> (“Clearstream”). Bonds in definitive certificated form will not be issued in exchange for the global bonds except under limited circumstances. See “Description of Bonds—Form, Denomination and Title.”
Listing	We have made application to list the bonds on the Luxembourg Stock Exchange. See “General Information—Listing.”
Risk Factors	Investing in the bonds involves certain risks. See “Risk Factors” and “Annex A—Item 3. Key Information—Risk Factors.”
Governing Law	State of New York
Trustee, Registrar, Paying Agent and Transfer Agent	JPMorgan Chase Bank, N.A.
Luxembourg Paying Agent and Transfer Agent	J.P. Morgan Bank Luxembourg S.A.
Luxembourg Listing Agent	J.P. Morgan Bank Luxembourg S.A.

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RISK FACTORS

You should carefully consider the following discussion of risks, as well as the other information presented in this offering circular before investing in the bonds, including additional risks relating to our company outlined in “Annex A—Item 3. Key Information—Risk Factors” beginning on page A-8 therein. Additional risks that are presently unknown to us or that we currently deem immaterial may also impair our business.

Risks Related to the Bonds

The bonds have no maturity date or sinking fund provisions and are not redeemable at the option of the holder of bonds.

The bonds have no fixed final maturity date, no sinking fund provisions and are not redeemable at the option of holders of bonds. As a result, holders of the bonds will be entitled to receive a return of the principal amount of their investment only if we elect to redeem or repurchase the bonds or in the event of an acceleration due to an event of default.

Holding company structure and related risks.

The Issuer is principally a holding company with substantially all of its operating assets owned by its subsidiaries. Therefore, the bonds will be effectively subordinated to all existing and future liabilities, including trade payables, of our subsidiaries. In addition, the ability of the Issuer to service its debt, including the bonds, will depend upon its ability to receive dividends and other distributions from its subsidiaries. The Issuer’s ability to receive such dividends and distributions may be restricted by applicable law and contractual provisions.

In addition, the bonds are unsecured and will be effectively subordinated to all of the Issuer’s existing and future secured obligations to the extent of the collateral securing such obligations. As of September 30, 2004, we had approximately Ps.176.6 million (US\$15.5 million) of secured indebtedness on a consolidated basis.

There is no prior market for the bonds.

We have applied to list the bonds on the Luxembourg Stock Exchange in accordance with the rules and regulations of the Exchange although no assurance can be given that such application will be approved. In addition, we are not required to maintain this listing. The bonds are new securities with no established trading market and we cannot assure you that any market will develop, or, if it does develop, that it will continue to exist. If a market for the bonds were to develop, prevailing interest rates and general market conditions could affect the price of the bonds. This could cause the bonds to trade at prices that may be lower than their principal amount or their initial offering price. As a result, we cannot assure you as to the liquidity of any trading market for the bonds.

The bonds are subject to restrictions on resales and transfers.

The bonds have not been registered under the Securities Act or any 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 state securities laws. Such exemptions include 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.”

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Holder of bonds may find it difficult to collect payment on the bonds under certain circumstances.

Under México's *Ley de Concursos Mercantiles* (Mexican Bankruptcy Law), if we are declared bankrupt or become subject to a *concurso mercantil*, any outstanding amount of the bonds would (a) be converted into Pesos and then from Pesos into *Unidades de Inversión* ("UDIs") which is a Mexican inflation unit adjusted by the change in the NCPI, and would not be adjusted to take into account any devaluation of the Peso relative to the U.S. dollar occurring after such conversion, (b) be satisfied together with the claims of all of our unsecured creditors, (c) be subject to the outcome of, and priorities recognized in, the relevant proceedings and (d) cease to accrue interest.

In addition, under Mexican law it is possible that in the event we are declared bankrupt or become subject to *concurso mercantil*, any amount by which the stated principal amount of the bonds exceeds their accreted value, if any, may be regarded as not matured and, therefore, claims on the bonds may be allowed only to the extent of the accreted value of the bonds. There is no legal precedent in connection with bankruptcy or *concurso mercantil* in México on this point and, accordingly, uncertainty exists as to how a Mexican court would measure the claims of holders of the bonds in such circumstance.

Various provisions of Mexican law may make it difficult for holders of bonds to convert payments they receive in Pesos into U.S. dollars or may make it difficult for holders of bonds to recognize the full value of payments to them.

We are required to make payments of amounts owed on the bonds in U.S. dollars outside of México. However, under the *Ley Monetaria de los Estados Unidos Mexicanos* (the "Mexican Monetary Law") obligations to make payments in México in foreign currency, whether by agreement or upon enforcement of a judgment, may be discharged in Pesos at the exchange rate for Pesos prevailing at the time and place of payment or judgment. Accordingly, we will be legally entitled to make payment of amounts due on the bonds in Pesos if payment of the bonds is sought in México through the enforcement of a non-Mexican judgment or otherwise. If we elect to make payments due on the bonds in Pesos in accordance with the Mexican Monetary Law, we cannot assure you that the amounts paid may be converted by the payee into U.S. dollars or that, if converted, such amounts would be sufficient to purchase U.S. dollars equal to the amount of principal, interest or additional amounts due on the bonds. The Mexican government does not currently restrict or regulate the ability of persons or entities to convert Pesos into U.S. dollars. However, it has done so in the past and could do so again in the future. We cannot assure you that the Mexican government will not institute a restrictive foreign currency exchange control policy in the future.

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USE OF PROCEEDS

We expect the net proceeds of this offering will be approximately US\$293 million, after deducting the discounts and commissions to the Initial Purchasers and estimated offering expenses. We intend to use the net proceeds of this offering to repurchase any and all of our US\$250 million 7.625% Notes due October 15, 2007 tendered pursuant to a cash tender offer and to pay the tender premium, accrued and unpaid interest on such Notes to the payment date, and the related fees and expenses. On November 30, 2004, an aggregate principal amount of US\$198.8 million of the Notes had been tendered pursuant to the tender offer. See “Recent Developments—Debt Tender Offer.” While we believe that substantially all of the Notes that will be tendered prior to expiration of the tender offer were tendered by November 30, 2004, additional Notes may be tendered on or prior to the expiration of the tender offer which is anticipated to be on December 14, 2004. We expect we will purchase all Notes tendered pursuant to the terms of the tender offer. We will use the net proceeds not used to repurchase the Notes tendered to repay amounts outstanding under the revolving credit portion of our 2004 Credit Facility (which amounts can be reborrowed under the terms of that facility), with any remaining net proceeds to be used for general corporate purposes.

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CAPITALIZATION

The table below sets forth our capitalization (defined as total indebtedness plus stockholders' equity) as of September 30, 2004 and on an adjusted basis to give effect to US\$293 million of anticipated net proceeds from this offering of bonds and our application of the net proceeds in the manner described in "Use of Proceeds."

This table should be read together with our Financial Statements and our Unaudited Financial Information included elsewhere in this offering circular. Information in the following table is presented in constant Pesos as of September 30, 2004 and U.S. dollar amounts are translated at the rate of Ps.11.39 = US\$1.00, the rate in effect at September 30, 2004 as published by Banco de México on such date. Since the financial information in the following table is presented in constant Pesos as of September 30, 2004, this information is not directly comparable to the year-ended financial information elsewhere in this offering circular, which, unless otherwise indicated, is presented in constant Pesos as of December 31, 2003. See "Presentation of Financial and Other Information."

	As of September 30, 2004		
	Actual	As Adjusted for the Offering(1)	
		(Unaudited)	
	(Ps. Millions)	(Ps. Millions)	(US\$ Millions)
Cash and cash equivalents	600	600	53
Short-term debt	767	767	67
Long-term debt	5,271	5,627	494
7.75% Perpetual Bonds	—	3,417	300
7.625% Notes Due 2007	2,848	584	51
Syndicated loan facilities(2)	2,050	1,253	110
7.96% Senior Notes	182	182	16
Other	191	191	17
Total indebtedness	<u>6,038</u>	<u>6,394</u>	<u>561</u>
Total stockholders' equity	<u>13,229</u>	<u>13,229</u>	<u>1,161</u>
Total capitalization	<u>19,267</u>	<u>19,623</u>	<u>1,722</u>

- (1) For purposes of this table we assume that we will repurchase US\$198.8 million principal amount of the 7.625% Notes Due 2007 using US\$223 million of the proceeds of the offering. The US\$223 million use of proceeds includes an estimated US\$24.2 million in tender premium, accrued and unpaid interest, and other fees and expenses relating to the repurchase of US\$198.8 million principal amount of Notes. If we repurchase additional Notes we will be required to make additional payments. On November 30, 2004, an aggregate principal amount of US\$198.8 million of the Notes had been tendered pursuant to our cash tender offer for any and all of our outstanding US\$250 million aggregate principal amount of Notes. Additional Notes may be tendered on or prior to the expiration of the tender offer which is anticipated to be on December 14, 2004. We expect we will repurchase all Notes tendered pursuant to the terms of the tender offer. See "Recent Developments—Tender Offer." For purposes of this table we also assume that we will repay the US\$70 million outstanding under the revolving credit portion of our 2004 Senior Credit Facility.
- (2) On October 4, 2004 we obtained a US\$250 million senior credit facility. We used funds from this 2004 Credit Facility to refinance an outstanding balance of US\$230 million under our now-terminated US\$300 million syndicated loan facility. On September 30, 2004 we accounted for US\$50 million of the outstanding balance under the terminated facility as short-term indebtedness and US\$180 million as long-term indebtedness. There is currently US\$220 million outstanding under the 2004 Credit Facility, all of which is classified as long-term indebtedness. See "Recent Developments—Liquidity and Capital Resources."

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RECENT DEVELOPMENTS

You should read the following discussion of our recent results in conjunction with the Form 20-F included in Annex A of this offering circular, including “Item 5—Operating and Financial Review and Prospects” and the Financial Statements.

Results of Operations

The table below sets forth certain of our Unaudited Financial Information for the nine month periods ended September 30, 2003 and 2004, which have been prepared according to Mexican GAAP. For a discussion of the methodology we use in our presentation of this financial information, see “Presentation of Financial and Other Information.”

	Nine Months Ended September 30,		
	2003	2004	2004(1)
	(in millions of constant Pesos as of September 30, 2004)		(in millions of U.S. dollars)
Income Statement Data:			
Mexican GAAP:			
Net sales	17,118	18,548	1,628
Cost of sales	(10,920)	(11,877)	(1,043)
Gross profit	6,198	6,671	586
Selling, general and administrative expenses	(4,983)	(5,302)	(465)
Operating income	1,215	1,369	120
Net comprehensive financing cost	360	112	10
Other expenses, net	103	223	20
Income taxes and employee profit sharing	547	559	49
Equity in earnings of associated companies, net	(180)	(188)	(17)
Minority interest	129	121	11
Majority net income	256	541	47
Balance Sheet Data:			
Mexican GAAP:			
Cash and cash equivalents	873	600	53
Trade accounts receivable	2,375	2,745	241
Other accounts receivable	840	709	62
Inventories	2,369	3,110	273
Current assets	6,650	7,397	649
Property, plant, and equipment, net	13,028	13,071	1,148
Total assets	23,144	23,903	2,099
Short-term debt	188	767	67
Other current liabilities	2,828	4,044	355
Long-term debt	6,617	5,271	463
Total liabilities	10,551	10,674	937
Majority stockholders' equity	9,903	10,397	913
Stockholders' equity	12,593	13,229	1,161
Other Financial Information:			
Mexican GAAP:			
Capital expenditures	(497)	(925)	(81)
Depreciation and amortization	892	834	73
Resources provided by (used in):			
Operating activities	1,530	1,931	170
Financing activities	(1,009)	(932)	(82)
Investing activities	(140)	(774)	(68)

(1) Translations of Pesos to U.S. dollars for the period ended September 30, 2004 are at the exchange rate of Ps.11.39 = US\$1.00. See “Presentation of Financial and Other Information—Currency Information.”

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The table below sets forth our consolidated income statement data on a Mexican GAAP basis for the nine month periods ended September 30, 2003 and 2004, expressed as a percentage of net sales. See "Presentation of Financial and Other Information" for a description of the methodology we use in presenting our results of operations under Mexican GAAP.

<u>Consolidated Income Statement Data as a Percentage of Sales</u>	<u>Nine Months Ended September 30,</u>	
	<u>2003</u>	<u>2004</u>
Net sales	100.0%	100.0%
Cost of sales	(63.8)	(64.0)
Gross profit	36.2	36.0
Selling, general and administrative expenses	(29.1)	(28.6)
Operating income	7.1	7.4
Net comprehensive financing cost	(2.1)	(0.6)
Other expenses, net	(0.6)	(1.2)
Income taxes and employee profit sharing	3.2	3.0
Equity in earnings of associated companies, net.	(1.0)	(1.0)
Minority interest	0.8	0.7
Majority net (loss) income	1.5	2.9

The table below sets forth our net sales and operating income as represented by our principal subsidiaries for the nine month periods ended September 30, 2003 and 2004. In the process of consolidation, all significant intercompany transactions are eliminated from the financial statements.

	<u>Nine Months Ended September 30,</u>			
	<u>2003</u>		<u>2004</u>	
	<u>Net Sales</u>	<u>Operating Income</u>	<u>Net Sales</u>	<u>Operating Income</u>
	<u>(in millions of constant Pesos as of September 30, 2004)</u>			
Gruma Corporation	8,480	784	9,499	905
GIMSA	3,965	264	4,199	300
Venezuelan Operations	2,258	264	2,477	167
Molinera de México	1,477	(27)	1,362	(12)
Gruma Centroamérica	822	(23)	908	(1)
Others and eliminations(1)	116	(47)	103	10
Total	17,118	1,215	18,548	1,369

(1) Others and eliminations includes PRODISA, Corporate Services, Technology Operations and accounting eliminations.

Nine Months Ended September 30, 2004 Compared with Nine Months Ended September 30, 2003

Net Sales

Our net sales increased by 8% to Ps.18,548 million for the nine months ended September 30, 2004 compared to Ps.17,118 million for the same period in 2003. The increase in net sales was primarily due to increases in net sales by Gruma Corporation of 12%, driven by higher sales volumes, especially in the tortilla business, and, to a lesser extent, higher prices. Higher prices for Gruma Corporation reflected a change in the sales mix towards more value-added products such as low-carb tortillas and wraps. Sales from non-Mexican operations constituted 69% of consolidated net sales for the 2004 period as compared to 68% in the same period in 2003.

The percentages of consolidated net sales by each of our major subsidiaries for the nine months ended September 30, 2003 and 2004 is outlined in the table below.

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Percentage of Net Sales by Subsidiary

Subsidiary	Nine Months Ended September 30,	
	2003	2004
Gruma Corporation	49.54%	51.21%
GIMSA	23.16%	22.64%
Venezuelan Operations	13.19%	13.35%
Molinera de México	8.63%	7.34%
Gruma Centroamérica	4.80%	4.89%
Others and eliminations(1)	0.68%	0.56%

(1) Others and eliminations includes PRODISA, Corporate Services, Technology Operations and accounting eliminations

Gruma Corporation

Gruma Corporation's net sales increased 12% to Ps.9,499 million for the nine months ended September 30, 2004 compared to Ps.8,480 million for the same period in 2003, due mainly to an increase in sales volume. Sales volume increased 9% to 790 thousand tons for the nine month period ended September 30, 2004 compared to 728 thousand tons for the same period in 2003.

Volume increases for this U.S. subsidiary were driven largely by (a) expansion of the Guerrero® brand across additional markets in the central and southeast areas of the United States, which has widespread appeal among Hispanic consumers, continues to fuel strong growth in these regions, and remains a driver in the Western-region market; (b) low-carb flour tortillas, which were introduced during the first quarter of 2004; (c) growth of restaurant chains adding Mexican-inspired items to their menus; (d) growth in sales to already-existing foodservice customers; and (e) the increased market for wraps.

Net sales also benefited from (a) the change in the product mix towards the tortilla business, which products have higher prices than corn flour products; (b) a change in the mix within the tortilla business towards value-added products (for example, low-carb tortillas and wraps), which also have a higher price per pound than the regular wheat flour tortilla line; and (c) increased sales of retail corn flour products.

GIMSA

GIMSA's net sales increased by 6% to Ps.4,199 million for the nine months ended September 30, 2004 compared with Ps.3,965 million for the same period in 2003, reflecting higher sales volume and higher corn flour prices. Sales volume increased 3% to 1,077 thousand tons for the nine month period ended September 30, 2004 compared to 1,050 thousand tons for the same period in 2003. Sales volume increased as a result of (a) development of new types of corn flour, which has led some corporate customers to switch to the corn flour method from the traditional method and others to use GIMSA as their preferred supplier; (b) increased sales coverage and the expansion of some of our supermarket clients' operations and outlets; and (c) export sales to Gruma Corporation.

Gruma Venezuela

Our Venezuelan Operations' net sales increased 10% to Ps.2,477 million for the nine months ended September 30, 2004 compared to Ps.2,258 million for the same period in 2003, due mainly to a change in the sales mix towards higher-priced products (for example, wheat flour, sea products, rice, and oats). Additionally, in the case of wheat flour, the company had more flexibility to raise prices in

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order to offset higher raw material costs. Sales volume did not affect net sales, as volume was flat, with 383 thousand tons for both periods.

Molinera de México

Molinera de México's net sales decreased 8% to Ps.1,362 million for the period ended September 30, 2004 from Ps.1,477 million for the same period in, 2003. As a result of a change in its largest contract with its primary customer, Molinera de México records profits realized under the contract as a deduction from overall cost of sales and not as a component of net sales and cost of sales, as had been the case in 2003. Previously this contract had been a sales contract for wheat flour only. However, under a revised contract in 2004, Molinera de México now processes wheat flour for this customer using wheat provided by the customer, with Molinera de México retaining the byproduct of this process, wheat bran, as its only payment for this processing service. This change affects net sales, sales volume and cost of sales. Since sales volumes are no longer recorded under this processing contract, sales volume decreased 21% to 332 thousand tons for the nine month period ended September 30, 2004 compared with 418 thousand tons for the same in 2003. The rate of decrease in net sales was lower than that of sales volume because of higher wheat flour prices in connection with (a) higher wheat costs, (b) price increases across the industry and (c) a shift in the mix of products sold towards higher-priced products resulting from the abovementioned change in accounting for sales under the service contract.

Gruma Centroamérica

Gruma Centroamérica's net sales increased 11% to Ps.908 million for the period ended September 30, 2004 from Ps.822 million for the same period in 2003, due to higher sales volumes as well as higher prices in all product lines. Sales volume increased 6% to 112 thousand tons for the nine month period ended September 30, 2004 compared to 107 thousand tons for the same period in 2003, primarily due to higher corn flour volume in Guatemala, Honduras, and El Salvador stemming from low corn supplies in those markets. The sales volume increase in Guatemala also resulted from increased sales to customers that had not been fully served by wholesalers, especially in rural areas.

Cost of Sales

Our total cost of sales increased 9% to Ps. 11,877 million for the period ended September 30, 2004 from Ps. 10,919 million for the same period in 2003. This increase was primarily due to higher sales volume by Gruma Corporation and higher raw material costs, particularly for our Venezuelan Operations.

Gruma Corporation

Gruma Corporation's cost of sales increased 15% to Ps. 5,203 million for the period ended September 30, 2004 compared to Ps. 4,530 million for the same period in 2003 primarily due to higher sales volume and higher raw material costs. The increase in raw material costs was related to use of more expensive raw materials in some new value-added products (for example, low-carb tortillas).

GIMSA

GIMSA's cost of sales increased 5% to Ps. 3,116 million for the nine months ended September 30, 2004 from Ps. 2,956 million for the same period in 2003 primarily due to higher sales volume and higher corn and energy costs.

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Gruma Venezuela

Our Venezuelan Operation cost of sales increased 16% to Ps. 1,906 million for the nine months ended September 30, 2004 from Ps. 1,641 million for the same period in 2003 primarily due to higher raw material costs.

Molinera de México

Molinera de México's cost of sales decreased 11% to Ps. 1,097 million for the nine months ended September 30, 2004 compared to Ps. 1,236 million for the same period in 2003 primarily due to the new service contract mentioned above.

Gruma Centroamérica

Gruma Centroamérica's cost of sales increased 12% to Ps. 638 million for the nine months ended September 30, 2004 compared to Ps. 571 million for the same period in 2003 primarily due to growth in corn flour volume and increases in raw material costs.

Gross Profit

As a result of the above factors, our gross profit increased by 8% to Ps.6,671 million for the nine months ended September 30, 2004 compared with Ps.6,198 million for the same period in 2003. Our gross margin decreased to 36.0% for the nine months ended September 30, 2004 from 36.2% for the same period in 2003.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses increased 6% to Ps.5,302 million for the nine months ended September 30, 2004 compared to Ps.4,983 million for the same period in 2003, primarily due to (a) increased distribution expenses resulting from sales volume growth by Gruma Corporation, and (b) higher freight tariffs and increased promotion and advertising expenses by Gruma Venezuela. Selling, general and administrative expenses as a percentage of net sales improved to 28.6% for the nine months ended September 30, 2004 from 29.1% for the same period in 2003 primarily due to better expense absorption by Gruma Corporation.

Gruma Corporation

Gruma Corporation's selling, general and administrative expenses increased 7% to Ps.3,391 million for the nine months ended September 30, 2004 compared to Ps.3,166 million for the same period in 2003, primarily due to increased distribution expenses resulting from volume growth and, to a lesser degree, promotion and advertising activities related to new product releases and new market penetration. Selling, general and administrative expenses as a percentage of net sales improved to 35.7% for the period ended September 30, 2004 from 37.3% for the same period in 2003 due to improved fixed expense absorption.

GIMSA

GIMSA's selling, general and administrative expenses increased 5% to Ps.783 million for the nine months ended September 30, 2004 compared to Ps.745 million for the same period in 2003, primarily due to higher selling expenses stemming from the company's national marketing campaign which was launched at the end of 2003. Selling, general and administrative expenses as a percentage of net sales decreased to 18.7% for the period ended September 30, 2004 compared to 18.8% for the same period in 2003 due to improved fixed expense absorption.

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Gruma Venezuela

Our Venezuela Operation's selling, general and administrative expenses increased 14% to Ps.403 million for the nine months ended September 30, 2004 compared to Ps.353 million for the same period in 2003, primarily due to increased transportation rates. Selling, general and administrative expenses as a percentage of net sales increased to 16.3% for the period ended September 30, 2004 from 15.6% for the same period in 2003 principally due to higher freight tariffs and increased promotion and advertising expenses.

Molinera de México

Molinera de México's selling, general and administrative expenses increased 3% to Ps.277 million for the nine months ended September 30, 2004 compared to Ps.269 million for the same period in 2003, due to increase expenses relating to sale force and higher promotion and advertising expenses in connection with the launching of premixed flour for retail sale. Selling, general and administrative expenses as a percentage of net sales increased to 20.3% for the period ended September 30, 2004 from 18.2% for the same period in 2003 due mainly to changes relating to the new service contract mentioned above, and to a lesser extent the above-mentioned increase in selling, general and administrative expenses.

Gruma Centroamérica

Gruma Centroamérica's selling, general and administrative expenses decreased 1% to Ps.271 million for the nine months ended September 30, 2004 compared to Ps.274 million for the same period in 2003, primarily due to nonrecurring expenses associated with a restructuring of Gruma Centroamérica's sales department incurred during 2003. Selling, general and administrative expenses as a percentage of net sales decreased to 29.8% for the period ended September 30, 2004 from 33.3% for the same period in 2003 due to better expense absorption.

Operating Income

Operating income increased 13% to Ps.1,369 million for the nine months ended September 30, 2004 compared to Ps.1,215 million for the same period in 2003. This increase was primarily due to higher sales volume by Gruma Corporation and our Technology Operations. Operating income growth in Gruma Corporation, which reached 15%, was partially offset by lower results mainly by Gruma Venezuela. The improvement in Technology Operations resulted from increased business, mostly in connection with the corn flour capacity expansion by Gruma Corporation. As a percentage of net sales, operating income improved to 7.4% for the period ended September 30, 2004 from 7.1%, for the same period in 2003 resulting mostly from Technology Operations and, to a lesser extent, Gruma Corporation, GIMSA, Molinera de México and Gruma Centroamérica.

Net Comprehensive Financing Cost

Net comprehensive financing cost decreased 69% to Ps.112 million for the nine months ended September 30, 2004 compared to Ps.360 million for the same period in 2003. This decrease was primarily due to lower foreign exchange losses and higher interest income. Foreign exchange losses decreased as a result of a lower rate of devaluation of the Peso during the 2004 period. Higher interest income increased primarily as a result of gains in connection with certain derivative instruments relating to Gruma shares as a result of the early application of Bulletin C-10, "Derivative Financial Instrument and Hedging Transactions."

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Other Expenses, Net

Other expenses, net, increased 116% to Ps.223 million for the nine month period ended September 30, 2004 compared to Ps.103 million for the same period in 2003. This increase resulted mainly from write-offs of some fixed assets at PRODISA and at one of GIMSA's plants. To a lesser extent, the increase also resulted from write-offs of goodwill and preoperating expenses. These write-offs, which totaled approximately Ps.210 million, resulted from the application of Bulletin C-15, "Impairment in the Value of Long-Lived Assets and Their Disposal" which was required for 2004.

Income Taxes and Employee Statutory Profit Sharing

Provisions for income taxes and employee profit sharing increased 2.2% to Ps.559 million for the nine month period ended September 30, 2004 compared to Ps.547 for the same period in 2003. This increase was primarily due to higher pre-tax income.

Equity in Earnings of Associated Companies, Net

Our share of net income in unconsolidated associated companies represented income of Ps.188 million for the nine month period ended September 30, 2004 compared to income of Ps.180 million for the same period in 2003.

Majority Net Income

As a result of the above factors, our income before minority interest was Ps.663 million for the nine month period ended September 30, 2004 compared to Ps.385 million for the same period in 2003. Our majority net income was Ps.541 million for the nine month period ended September 30, 2004 compared to Ps.256 million for the same period in 2003.

Liquidity and Capital Resources

On October 4, 2004, we obtained a US\$250 million, five-year syndicated senior credit facility (the "2004 Credit Facility"). The 2004 Credit Facility consists of a US\$150 million senior term loan facility and a US\$100 million senior revolving credit facility, both with a five-year tenor. Funds from the 2004 Credit Facility were used to refinance an outstanding balance of US\$230 million under our now-terminated US\$300 million loan facility. There is currently US\$220 million outstanding under the 2004 Credit Facility with US\$30 million of revolving credit available.

The interest rate for the facility is LIBOR plus 55 basis points for the first three years and LIBOR plus 65 basis points for the fourth and fifth years. The repayment schedule for the US\$150 million term facility is as follows:

<u>Principal Payment Date</u>	<u>% of the Outstanding Principal Amount</u>
April 5, 2008	5%
October 5, 2008	15%
April 5, 2009	35%
October 5, 2009	Remaining balance

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The US\$100 million revolving facility will be permanently reduced as follows:

<u>Commitment Reduction Date</u>	<u>% of the Outstanding Revolving Commitments</u>
April 5, 2008	5%
October 5, 2008	15%
April 5, 2009	35%
October 5, 2009	Remaining balance

On November 3, 2004, we entered into an interest rate swap transaction with five banks with an aggregate notional amount of US\$150 million maturing on April 5, 2008, whereby we fixed the 6-month LIBOR rate associated with the term portion of the 2004 Facility at an average rate of 3.2725%. The swap transaction provides no such hedge where 6-month LIBOR reaches 6%, in which case the parties have no obligation to pay any amount for the applicable period.

On September 28, 2004, Fitch Ratings assigned us a new senior unsecured foreign currency and local currency rating of “BBB-” with an outlook of “Stable.” The foreign currency debt rating is also applicable to our 7.625% Notes Due 2007. For information regarding our other credit ratings, see “Annex A—Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Indebtedness.” Ratings may be changed, suspended or withdrawn at any time and are not a recommendation to buy, hold or sell any security.

The following table sets forth our debt repayment obligations for the years indicated:

Pro-Forma Debt Amortization as of September 30, 2004
(US\$ millions)

	<u>Short Term</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>TOTAL</u>
Syndicated loan facility	—	—	—	—	46	184	230
7.625% Notes Due 2007	—	—	—	250			250
7.96% Senior Notes	1	1	2	2	1	10	17
Other	16	3	2	1	—	11	33
TOTAL	17	4	4	253	47	205	530

In our 2003 Form 20-F annual report, attached as “Annex A—Item 5. Operating and Financial Review and Prospects—Contractual Obligations and Commercial Commitments,” we discuss certain of our obligations and commitments as of December 31, 2003. As of September 30, 2004, we have decreased our lease obligations from the amount we reported as of December 31, 2003 by US\$20 million.

Business Overview

During July 2004 Gruma Corporation concluded two acquisitions in Europe in an effort to strengthen its presence in that region. On July 2, Gruma Corporation acquired Ovis Boske, a wheat flour tortilla company based in Holland that sells to Germany, the Scandinavian region, France, the United Kingdom, Belgium and Ireland among other countries. This company has annual sales of approximately US\$18 million. On July 12, Gruma Corporation acquired 51% of Nuova De Franceschi & Figli, a corn flour company based in Italy that sells to Germany, Poland, Croatia, Israel and Saudi Arabia, among other countries. This company serves the corn chip, cereal and beer industries and is expected to supply corn flour for Gruma Corporation’s corn chip operations in England. This company has annual sales of approximately US\$27 million.

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In addition, during October 2004 Gruma Corporation acquired a tortilla plant in Las Vegas, Nevada. This acquisition is expected to bring further synergies to Gruma Corporation's existing operations and distribution and to enhance its ability to provide fresh products in this market. This facility has annual sales of approximately US\$5 million.

Debt Tender Offer

On November 16, 2004, we commenced a cash tender offer to purchase any and all of our US\$250 million in aggregate principal amount of 7.625% Notes Due 2007 and a solicitation of consents to amend the indenture under which such Notes were issued. On November 30, 2004, an aggregate principal amount of US\$198,801,000 of the Notes had been tendered. While we believe that substantially all of the Notes that will be tendered prior to expiration of the tender offer were tendered by November 30, 2004, additional Notes may be tendered on or prior to expiration of the tender offer. We expect to purchase the Notes tendered on or prior to November 30, 2004 at a price of \$1,108.29 per \$1,000 principal amount of Notes and any Notes tendered after November 30, 2004, but prior to the expiration of the tender offer, at a price of \$1,088.29 per \$1,000 principal amount of Notes. The consummation of the tender offer is conditioned upon, among other things, our obtaining debt financing on terms acceptable to us and the receipt of the requisite consents to certain amendments to the indenture pursuant to which the notes were issued. The tender offer is scheduled to expire on December 14, 2004, unless extended or earlier terminated. We intend to use the net proceeds of this offering to purchase the Notes tendered pursuant to the tender offer. On November 30, 2004 we entered into a supplemental indenture amending the terms of the Notes as a result of the receipt of sufficient consents of holders of the Notes to amend certain terms of the Notes.

Senior Management and Employees

In August 2004, our board of directors appointed Raúl Alonso Peláez Cano as our Chief Financial Officer. Mr. Peláez has been an executive with companies including as Industrias Resistol, General Electric de México, and most recently, *Banco Nacional de México, S.A., integrante del Grupo Financiero Banamex*. Mr. Peláez holds a B.S. in Chemical Engineering from Universidad Autónoma Metropolitana and an M.B.A. from the Instituto Autónomo de México (ITAM).

As of September 30, 2004, we had a total of approximately 15,300 employees, including unionized and non-unionized, full- and part-time employees.

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EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, the high, low, average and period-end noon buying rate in New York City for cable transfers in Pesos published by the Federal Reserve Bank of New York, expressed in Pesos per U.S. dollar. The rates provided have not been restated in constant currency units.

<u>Month</u>	<u>Noon Buying Rate (Ps. Per US\$)</u>			
	<u>High(1)</u>	<u>Low(1)</u>	<u>Average(2)</u>	<u>Period End</u>
January 2004	11.0973	10.8050	10.9200	11.0120
February 2004	11.2450	10.9095	11.0320	11.0620
March 2004	11.2290	10.9180	11.0190	11.1830
April 2004	11.4315	11.1570	11.2700	11.4020
May 2004	11.6350	11.3815	11.5200	11.4140
June 2004	11.5380	11.3030	11.3930	11.5380
July 2004	11.5350	11.3790	11.4680	11.4100
August 2004	11.4550	11.3450	11.3950	11.3760
September 2004	11.6030	11.3850	11.4870	11.3850
October 2004	11.5365	11.2415	11.4040	11.5365
November 2004(3)	11.5290	11.2411	11.3710	11.2411

- (1) Rates shown are the actual low and high, on a day-by-day basis for each period.
- (2) Average of month-end rates.
- (3) Through November 30, 2004.

On November 30, 2004, the noon buying rate for Pesos was Ps.11.2411 to US\$1.00. For additional information regarding exchange rates in México, see “Annex A—Item 3. Key Information—Exchange Rate Information.”

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DESCRIPTION OF THE BONDS

The Bonds will be issued pursuant to an Indenture (the “Indenture”) to be dated as of December 3, 2004 between the Company and JPMorgan Chase Bank, N.A. as Trustee (the “Trustee,” which term includes any successor as Trustee under the Indenture). The registrar, paying agents and transfer agents (the “Registrar,” “Paying Agents” and “Transfer Agents,” respectively) are appointed in accordance with the Indenture and, initially, are set forth on the inside back cover page hereof. In this “Description of the Bonds” references to the “Company” refer only to Gruma, S.A. de C.V. and not to any of its Subsidiaries. A copy of the Indenture is available for inspection during normal business hours at the offices of the Trustee or any of the other Paying Agents set forth on the inside back cover page hereof. The Trustee or any Paying Agent shall also act as Transfer Agent and Registrar in the event that the Company issues certificates for the Bonds in definitive registered form as set forth in “Description of the Bonds—Form, Denomination and Title.”

The following summaries of certain provisions of the Bonds and the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the terms and conditions of the Bonds and the Indenture, including the definitions therein of certain terms. As used herein, the term “Holder” or “Bondholder” means the person in whose name a Bond is registered in the register (the “Register”) which the Company shall cause the Registrar to maintain.

General

The Bonds will be senior unsecured obligations of the Company. The Company will initially issue Bonds in an aggregate principal amount of US\$300 million. The Company is entitled to, without the consent of the Holders, issue additional Bonds under the Indenture on the same terms and conditions and with the same CUSIP numbers of the Bonds being offered hereby in an unlimited aggregate principal amount (the “Additional Bonds”). The Bonds and the Additional Bonds, if any, will be treated as a single class for all purposes of the Indenture, including waivers, amendments and offers to purchase. Unless the context otherwise requires, for all purposes of the Indenture and this “Description of the Bonds,” references to the Bonds, include any Additional Bonds actually issued.

The Bonds will bear interest at the rate per annum shown on the front cover of this offering circular from the later of December 3, 2004 or from the most recent Interest Payment Date on which interest has been paid or provided for, payable quarterly, in arrears, on March 3, June 3, September 3 and December 3 of each year, commencing March 3, 2005, to the person in whose name such Bond (or any predecessor Bond) is registered at the close of business on the preceding February 15, May 15, August 15 or November 15, as the case may be. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will constitute direct senior unsecured obligations of the Company and will rank at least *pari passu* in priority of payment with all other present and future unsecured and unsubordinated indebtedness of the Company. See “Risk Factors—Holding company structure and related risks.”

Maturity, Optional Redemption and Tax Redemption

The Bonds have no fixed Stated Maturity.

The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time on or after December 3, 2009, upon not less than 30 nor more than 60 days’ notice at a redemption price equal to 100% of the principal amount, together with accrued but unpaid interest and any required Additional Amounts to, but not including, the date fixed for redemption.

Any Bonds that are redeemed or purchased by the Company will be cancelled and may not be reissued or resold.

The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, upon not less than 30 nor more than 60 days’ notice at a redemption price equal to 100% of the

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principal amount, together with accrued but unpaid interest to, but not including, the date fixed for redemption and any required Additional Amounts, if, as a result of any change in, or amendment to, the laws (or any rules, regulation of rulings promulgated thereunder) of Mexico or any political subdivision thereof or any taxing authority therein or any change in the application, administration or official interpretation of such laws, rules, regulations or rulings, including the holding of a court of competent jurisdiction, the Company has, will or would become obligated to pay Additional Amounts in connection with payments on the Bonds in respect of Mexican Withholding Taxes imposed at a rate of deduction or withholding in excess of 10% (the "Maximum Withholding Rate"), which change or amendment becomes effective on or after the date hereof and such obligation cannot be avoided by the Company taking reasonable measures available to it, *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay Additional Amounts in respect of Mexican Withholding Taxes assessed at a rate above the Maximum Withholding Rate were a payment in respect of the Bonds then due. Prior to the giving of any notice of redemption pursuant to the preceding paragraph, the Company shall deliver to the Trustee (i) a certificate stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Company to so redeem have occurred and (ii) an opinion of Mexican counsel to such effect based upon such statement of facts.

Any redemption and notice thereof pursuant to the Indenture may, in our discretion, be subject to the satisfaction of one or more conditions precedent.

The Company may at any time purchase Bonds in the open market or otherwise at any price.

Payment

All payments on the Bonds will be made exclusively in such coin or currency of the United States as at the time of payment shall be legal tender for the payment of public and private debts.

Payments of principal and interest and any Additional Amounts on the Bonds will be made at the trust office of the Trustee in New York City or at the office of the Paying Agent in Luxembourg. Payments in respect of principal on Bonds will be made only against surrender of such Bonds at the office of the Trustee in New York City or at the office of the Paying Agent in Luxembourg. Payment in respect of interest on each Interest Payment Date with respect to any such Bond will be made to the person in whose name such Bond is registered at the close of business on the February 15, May 15, August 15 or November 15 immediately preceding such Interest Payment Date by U.S. dollar check drawn on a bank in The City of New York or, for Holders of at least US\$1,000,000 of Bonds, by wire transfer to a dollar account maintained by the payee with a bank in the United States or in Europe, *provided* that a written request from such Holder to such effect designating such account is received by the Trustee or the Paying Agent no later than 30 calendar days immediately preceding such Interest Payment Date. Unless such designation is revoked, any such designation made by such Holder with respect to such Bonds will remain in effect with respect to any future payments with respect to such Bond payable to such Holder. The Company will pay any administrative costs imposed by banks in connection with making payments by wire transfer.

Notwithstanding the foregoing, any interest or Additional Amount which is payable, but which is not punctually paid or duly provided for, on any Interest Payment Date ("Defaulted Interest") shall cease to be payable to the Holder registered on such date, and shall be payable, at the election of the Company, either (i) to the person in whose name such Bond is registered at the close of business on a special record date to be fixed by the Trustee not more than 15 nor less than 10 days prior to the date fixed by the Company for payment thereof or (ii) in any other lawful manner not inconsistent with the rules of any applicable securities exchange if deemed practicable by the Trustee.

If any payment in respect of a Bond is due on a day that is not at any place of payment a Business Day then, at each such place of payment, such payment need not be made on such day but may be made on the next succeeding day that is not at such place of payment, a Business Day, with the same

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force and effect as if made on the date for such payment, and no interest will accrue for the period from and after such date.

The Indenture will provide that any money or securities paid or delivered by the Company to the Trustee for any payment with respect to the Bonds which remains unclaimed for two years after the date such payment was due or such securities were deliverable, will be repaid or delivered to the Company and thereafter the Holder will look only to the Company for payments thereof as an unsecured subordinated creditor, and the Company shall not be liable to pay any taxes or other duties in connection with such payments; *provided, however*, that unless otherwise provided by applicable law, the right to receive payment of principal of any Bond, to the extent of any cash redemption, will become void at the end of 10 years from the relevant date thereof or such shorter period as may be prescribed by applicable law.

Subject to certain limitations set forth in the Indenture, the Company reserves the right at any time to vary or terminate the appointment of the Trustee or any Paying Agent in certain circumstances and to appoint another Trustee or additional or other Paying Agents and to approve any change in the specified offices through which any Paying Agent acts, *provided* that it will at all times maintain a Paying Agent and Transfer Agent in Europe which, so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, shall be in Luxembourg. Notice of any such termination or appointment and of any changes in the specified office or offices of the Paying Agents will be given to the Bondholders as described under “—Notices.”

Additional Amounts

All payments made by the Company in respect of the Bonds to the Holders will be made free and clear of and without deduction or withholding for or on account of any present or future taxes, duties, assessments or other governmental charges imposed or levied by or on behalf of Mexico or any political subdivision thereof or any authority therein having power to tax (“Mexican Withholding Taxes”) unless the deduction or withholding of such Mexican Withholding Taxes is required by law. In the event that any Mexican Withholding Taxes are required to be so deducted or withheld, the Company will pay (i) such additional amounts (“Additional Amounts”) as will result in the payment to Holders of the Bonds of the amounts that would otherwise have been received by them in respect of payments on such Bonds in the absence of such deduction or withholding, (ii) deduct or withhold such Mexican Withholding Taxes, and (iii) remit the full amount so deducted or withheld to the relevant taxing or other authority. Notwithstanding the foregoing, no such Additional Amounts shall be payable for or on account of:

(a) any Mexican Withholding Taxes which would not have been imposed or levied on a Holder but for the existence of any present or former connection between the Holder or beneficial owner of the Bond and Mexico (or any political subdivision or taxing authority thereof or therein), including such Holder or beneficial owner (i) being or having been a citizen or resident thereof, (ii) maintaining or having maintained an office, permanent establishment, fixed base or branch therein, or (iii) being or having been present or engaged in trade or business therein, except for a connection solely arising from the mere ownership of, or receipt of payment under, such Bond or the exercise of rights under such Bond or the Indenture;

(b) except as otherwise provided, any estate, inheritance, gift, sales, transfer, or personal property or similar tax, assessment or other governmental charge;

(c) any Mexican Withholding Taxes that are imposed or levied by reason of the failure by the Holder or beneficial owner of such Bond to comply with any certification, identification, information, documentation, declaration or other reporting requirement which is required or imposed by a statute, treaty, regulation, general rule or administrative practice as a precondition to exemption from, or reduction in the rate of, the imposition, withholding or deduction of any Mexican Withholding Taxes, provided that at least 60 days prior to (i) the first payment date with

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respect to which the Company shall apply this clause (c) and (ii) in the event of a change in such certification, identification, information, documentation, declaration or other reporting requirement, the first payment date subsequent to such change, the Company shall have notified the Trustee, in writing, that the Holders or beneficial owners of the Bonds will be required to provide such certification, identification, information or documentation, declaration or other reporting;

(d) any Mexican Withholding Taxes that are imposed or levied by reason of the failure by the Holder or beneficial owner of such Bond timely to comply (subject to the conditions set forth below) with a written request by or on behalf of the Company to provide information, documentation or other evidence concerning the nationality, residence, identity, or registration with the Ministry of Finance of the Holder or beneficial owner of such Bond that is necessary from time to time to determine the appropriate rate of deduction or withholding of Mexican Withholding Taxes applicable to such Holder or beneficial owner, provided that at least 60 days prior to the first payment date with respect to which the Company shall apply this clause (d), the Company shall have notified the Trustee, in writing, that such Holders or beneficial owners of the Bonds will be required to provide such information, documentation or other evidence;

(e) the presentation of such Bond (where presentation is required) for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later, except to the extent that the Holder or the beneficial owner of such Bond would have been entitled to Additional Amounts in respect of such Mexican Withholding Taxes on presenting such Bond for payment on any date during such 30-day period;

(f) any Mexican Withholding Taxes that are payable other than by withholding or deduction;
or

(g) any combination of items (a), (b), (c), (d), (e) or (f) above.

Notwithstanding the foregoing, the limitations on the Company's obligation to pay Additional Amounts set forth in clauses (c) and (d) above shall not apply if the provision of the certification, identification, information, documentation, declaration or other evidence described in such clauses (c) and (d) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of a Bond (taking into account any relevant differences between U.S. and Mexican law, regulation or administrative practice) than comparable information or other applicable reporting requirements imposed or provided for under U.S. federal income tax law (including the U.S.-Mexico Income Tax Treaty), regulation (including temporary or proposed regulations) and administrative practice. In addition, the limitations on the Company's obligation to pay Additional Amounts set forth in clauses (c) and (d) above shall not apply if Article 195 Section II (a) of the Mexican Income Tax Law providing for a reduced 4.9% withholding rate on interest payments (or a substantially similar successor of such article) is in effect, unless (i) the provision of the certification, identification, information, documentation, declaration or other evidence described in clauses (c) and (d) is expressly required by statute, regulation, general rules or administrative practice in order to apply Article 195 (or a substantially similar successor of such article), the Company cannot obtain such certification, identification, information, or satisfy any other reporting requirements, on its own through reasonable diligence and the Company otherwise would meet the requirements for application of Article 195 (or such successor of such article) or (ii) in the case of a Holder or beneficial owner of a Bond that is a pension fund or other tax-exempt organization, such Holder or beneficial owner would be subject to Mexican Withholding Taxes at a rate less than that provided by Article 195 if the information, documentation or other evidence required under clause (d) above were provide. In additional, clauses (c) and (d) above shall not be construed to require that a non-Mexican pension or retirement fund, a non-Mexican tax-exempt organization, a non-Mexican financial institution or any

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other Holder or beneficial owner of a Bond register with the Ministry of Finance for the purpose of establishing eligibility for an exemption from or reduction of Mexican Withholding Taxes.

The Company, upon written request, will provide the Trustee with documentation evidencing the payment of Mexican Withholding Taxes. Copies of such documentation will be made available to any Bondholder or any Paying Agent, as applicable, upon written request therefor.

In the event that Additional Amounts actually paid with respect to the Bonds are based on rates of deduction or withholding of Mexican Withholding Taxes in excess of the appropriate rate applicable to the Holder or beneficial owner of such Bonds, and, as a result thereof, such Holder or beneficial owner is entitled to make a claim for a refund or credit of such excess, then such Holder or beneficial owner shall, by accepting the Bonds, 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 the Company. However, by making such assignment, the Holder of beneficial owner makes no representation or warranty that the Company will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto.

All references in this Offering Circular to payments in respect of the Bonds shall include any Additional Amounts payable by the Company in respect of such payments.

Covenants

For so long as any of the Bonds remains outstanding or any amount remains unpaid on any of the Bonds, the Company will, and will cause each of its Subsidiaries to, comply with the terms of the covenants described below.

Limitation on Liens

The Company shall not, and shall not permit any of its Subsidiaries to, create any Lien upon or with respect to any of its present or future Properties, unless the Company shall have made or caused to be made effective provision whereby the Bonds are at least equally and ratably secured, except for the following:

- (i) any Lien on any Property (or, in the case of Debt secured by accounts receivable or inventory, class of Property) existing on the date of the Indenture;
- (ii) any Lien on any Property securing all or any part of the purchase price of Property acquired or any portion of the cost of construction, development, alteration or improvement of any Property or Debt incurred or assumed solely for the purpose of financing all or any part of the cost of acquiring or constructing, developing, altering or improving such Property, which Lien attached solely to such Property during the period that such Property was being constructed, developed, altered or improved or concurrently with or within 270 days after the acquisition, construction, development, alteration or improvement thereof;
- (iii) Liens on Property of any Subsidiary of the Company existing prior to the time such Subsidiary became a Subsidiary of the Company which (a) do not secure Debt exceeding the aggregate principal amount of Debt subject to such Lien prior to the time such Subsidiary became a Subsidiary of the Company, (b) do not attach to Property other than that attached pursuant to such Lien prior to the time such Subsidiary became a Subsidiary of the Company, and (c) were not created in connection with, or in contemplation of, such Subsidiary becoming a Subsidiary of the Company;
- (iv) any Lien on any Property existing thereon at the time of acquisition of such Property and not created in connection with, or in contemplation of, such acquisition;
- (v) any Lien on any Property (or, in the case of Debt secured by inventory or accounts receivable, class of Property) securing an extension, renewal, refunding or replacement of Debt secured by a Lien referred to in clause (i), (ii), (iii) or (iv) above, *provided* that (a) such new Lien

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is limited to the Property (or, in the case of Debt secured by inventory or accounts receivable, class of Property) which was subject to the prior Lien immediately before such extension, renewal, refunding or replacement and (b) the aggregate principal amount of Debt secured by the prior Lien is not increased immediately in connection with, or contemplation of, such extension, renewal, refunding or replacement;

(vi) any Lien securing taxes, assessments and other governmental charges, the payment of which is not yet due or the payment of which is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and for which such reserves or other appropriate provision, if any, as shall be required by Mexican GAAP (or, in the case of any Subsidiary organized under the laws of any State of the United States, U.S. GAAP) shall have been made therefor;

(vii) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security;

(viii) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics and materialmen incurred in the ordinary course of business for amounts not yet due or the payment of which is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and for which such reserves or other appropriate provision, if any, as shall be required by Mexican GAAP (or, in the case of any Subsidiary organized under the laws of any State of the United States, U.S. GAAP) shall have been made therefor;

(ix) any Liens created by attachment or judgment, unless the judgment secured thereby shall not, within 120 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 120 days after the expiration of any such stay;

(x) Liens on accounts receivable or inventories to secure Debt constituting working capital borrowings not exceeding in the aggregate the greater of (a) US\$200 million (or the equivalent thereof in other currencies) and (b) 50% of the total consolidated amount of accounts receivable and inventories of the Company and its Subsidiaries;

(xi) any Lien created in connection with (a) interest rate swaps, (b) currency swaps, (c) commodities contracts or (d) any derivative or similar transaction, in each case entered into in connection with hedging transactions entered into in the ordinary course of business;

(xii) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance of return-of-money bonds and other obligations of a similar nature, in each case other than obligations for the payment of borrowed money;

(xiii) Liens on the Property of a Subsidiary, which only secures indebtedness owed by the Subsidiary to another Subsidiary or to the Company;

(xiv) Liens securing the Bonds; and

(xv) in addition to the foregoing Liens, Liens securing Debt of the Company or any Subsidiary and/or securing Guarantees by the Company or any Subsidiary of, or in respect of, any other Person's Debt not exceeding in the aggregate principal amount at any time of determination 20% of the Consolidated Net Tangible Assets of the Company.

Limitation on Sale-Leaseback Transactions

The Company shall not, and shall not permit any Subsidiary to, enter into a Sale-Leaseback Transaction with respect to any Property unless at least one of the following conditions is satisfied:

(i) the lease is between the Company and a Subsidiary or between Subsidiaries; *provided, however,* that any subsequent transfer of such lease or any subsequent issuance or transfer of any

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Capital Stock which results in any such Subsidiary ceasing to be a Subsidiary shall be deemed to constitute the entering into of such Sale-Leaseback Transaction by the parties thereto;

(ii) the Company or such Subsidiary could create a Lien under the covenant “—Limitations on Liens” on the Property to secure Debt in an amount at least equal to the Attributable Debt in respect of such Sale-Leaseback Transaction; or

(iii) the Company or such Subsidiary shall apply or cause to be applied, in the case of a sale or transfer for cash, an amount equal to at least 75% of the net proceeds thereof, to (x) the retirement, within 270 days after the effective date of such Sale-Leaseback Transaction, of Debt of the Company ranking at least *pari passu* in priority of payment with the Bonds and owing to a Person other than the Company or an affiliate of the Company or (y) to the purchase, construction or improvement of Property used by the Company or any Subsidiary in the ordinary course of business; and in the case of a sale or transfer otherwise than for cash, the Property received by the Company or such Subsidiary shall be used or useful in the ordinary course of business of the Company or any Subsidiary.

The foregoing restrictions shall not apply to transactions providing for a lease for a term, including any renewal thereof, of not more than three years.

Limitation on Consolidation, Merger or Transfer of Property

The Company shall not merge, consolidate or amalgamate with or into, or convey, transfer or lease its Property substantially as an entirety to any Person, unless, immediately after giving effect to such transaction:

(i) the resulting, surviving or transferee Person (if not the Company) shall be a Person organized and existing under the laws of Mexico or the United States (or any State thereof or the District of Columbia) and such Person shall expressly assume, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Bonds and the Indenture;

(ii) immediately after giving effect to such transaction (and treating any Debt which becomes an obligation of the resulting, surviving or transferee Person or any Subsidiary as a result of such transaction as having been incurred by such Person or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing; and

(iii) the Company shall have delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such transaction and such supplemental indenture, if any, comply with the Indenture.

Reporting Requirements

The Company shall provide the Trustee with the following:

(i) an English language version of its annual audited consolidated financial statements prepared in accordance with Mexican GAAP (including, during any Public Company Period, a quantitative reconciliation of net income, shareholders’ equity and other key line items to U.S. GAAP), promptly upon such statements becoming available but not later than 180 days after the close of its fiscal year;

(ii) an English language version of its unaudited quarterly consolidated financial statements prepared in accordance with Mexican GAAP, promptly upon such statements becoming available but not later than 90 days after the close of the applicable quarterly fiscal period (it being recognized that no quarterly financial statements need be prepared or provided for the fourth quarter of the fiscal year);

(iii) simultaneously with the delivery of each set of financial statements referred to in clause (i) and (ii) above, an Officers’ Certificate of an officer of the Company stating whether an

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Event of Default or Default exists on the date of such certificate and, if an Event of Default or Default exists, setting forth the details thereof and the action which the Company is taking or proposes to take with respect thereto; and

(iv) upon an officer of the Company becoming aware of the existence of an Event of Default or Default, an Officers' Certificate of an officer of the Company setting forth the details thereof and the action which the Company is taking or proposes to take with respect thereto.

Available Information/Listing

The Company shall take all action necessary to provide information to permit resales of the Bonds pursuant to Rule 144A under the Securities Act, including furnishing to any Holder of a Bond or beneficial interest in a Global Bond, or to any prospective purchaser designated by such Holder, upon request of such Holder, financial and other information required to be delivered under Rule 144A(d)(4) (as amended from time to time and including any successor provision) unless, at the time of such request, the Company is subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act or is exempt from such requirements pursuant to Rule 12g3-2(b) under the Exchange Act (as amended from time to time and including any successor provision). Although the Company presently intends to list the Bonds on the Luxembourg Stock Exchange, the Company is under no obligation to do so and any such listing may be discontinued at any time in the Company's sole discretion.

Other Covenants

The Indenture contains certain other covenants relating to, among other things, the maintenance of corporate existence and maintenance of books and records.

Events of Default

The Indenture will provide that each of the following events constitutes an Event of Default.

(i) default in the payment of the principal of any Bond after any such principal becomes due in accordance with the terms thereof, upon redemption or otherwise; or default in the payment of any interest, Additional Amounts or other amounts in respect of the Bonds if such default continues for 30 days after any such interest, Additional Amounts or other amount becomes due in accordance with the terms thereof;

(ii) failure to observe or perform any other covenant or agreement contained in the Bonds or the Indenture in any material respect, and such failure continues for 90 days after notice specifying such failure and requiring it to be remedied has been sent to the Company by the Trustee;

(iii) the Company or any of its Material Subsidiaries shall fail to pay when due (whether at maturity, upon redemption or acceleration or otherwise) the principal of any Debt in excess, individually or in the aggregate of US\$35 million (or the equivalent thereof in other currencies), if such failure shall continue for more than the period of grace, if any, applicable thereto and the period for payment has not been expressly extended;

(iv) a decree or order by a court having jurisdiction shall have been entered adjudging the Company or any of its Material Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or *concurso mercantil* of or by the Company or any of its Material Subsidiaries and such decree or order shall have continued undischarged or unstayed for a period of 120 days; or a decree or order of a court having jurisdiction for the appointment of a receiver or liquidator or *sindico* or any thereof or for the liquidation or dissolution of the Company or any of its Material Subsidiaries, shall have been entered, and such decree or order shall have continued undischarged and unstayed for a period of 120 days; *provided, however*, that any Material Subsidiary may be liquidated or dissolved if, pursuant to such liquidation or

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dissolution, all or substantially all of its assets are transferred to the Company or another Material Subsidiary of the Company or

(v) the Company or any of its Material Subsidiaries shall institute any proceeding to be adjudicated as voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or *concurso mercantil*, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or *sindico* or trustee or assignee in bankruptcy or insolvency of it or its Property.

If an Event of Default specified in clause (iv) or (v) above shall occur and be continuing, the maturity of all outstanding Bonds shall automatically be accelerated and the principal amount of the Bonds, together with accrued interest and any unpaid Additional Amounts thereon, shall be immediately due and payable. If any other Event of Default shall occur and be continuing, the Trustee or the Holders of not less than 25% of the aggregate principal amount of the Bonds then outstanding may, by written notice to the Company (and to the Trustee if given by Holders), declare the principal amount of the Bonds, together with accrued interest and any unpaid Additional Amounts thereon, immediately due and payable. 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. Any such declaration may be annulled and rescinded by written notice from the Trustee or the Holders of a majority of the aggregate principal amount of the Bonds then outstanding to the Company if all amounts then due with respect to the Bonds are paid (other than amount due solely because of such declaration) and all other defaults with respect to the Bonds are cured.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case the Company shall fail to comply with its obligations under the Indenture or the Bonds and such failure shall be continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee reasonable indemnity. The Holders of a majority in aggregate principal amount of the outstanding Bonds will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, to the extent such does not conflict with the provisions of the Indenture or applicable law.

No Holder of any Bond will have any right to institute any proceeding with respect to the Indenture or the Bonds or for any remedy thereunder, unless such Holder has previously given to the Trustee written notice of a continuing Event of Default and unless also the Holders of at least 25% in aggregate principal amount of the outstanding Bonds shall have made a written request to the Trustee to institute proceedings in respect of such Event of Default in its own names as Trustee, such Holder or Holders have offered to the Trustee indemnity, the Trustee for 60 days after receipt of such notice has failed to institute any such proceeding and no direction inconsistent with such request shall have been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the outstanding Bonds. However, such limitations do not apply to a suit individually instituted by a Holder of a Bond for enforcement of payment of the principal of, interest or any Additional Amounts on, if any, with respect to, such Bond on or after respective due dates expressed in such Bond.

Defeasance

The Company may at any time terminate all of its obligations with respect to the Bonds (“defeasance”), except for certain obligations, including those regarding any trust established for a defeasance, to replace mutilated, destroyed, lost or stolen Bonds and to maintain agencies in respect of Bonds. The Company may at any time terminate its obligations under certain covenants set forth in the Indenture, and any omission to comply with such obligations shall not constitute a Default with respect to the Bonds issued under the Indenture (“covenant defeasance”). In order to exercise either defeasance or covenant defeasance, the Company must irrevocably deposit in trust, for the benefit of the Holders of the Bonds, with the Trustee money or U.S. government obligations, or a combination thereof, in such amounts as will be sufficient to pay the principal of, and interest on the Bonds to the redemption date specified by the Company in accordance with the terms of the Indenture and comply with certain other conditions, including the delivery of an opinion as to certain tax matters.

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Notices

All notices shall be deemed to have been given (i) upon the mailing by first class mail, postage prepaid, of such notices to Holders of the Bonds at their registered addresses as recorded in the Bond Register and (ii) for so long as the Bonds are listed on the Luxembourg Stock Exchange, upon publication in a leading newspaper of general circulation in Luxembourg, in each case not later than the latest date, and not earlier than the earliest date, prescribed in the Bonds for the giving of such notice. The Trustee shall upon request forward to each registered Holder of Bonds the reports received by the Trustee as described under “—Covenants—Reporting Requirements.”

Meetings of Bondholders, Amendments and Waivers

The Indenture will contain provisions for convening meetings of Holders of the Bonds to consider matters affecting their interest. A meeting of the Holders of Bonds may be called by the Trustee, the Company or the Holders of at least 10% in principal amount of the outstanding Bonds.

The Indenture may be amended by the Trustee and the Company for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein, or in any manner which may be deemed necessary or desirable and which shall not adversely affect the interests of any of the Holders of the Bonds in any material respect, to all of which each Holder of the Bonds shall, by acceptance thereof, consent.

Modification and amendments to the Indenture or to the terms and conditions of the Bonds may also be made, and future compliance therewith or past default by the Company (other than a default in the payment of any amount, including in connection with a redemption, due on the Bonds or in respect of covenant or provision which cannot be modified and amended without the consent of the Holders of all Bonds so affected) may be waived, either with the written consent of the Holders of at least a majority in aggregate principal amount of outstanding Bonds or by the adoption of resolution at a meeting of Holders of Bonds by the Holders of at least a majority of the outstanding Bonds; and *provided, however*, that no such modification or amendment to the Indenture or to the terms and conditions of the Bonds may, without the consent or the affirmative vote of the Holder of each Bond so affected; change any installment of interest, with respect to, any Bond or reduce the principal amount of or interest, with respect to, any Bond; change cash prices at which the Bonds may be redeemed by the Company; change the obligation of the Company to pay Additional Amounts as described above; change the currency in which, or change the required place at which, payment with respect to principal of or interest, with respect to, the Bonds is payable; reduce the above-stated percentage of principal amount outstanding of Bonds required to modify or amend the Indenture or the terms or conditions of the Bonds or to waive any future compliance or past default; or reduce the percentage in principal amount of Bonds outstanding the consent of the Holders of which is required for the adoption of resolution or the quorum required at any meeting of Holders of Bonds at which a resolution is adopted.

The quorum at any meeting called to adopt a resolution will be persons holding or representing at least a majority in aggregate principal amount of the outstanding Bonds and at any adjourned meeting will be persons holding or representing a majority in aggregate principal amount of the outstanding Bonds. Any instrument given by or on behalf of any Holder of a Bond in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent Holders of such Bond. Any modifications amendments or waivers to the Indenture or to the terms and conditions of the Bonds will be conclusive and binding on all Holders of Bonds, whether or not they have given such consent or were present at any meeting.

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Governing Law and Submission to Jurisdiction

The Bonds and the Indenture will be governed by, and construed in accordance with, the laws of the State of New York.

The Company has submitted to the jurisdiction of the Federal courts of the United States for the Southern District of New York and the courts of the State of New York in the Borough of Manhattan, The City of New York, and has further submitted to the jurisdiction of any competent court in place of its corporate domicile for purposes of all legal actions and proceedings instituted in connection with its obligations with respect to the Bonds. The Company has designated CT Corporation System as agent for service of process upon whom process may be served in respect of any such proceedings. The laws of Mexico require service of process to be made personally upon the Company or an agent for service of process in order for a foreign judgment to be enforceable by a Mexican court. Because service of process by mail does not constitute personal service under the laws of Mexico, if, for the purpose of proceedings outside Mexico, service of process is made by mail, a final judgment issued in connection with such proceedings may not be enforced in the courts of Mexico.

Currency Indemnity

U.S. dollars are the sole currency of account and payment for all sums payable by the Company under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Company or otherwise) by any Holder of a Bond in respect of any sum expressed to be due to it from the Company shall only constitute a discharge to the Company to the extent of the dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that dollar amount is less than the dollar amount expressed to be due to the recipient under any Bond, the Company shall indemnify it against any loss sustained by it as a result. In any event, the Company shall indemnify the recipient against the cost of making any such purchase. For the purposes of this paragraph, it will be sufficient for the Holder of a Bond to certify in a satisfactory manner (indicating the sources of information used) that it would have suffered a loss had an actual purchase of dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of dollars on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above). These indemnities constitute a separate and independent obligation from the Company's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of a Bond and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond.

Form, Denomination and Title

The Bonds will be represented by Regulation S Global Bonds (as defined below) and Restricted Global Bonds (as defined below) (each sometimes referred to herein as a "global Bond" and together sometimes referred to herein as the "global Bonds").

Bonds sold outside the United States in reliance on Regulation S will be represented by one or more global Bonds in definitive, fully registered form without interest coupons (collectively, "Regulation S Global Bonds") and will be deposited with the Trustee as custodian for DTC, and registered in the name of DTC or its nominee for the accounts of Euroclear and Clearstream (as indirect participants in DTC).

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Bonds sold in reliance on Rule 144A under the Securities Act initially will be represented by one or more global Bonds in definitive, fully registered form without interest coupons (collectively, “Restricted Global Bonds”) and will be deposited with the Trustee as custodian for DTC and registered in the name of DTC or its nominee. Restricted Global Bonds will be subject to certain restrictions on transfer and will bear a legend to that effect as described under “Transfer Restrictions.”

Prior to or on the 40th day after the later of the commencement of the Offering and the Closing Date, beneficial interests in Regulation S Global Bonds may be transferred to a person who takes delivery in the form of an interest in Restricted Global Bonds only upon receipt by the Trustee of a written certification from the transferor (in the form provided in the Indenture) to the effect that such transfer is being made to a person that the transferor reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. After such 40th day, the certification requirement will no longer apply to such transfers.

Beneficial interests in Restricted Global Bonds may be transferred to a person who takes delivery in the form of an interest in Regulation S Global Bonds, whether before, on or after such 40th day, only upon receipt by the Trustee of a written certification from the transferor (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144 under the Securities Act. Any beneficial interest in one of the global Bonds that is transferred to a person who takes delivery in the form of an interest in the other global Bond will, upon transfer, cease to be an interest in such global Bond and become an interest in the other global Bond and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other global Bond for as long as it remains such an interest.

The Company will appoint the Trustee at its office in New York City specified on the inside back cover hereof as Registrar, Principal Paying Agent and Transfer Agent for the Bonds. In such capacities, the Trustee will be responsible for, among other things, (i) maintaining a record of the aggregate holdings of Bonds represented by the global Bonds and accepting Bonds for exchange and registration of transfer, (ii) ensuring that payments of principal (including cash in the case of a cash redemption by the Company) and interest in respect of the Bonds received by the Trustee from the Company are duly paid to DTC or its nominee and (iii) transmitting to the Company any notices from Bondholders. J.P. Morgan Bank Luxembourg S.A. will act as Paying Agent and Transfer Agent in Luxembourg at its office in Luxembourg specified on the inside back cover hereof.

The Bonds will be issued only in fully registered form, without coupons, in minimum denominations of US\$2,000 in the case of Regulation S Global Bonds and US\$100,000 in the case of Restricted Global Bonds and integral multiples of US\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Bonds, but the Company or Trustee or other agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Global Bonds

Upon the issuance of Regulation S Global Bonds and Restricted Global Bonds, DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such global Bond to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the Initial Purchasers. Ownership of beneficial interests in a global Bond will be limited to persons who have accounts with DTC (“DTC Participants”) or persons who hold interests through DTC Participants. Ownership of beneficial interests in the global Bonds will be shown on, and the transfer of that ownership will be effected only

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through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants).

So long as DTC, or its nominee, is the registered owner or Holder of such global Bond, DTC or such nominee, as the case may be, will be considered the sole owner or Holder of the Bonds represented by such global Bond for all purposes under the Indenture and the Bonds. Unless DTC notifies the Company that it is unwilling or unable to continue as depository for a global Bond or ceases to be a “clearing agency” registered under the Exchange Act, or the Company elects to discontinue use of the system of book-entry transfers through DTC or a successor depository, or an Event of Default (as defined below) has occurred and is continuing with respect to such Bond, owners of beneficial interests in a global Bond will not be entitled to have any portion of such global Bond registered in their names, will not receive or be entitled to receive physical delivery of Bonds in certificated form and will not be considered to be the owners or Holders of any Bonds under the Indenture or the Bonds. In addition, no beneficial owner of an interest in a global Bond will be able to transfer that interest except in accordance with DTC’s or its participant’s applicable procedures.

Investors may hold their interests in Regulation S Global Bonds directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold interests in the Regulation S Global Bonds on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories, which in turn will hold such interests in Regulation S Global Bonds in customers’ securities accounts in the depositories’ names on the books of DTC. Investors that are qualified institutional buyers may hold their interests in Restricted Global Bonds directly through DTC if they are DTC Participants, or indirectly through organizations that are DTC Participants.

Payments of the principal and interest and any Additional Amounts on individual Bonds represented by a global Bond registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of the global Bond representing such Bonds. None of the Company, the Trustee or any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global Bonds or for maintaining, supervising, or reviewing any records relating to such beneficial ownership interests. The Company expects that DTC or its nominee, upon receipt of any payment of principal, interest or Additional Amounts, if any, in respect of a global Bond representing any Bonds held by it or its nominee, will immediately credit DTC Participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global Bond as shown on the records of DTC or its nominee. The Company also expects that payments by DTC Participants to owners of beneficial interests in such global Bond held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

Transfers between DTC Participants will be effected in accordance with DTC rules and procedures and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and procedures.

The laws of some states require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a global Bond to such persons may be limited because DTC can only act on behalf of DTC Participants, who in turn act on behalf of indirect participants and certain banks. Accordingly, the ability of a person having a beneficial interest in a global Bond to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of each interest, may be affected by the lack of a physical certificate for such interest.

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Subject to compliance with the transfer restrictions applicable to the Bonds described above and under “Transfer Restrictions,” cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules and procedures on behalf of Euroclear or Clearstream, as the case may be, by its respective depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels, Belgium time). Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in Regulation S Global Bonds in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a global Bond from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date, and the credit of any transactions in interests in a global Bond settled during such processing will be reported to the relevant Euroclear or Clearstream participant on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in a global Bond by or through a Euroclear or Clearstream participant 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 only as of the business day following settlement in DTC.

In order to insure the availability of Rule 144(k) under the Securities Act, the Indenture will provide that all Bonds which are purchased or otherwise acquired by the Company or any of its subsidiaries may not be resold or otherwise transferred.

DTC has advised the Company that it will take any action permitted to be taken by a Holder of Bonds (including, without limitation, the presentation of Bonds for transfer, exchange or conversion as described below) only at the direction of one or more DTC Participants to whose account with DTC interests in the global Bonds are credited and only in respect of such portion of the aggregate principal amount of the Bonds as to which such Participant or Participants has or have given such direction. However, in the limited circumstances described herein, DTC will exchange the global Bonds for certificated Bonds in definitive form, which it will distribute to DTC Participants and which, if representing interests in the Restricted Global Bond, will be legended as set forth under “Transfer Restrictions.” See “—Certificated Bonds.”

DTC has advised the Company as follows: DTC will act as the depository for the Bonds. The Bonds will be issued as fully registered senior bonds registered in the name of Cede & Co., which is DTC’s partnership nominee. Fully registered global Bonds will be issued for the Bonds, in the aggregate principal amount of the issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes to participants’ accounts, thereby eliminating the need for physical movement of Bonds certificates. Direct participants of DTC include securities brokers and dealers, including the initial purchasers of the Bonds, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the New York

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Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to DTC's system is also available to indirect participants, which includes securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

To facilitate subsequent transfers, all global Bonds representing the Bonds which are deposited with, or on behalf of, DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of global Bonds with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global Bonds representing the Bonds; DTC's records reflect only the identity of the direct participants to whose accounts the Bonds are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the global Bonds representing the Bonds. Under its usual procedure, DTC mails an omnibus proxy to the Company as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the Bonds are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Company or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificated Bonds are required to be printed and delivered. See "—Certificated Bonds."

The Company may decide to discontinue use of the system of book-entry transfers through DTC or a successor securities depository. In that event, certificated Bonds will be printed and delivered. See "—Certificated Bonds."

Although DTC, Euroclear and Clearstream have agreed to the procedures described above in order to facilitate transfers of interests in the global Bonds among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. Neither the Trustee nor the Company will have any liability or responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Bonds

If DTC is at any time unwilling or unable to continue as a depository for the reasons set forth under "—Global Bonds" above and a successor depository is not appointed by the Company within 90 days, the Company elects to discontinue use of the system of book-entry transfers through DTC or a successor securities depository, or an Event of Default has occurred and is continuing with respect to the Bonds, the Company will issue individual definitive Bonds, having the same maturity date and the same terms and conditions and of differing authorized denominations which will have the same aggregate principal amount, in registered form in exchange for Regulation S Global Bonds and Restricted Global Bonds, as the case may be. In the case of definitive Bonds issued in exchange for Restricted Global Bond, such Bonds will bear, and be subject to, the legend referred to under "Transfer Restrictions"; *provided* that interests in Regulation S Global Bonds will not be exchangeable

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for certificated Bonds until expiration of the 40-day distribution compliance period and receipt of certification of non-U.S. beneficial ownership as described above. Upon any exchange for certificated Bonds, the certificated Bonds shall be registered in the names of the beneficial owners of the global Bonds representing the Bonds, which names shall be provided by DTC's relevant participants (as identified by DTC) to the Trustee.

The Holder of a definitive Bond may transfer such Bond by surrendering it at the office or agency maintained by the Company for such purpose in the Borough of Manhattan, The City of New York, which initially will be the office of the Trustee or at the office of any Paying Agent. Upon the transfer, exchange or replacement of definitive Bonds bearing the legend, or upon specific request for removal of the legend on a definitive Bond, the Company will deliver only definitive Bonds that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Company such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Company, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Neither the Trustee nor any Registrar or Transfer Agent shall be required to register the transfer of or exchange definitive Bonds for a period from the record date to the due date for any payment of principal (including upon conversion) of, or interest on, the Bonds or register the transfer of or exchange any Bonds for 15 days prior to selection for redemption through the date of redemption.

Prior to presentment of a Bond for registration of transfer (including a global Bond), the Company, the Trustee and any agent of the Company or the Trustee may treat the person in whose name such Bond is registered as the owner or Holder of such Bond for the purpose of receiving payment of principal of interest and any Additional Amounts on such Bond and for all other purposes whatsoever, whether or not such Bond is overdue, and none of the Company, the Trustee or any agent of the Company or the Trustee shall be affected by notice to the contrary.

Replacement of Bonds

In the event that any Bond shall become mutilated, defaced, destroyed, lost or stolen, the Company will execute and, upon the Company's request, the Trustee will authenticate and deliver a new Bond, of like tenor (including the same date of issuance) and equal principal amount, registered in the same manner, and bearing interest from the date to which interest has been paid on such Bond, in exchange and substitution for such Bond (upon surrender and cancellation thereof) or in lieu of and substitution for such Bond. In the event that such Bond is destroyed, lost or stolen, the applicant for a substitute Bond shall furnish to the Company and the Trustee such security or indemnity as may be required by them to hold each of them harmless, and, in every case of destruction, loss or theft of such Bond, the applicant shall also furnish to the Company and the Trustee satisfactory evidence of the destruction, loss or theft of such Bond and of the ownership thereof. Upon the issuance of any substituted Bond, the Company may require the payment by the registered holder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other fees and expenses (including the fees and expenses of the Trustee) connected therewith.

Trustee

The Indenture contains provisions for the indemnification of the Trustee and for its relief from responsibility. The obligations of the Trustee to any Holder of Bonds are subject to such immunities and rights as are set forth in the Indenture. In determining materiality for the purposes of clause (ii) of Events of Default, the Trustee is entitled to rely upon a certificate from us.

The Company and its affiliates may from time to time enter into normal banking and trustee relationships with the Trustee and its affiliates.

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The Trustee and any of its affiliates may hold Bonds in their own respective names.

Certain Definitions

The following is a summary of certain defined terms used in the Indenture. Reference is made to the Indenture for the full definition of all such terms as well as other capitalized terms used herein for which no definition is provided.

For purposes of the following definitions and the Indenture generally, all calculations and determinations shall be based upon the latest internally available annual or quarterly consolidated financial statements of the Company and its Subsidiaries prepared in accordance with Mexican GAAP (as defined herein).

“Additional Amounts” has the meaning set forth under “Description of the Bonds—Additional Amounts.”

“Attributable Debt” means, with respect to a Sale-Leaseback Transaction, as at the time of determination, the present value (discounted at the interest rate borne by the Bonds, compounded annually) of the total net obligations of the lessee for rental payments (excluding any amounts required to be paid by the lessee for maintenance and repairs, insurance, taxes and similar items) during the remaining term of the lease included in such Sale-Leaseback Transaction (including any period for which such lease has been extended).

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in the Borough of Manhattan, The City of New York or, with respect to any payment on the Bonds, if there is a Paying Agent in Luxembourg, in Luxembourg or, with respect to any place of payment, in such place of payment, are authorized or obligated by law, executive order or regulation to close.

“Capital Lease Obligation” means, with respect to any Person, any obligation which is required to be classified and accounted for as a capital lease on the face of a balance sheet of such Person prepared in accordance with Mexican GAAP (or, in the case of any Subsidiary organized under the laws of the United States, U.S. GAAP); the amount of such obligation shall be the capitalized amount thereof, determined in accordance with Mexican GAAP (or, in the case of any Subsidiary organized under the laws of the United States, U.S. GAAP); and the Stated Maturity thereof shall be the date of last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

“Capital Stock” means, with respect to any Person, any shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests (however designated) in such Person.

“Consolidated Net Tangible Assets” means, as of any date of determination, the total assets appearing on the Company’s most recent internally available consolidated balance sheet, less goodwill and other intangibles (other than patents, trademarks, copyrights, licenses and other intellectual property) shown on the Company’s most recently internally available consolidated balance sheet.

“Debt” means, with respect to, any Person (without duplication):

(i) the principal of and premium, if any, in respect of (A) indebtedness of such Person for money borrowed and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable;

(ii) all Capital Lease Obligations of such Person;

(iii) all obligations of such Person issued or assumed as the deferred and unpaid purchase price of Property, all conditional sale obligations of such Person and all obligations of such Person

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under any title retention agreement (but excluding trade accounts payable arising in the ordinary course of business or other obligations in the ordinary course of business which are outstanding for not more than 60 days);

(iv) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in (i) through (iii) above) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit);

(v) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Redeemable Stock (but excluding any accrued dividends);

(vi) any liability under any agreements or instruments in respect of interest rate or currency swap, exchange or hedging transactions or other financial derivatives transactions;

(vii) all obligations of the type referred to in clauses (i) through (v) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee (excluding any Guarantee by the Company of any obligations of its Subsidiaries or Guarantees by any Subsidiary of obligations of the Company or any other Subsidiary); and

(viii) all obligations of the type referred to in clauses (i) through (vi) of other Persons secured by any Lien on any Property of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such Property or the amount of the obligation so secured.

For the purpose of clause (iii) under "Events of Default", the term "Debt" shall not be deemed to include clauses (iii), (vi), (vii) and (viii) above (to the extent that such clauses (vii) and (viii) relate to clause (iii) or (vi)).

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Debt or other obligation of any Person and any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such Debt or other obligation 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.

"Lien" means any mortgage, pledge, lien, security interest or other charge or encumbrance, including any equivalent right created or arising under the laws of Mexico.

"Material Subsidiary" means any Subsidiary of the Company which, as of any date of determination, either (i) had assets which, as of the date of the Company's most recent quarterly consolidated balance sheet, constituted at least 10% of the Company's total assets on a consolidated basis as of such date or (ii) had revenues for the twelve-month period ending on the date of the Company's most recent quarterly consolidated statement of income which constituted at least 10% of the Company's total net sales on a consolidated basis for such period.

"Mexican GAAP" means generally accepted accounting principles in Mexico as in effect from time to time, including those set forth in the opinions and pronouncements of the MIPA or in such other

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statements by such other entity as approved by a significant segment of the accounting profession in Mexico.

“Person” means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint stock company, trust, unincorporated association or governmental or any agency or political subdivision thereof.

“Property” means any asset, plant, facility, revenue or other property, whether tangible or intangible, real or personal, including any right to receive income.

“Public Company Period” means any period with respect to which the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act.

“Redeemable Stock” means any Capital Stock that by its terms or otherwise is required to be redeemed by the Company on a Stated Maturity date or that is required to be redeemed by the Company at the option of the Holder thereof.

“Sale-Leaseback Transaction” means an arrangement relating to Property now owned or hereafter acquired whereby the Company or a Subsidiary transfers such property to a Person and the Company or a Subsidiary leases it from such Person.

“Stated Maturity” means, with respect to (i) any security, the date specified in such security as the fixed date on which the principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the Holder thereof upon the happening of any contingency unless such contingency has occurred) and (ii) any installment of interest on any security, the date specified in such security as the fixed date on which such installment of interest is due and payable.

“Subsidiary” means, with respect to any Person, any other Person as to which a majority of the total voting power of shares of Capital Stock (or, if such other Person is not a corporation, other ownership interests) is, as of the date of determination, beneficially owned or held, directly or indirectly, by such Person and/or one or more other Subsidiaries thereof. The term “voting power” means, in turn, power to vote in the election of directors or members of the governing body of such other Person.

“Trust Indenture Act” means the U.S. Trust Indenture Act of 1939, as amended, as in effect on the date on which the Indenture is qualified under such Act.

“Trustee” means the party named as such in the Indenture until a successor replaces it and, thereafter, means the successor.

“U.S. GAAP” means generally accepted accounting principles in the United States as in effect from time to time, including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession in the United States.

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TAXATION

The following summary contains a description of the principal U.S. federal income and Mexican federal tax consequences of the ownership and disposition of bonds, but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase or dispose of bonds. This summary is based on tax laws in force on the date of this offering circular (which are subject to change, which change may have retroactive effect), and does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the federal laws of the U.S. and México.

Each prospective holder or beneficial owner of bonds should consult its tax advisor as to the U.S., Mexican and any other tax consequences of the ownership and disposition of the bonds, including the effect of any state or local tax laws or any taxes of countries other than the U.S. or México.

México has also entered into, or is negotiating, tax treaties with various other countries that may have effects on holders of bonds. This summary does not discuss the consequences of such treaties.

United States Federal Income Taxation

The following summary of the principal U.S. federal income tax consequences under current law of the ownership of the bonds. It deals only with bonds held as capital assets by initial purchasers in the original offering who are U.S. Holders (as defined below), and does not discuss all of the tax consequences that may be relevant to a particular holder in light of the holder's circumstances or to holders subject to special rules, such as dealers in securities or foreign currencies, traders who elect to mark the bonds to market, financial institutions, regulated investment companies, life insurance companies, controlled foreign corporations, persons holding bonds as part of a hedge, straddle, conversion or integrated transaction or holders whose functional currency is not the U.S. Dollar. This summary also assumes that the Company, as the issuer of the bonds, is not and will not become a passive foreign investment company, which the Company believes is and will be the case. No ruling has or will be sought from the Internal Revenue Service regarding the matters addressed below and the conclusions expressed are not binding on the Internal Revenue Service or a court.

As used in this summary, "U.S. Holder" means a beneficial owner that is for U.S. federal income tax purposes, (a) a citizen or resident of the United States, (b) a domestic partnership or corporation, (c) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or that has validly elected to be treated as a U.S. person, or (d) an estate the income of which is subject to U.S. federal income tax regardless of its source.

If a partnership hold bonds, the tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. U.S. Holders who are partners of partnership holding bonds should consult their own tax advisors.

Characterization of the bonds

There is no authority addressing an obligation with substantially the same terms as the bonds and the classification of the bonds for U.S. federal income tax purposes is not free from doubt. Whether an obligation is classified as debt or equity for U.S. federal income tax purposes depends on all of the facts and circumstances. Courts have, in appropriate cases, held that obligations purporting to be debt were equity for U.S. federal income tax purposes notwithstanding their legal form as debt. It is unclear whether the bonds are properly characterized as debt or equity for U.S. federal income tax purposes. Insofar as the Company may have to take a position regarding the characterization of the bonds for U.S. federal income tax purposes it intends to treat the bonds as debt. The balance of the summary assumes the bonds are treated as debt, except as otherwise noted.

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Interest

For U.S. federal income tax purposes only, payments of interest on the bonds (including any additional amounts) should generally be taxable to a U.S. Holder as interest income in accordance with the U.S. Holder's method of accounting. Interest income will be foreign source and, with certain exceptions, will be treated as "passive" (or, after December 31, 2006, "passive category") income for purposes of applying foreign tax credit limitations. Gain realized on the sale or other disposition of the bonds will be U.S. source, although loss may be foreign source.

If the bonds were treated as equity for U.S. federal income tax purposes, payments of interest would be treated as taxable dividend income. U.S. Holders will be entitled to a tax credit for any Mexican tax included, subject to generally applicable limitations to the extent of the issuer's current or accumulated earnings and profits (as determined for U.S. federal income tax). Such amounts will not be eligible for the dividends received reduction allowed to corporations. Payments in excess of current and accumulated earnings and profits should be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the bonds and thereafter as capital gain. Because of the rights afforded to U.S. Holders upon certain Events of Default, the dividend income will not be eligible for the reduced rate of tax applicable to non-corporate taxpayers for dividends received before 2009. Dividend income generally will be foreign source income.

Sale or other Disposition

Upon a sale or other disposition of bonds, a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realized on the sale or other disposition (not including any amounts received that are attributable to accrued and unpaid interest, which will be taxable as ordinary income in accordance with the U.S. Holder's method of accounting) and the U.S. Holder's adjusted tax basis in the bonds. This capital gain or loss generally will be treated as from U.S. sources and generally will be long-term capital gain or loss if the U.S. Holder's holding period in the bonds exceeds one year. For a non-corporate U.S. Holder, the maximum long-term capital term gains rate for any taxable years ending before December 31, 2008 is 15 percent. Special transitional rules apply for taxable years that include May 6, 2003. The deductibility of capital losses is limited.

Backup Withholding and Information Reporting

Payments of principal and interest on, and the proceeds of sale or other disposition of bonds by a paying agent or other intermediary treated as a U.S. person may be reportable to the Internal Revenue Service and to the U.S. Holder under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding or information reporting. U.S. Holders should consult their tax advisors as to their qualifications for exemption from backup withholding and the procedure for obtaining an exemption. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against its U.S. Federal income tax liability, provided that the U.S. Holder provides required information to the IRS.

Mexican Taxation

This summary of certain Mexican federal tax considerations refers only to holders of bonds that are not residents of México for Mexican tax purposes and that will not hold the bonds or a beneficial interest therein in connection with the conduct of a trade or business through a permanent establishment in México (any such non-resident holder a "Foreign Holder"). For purposes of Mexican taxation, an individual is a resident of México if he/she has established his/her place of residence

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(home) in México, unless he/she has a place of residence (home) in another country as well, in which case such individual will be considered a resident of México for tax purposes if such individual has his/her center of vital interest in México; an individual would be deemed to have his/her center of vital interest in México if, among other things, (i) more than 50% of his/her total income for the year derives from Mexican sources, or (ii) his/her principal center of professional activities is located in México. A legal entity is a resident of México if it has been incorporated under the laws of México, maintains the principal place of its management in México or has established its effective management in México. If a person has a permanent establishment in México, such person shall be required to pay taxes in México on income attributable to such permanent establishment in accordance with Mexican federal tax law. An individual of Mexican nationality is presumed to be a resident of México unless such person can demonstrate the contrary.

Taxation of Interest and Principal. Under existing Mexican laws and regulations, a Foreign Holder will not be subject to any taxes or duties imposed or levied by or on behalf of México in respect of payments of principal of the bonds made by us.

Pursuant to the Mexican Income Tax Law and to rules issued by the Ministry of Finance and Public Credit applicable to us, interest payments made by us in respect of the bonds to Foreign Holders will be subject to a Mexican withholding tax imposed at a rate of 4.9% if, as expected: (i) the bonds are placed outside of México in a country with which México has a valid tax treaty in effect through a bank or broker dealer, (ii) the bonds are registered with the Special Section of the RNV maintained by the CNBV and evidence of such registration is filed with the Ministry of Finance and Public Credit, (iii) we timely file with the Ministry of Finance and Public Credit (a) certain information related to the bonds and this Offering Circular and (b) information representing that no party related to us, directly or indirectly, is the effective beneficiary of five percent or more of the aggregate amount of each such interest payment, and (iv) Gruma maintains records that evidence compliance with (iii)(b) above. If these requirements are not met, the applicable withholding tax rate will be 10%.

Under the United States-México Income Tax Treaty, the Mexican withholding tax rate is 4.9% for certain holders that are residents of the United States (within the meaning of the United States-México Income Tax Treaty) under certain circumstances contemplated therein.

Payments of interest made by us in respect of the bonds and to a non-Mexican pension or retirement fund will be exempt from Mexican withholding taxes, provided that any such fund: (i) is duly established pursuant to the laws of its country of origin and is the effective beneficiary of the interest paid, (ii) is exempt from income tax in respect of such payments in such country, and (iii) is registered with the Ministry of Finance and Public Credit for that purpose

Additional Amounts. We have agreed, subject to specified exceptions and limitations, to pay additional amounts to the holders of the bonds in respect of the Mexican withholding taxes mentioned above. If we pay additional amounts in respect of such Mexican withholding taxes, any refunds received with respect to such additional amounts will be for our account.

Holders or beneficial owners of bonds may be requested to provide certain information or documentation necessary to enable us to establish the appropriate Mexican withholding tax rate applicable to such holders or beneficial owners. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not provided on a timely basis our obligation to pay additional amounts will be limited.

Taxation of Dispositions. Capital gains resulting from the sale or other disposition of the bonds by a Foreign Holder will not be subject to Mexican income or other taxes.

Transfer and Other Taxes. There are no Mexican stamp, registration, or similar taxes payable by a Foreign Holder in connection with the purchase, ownership or disposition of the bonds. A Foreign Holder of bonds will not be liable for Mexican estate, gift, inheritance or similar tax with respect to the bonds.

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PLAN OF DISTRIBUTION

We intend to offer the bonds through the Initial Purchasers. Subject to the terms and conditions contained in a purchase agreement between the Issuer and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the Initial Purchasers listed below, the Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers severally have agreed to purchase from the Issuer the principal amount bonds listed opposite their names below.

<u>Initial Purchaser</u>	<u>Principal Amount</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	US\$285,000,000
Barclays Capital Inc.	7,500,000
ING Bank N.V., London Branch	7,500,000
Total	<u>US\$300,000,000</u>

The Initial Purchasers have agreed to purchase all of the bonds being sold pursuant to the purchase agreement if any of these bonds are purchased. If any Initial Purchaser defaults, the purchase agreement provides that the purchase commitment of the non-defaulting Initial Purchasers may be increased or the purchase agreement may be terminated. The Initial Purchasers have advised us that they propose initially to offer the bonds at the price listed on the cover page of this offering circular.

The Issuer has agreed to indemnify the Initial Purchasers against certain liabilities, 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 bonds, subject to prior sale, when, as and if issued to and accepted by it subject to approval of legal matters by its counsel, including the validity of the bonds, 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 investors and to reject orders in whole or in part.

We have been advised that ING Bank N.V., London Branch will offer the bonds in the United States through its selling agent, ING Financial Markets LLC.

Bonds Not Registered

The Initial Purchasers have proposed to offer the bonds for resale in transactions not requiring registration under the U.S. Securities Act or applicable state securities laws, including sales pursuant to Rule 144A.

The Initial Purchasers will not offer or sell the bonds except

- to persons they reasonably believe to be qualified institutional buyers, or
- pursuant to offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S.

In addition, until 40 days after the commencement of this offering, an offer or sale of the bonds within the U.S. by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

Bonds sold pursuant to Regulation S may not be offered or resold in the United States or to U.S. persons (as defined in Regulation S), except under an exemption from the registration requirements of the Securities Act or under a registration statement declared effective under the Securities Act.

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Each purchaser of the bonds will be deemed to have made acknowledgments, representations and agreements as described under “Transfer Restrictions.”

No Sale of Similar Securities

The Issuer has agreed, with certain exceptions, not to sell any U.S. Dollar denominated debt securities for 30 days after the date of this offering circular without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated. This agreement applies only to debt securities with a maturity of 10 years or more and any securities convertible into or exercisable or exchangeable for such debt securities.

Price Stabilization and Short Positions

In connection with the offering, Merrill Lynch, Pierce, Fenner & Smith Incorporated may engage in transactions that stabilize the market price of the bonds. Such transactions consist of bids or purchases to peg, fix or maintain the price of the bonds. If the Initial Purchasers create a short position in the bonds in connection with the offering, meaning if it sells more bonds than are listed on the cover page of this offering circular, the Merrill Lynch, Pierce, Fenner & Smith Incorporated may reduce that short position by purchasing bonds in the open market. Purchases of a security to stabilize the price or to reduce a short position may cause the price of the security to be higher than it might be in the absence of these purchases.

Neither we nor 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 bonds. In addition, neither we nor the Initial Purchasers make any representation that Merrill Lynch, Pierce, Fenner & Smith Incorporated will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

The Initial Purchasers and their affiliates have, and may in the future, in the ordinary course of business engage in investment banking and other commercial dealings in the ordinary course of business with the Issuer and its affiliates. The Initial Purchasers and such affiliates have received customary fees and commissions for these transactions. In addition, the Initial Purchasers have agreed to reimburse us for certain of our expenses in connection with this offering.

Selling Restrictions

Each Initial Purchaser has represented, warranted and agreed that (i) it has not offered or sold and, prior to the expiry of a period of six months from the issue date of the bonds, will not offer or sell any bonds to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended; (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and (iii) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the bonds in, from or otherwise involving the United Kingdom.

Each Initial Purchaser has confirmed that it is aware of the fact that no German selling prospectus (*Verkaufsprospekt*) has been or will be published in respect of the bonds. Each Initial Purchaser has

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represented and agreed that it has only offered and sold and that it will only offer and sell bonds in the Republic of Germany in accordance with the provisions of the German Securities Sales Prospectus Act (*Wertpapierverkaufspespektgesetz*), the German Investment Act (*Investmentgesetz*) and any other applicable legal and regulatory requirements under German law.

Any acquisition of or resale of bonds in the Federal Republic of Germany may only be made in accordance with the provisions of the German Securities Sales Prospectus Act, the German Investment Act and any other applicable legal and regulatory requirements.

This offering circular has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, the Initial Purchaser has represented, warranted and agreed that this offering circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the bonds may not be circulated or distributed, nor may such bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor or other person specified in Section 274 of the SFA, (ii) to a sophisticated investor (as defined in Section 275 of the SFA) 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.

Each Initial Purchaser has represented and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any bonds other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong; and (ii) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue any advertisement, invitation or document relating to the bonds, 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 securities laws of Hong Kong) other than with respect to bonds 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 Future Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Relating to any bonds sold in Malaysia:

- (a) The bonds shall not be offered or sold, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia other than pursuant to an offer or invitation as specified in Schedule 2 of the Securities Commission Act 1993 or prescribed by the Minister of Finance under Section 38(1)(b) of the Securities Commission Act 1993.
- (b) No holder of bonds may sell, transfer or otherwise dispose of all or any part of its legal or beneficial interest in any of the bonds to any person, unless:
 - (i) such sale, transfer or disposition is subject to the condition that such person shall undertake to observe the restrictions set out in this section, including the requirement in this paragraph (b) to impose similar restrictions on any subsequent holder of bonds;
 - (ii) such sale, transfer or disposition shall not breach the provisions of the Securities Commission Act 1993 (as amended from time to time) or the Exchange Control Act 1953 or any regulations or notices issued thereunder (as amended from time to time).
- (c) Save as otherwise expressly authorized by any applicable law, no person may issue any prospectus, circular or other offering material or make any public announcement, general solicitation or general advertising (including, without limitation, in any general advertisement, article, notice or other similar communication published in any newspaper, magazine or similar media or in any broadcast over television or radio or publicly accessible electronic

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screens or other such similar media) in connection with the offer, sale, purchase, resale, distribution or delivery of any of the bonds, unless such material has been previously authorized and published by the Issuer for any such purpose.

- (d) No person may offer or sell participation in any of the bonds in any amount which is less than the face amount of those bonds.
- (e) No physical delivery of the bonds to any persons shall be affected and no holder of bonds may sell, transfer or otherwise dispose of any of the bonds to any person unless such sale, transfer or other disposition is subject to the condition that such bonds are delivered to the Central Depository.
- (f) Without limitation to paragraphs (a) and (b), each holder of bonds will observe all applicable laws and regulations in any jurisdiction (including Malaysia) in which it may offer, sell, distribute or deliver the bonds or distribute any document or other material in connection therewith.

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TRANSFER RESTRICTIONS

Given the following restrictions, you are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the bonds.

Each purchaser of the bonds offered hereby will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

- (1) You (A) (i) are a qualified institutional buyer, (ii) are aware that the sale of the bonds to you is being made in reliance on Rule 144A and (iii) are acquiring such bonds for your own account or for the account of a qualified institutional buyer, as the case may be, or (B) are not a U.S. person and are acquiring the bonds outside the United States pursuant to Regulation S.
- (2) You understand that the bonds have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (A) (i) to a person who you reasonably believe is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or 904 of Regulation S, (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (iv) in accordance with another exemption from the registration requirements of the Securities Act (based upon an opinion of counsel if the Company so requests) or (v) pursuant to an effective registration statement under the Securities Act and (B) in accordance with all applicable securities laws of the states of the U.S.
- (3) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If you are acquiring any bonds for the account of one or more qualified institutional buyers, you represent that you have full power to make the foregoing acknowledgments, representations and agreements on behalf of such account.
- (4) You understand that the bonds will bear a legend to the following effect, unless we determine otherwise in compliance with applicable law:

“THE BONDS EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (BASED UPON AN OPINION OF COUNSEL IF THE COMPANY SO REQUESTS) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE BLUE SKY LAWS OF THE STATES OF THE UNITED STATES.”

- (5) If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, you acknowledge that until the expiration of the “40-day distribution compliance period” within the meaning of Rule 903 of Regulation S under the Securities Act, any offer or sale of the bonds shall not be made by you to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the Securities Act.
- (6) You understand that in accordance with the Employee Retirement Income Security Act of 1974, as amended, no employee benefit plan as to which we are a party in interest or disqualified person, or a qualified institutional buyer acting on behalf of such a plan, may acquire a bond unless the acquisition would constitute an exempt transaction under a statutory exemption or any one of the administrative exemptions issued by the U.S. Department of Labor.

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GENERAL INFORMATION

Clearing Systems

The bonds have been accepted for clearance through Euroclear and Clearstream. In addition, the bonds have been accepted for trading in book-entry form by DTC. For the Rule 144A bonds, the common code is 020759631, the ISIN number is US400131AE81 and the CUSIP number is 400131 AE 8. For the Regulation S bonds, the common code is 020759623, the ISIN number is USP4948KAC91 and the CUSIP number is P4948KAC9.

Listing

We have made application to list the bonds on the Luxembourg Stock Exchange. In connection with the application to list the bonds on the Luxembourg Stock Exchange a legal notice relating to the issuance of the bonds and a copy of the bylaws (*estatutos sociales*) of Gruma will be deposited prior to the listing with the Trade and Companies Register (*Registre de Commerce et des Sociétés*) in Luxembourg where you may examine and copy these documents. Copies of the Gruma's bylaws (English translation), the indenture, as may be amended or supplemented from time to time, our published annual audited consolidated financial statements and any published quarterly unaudited consolidated financial statements will be available at our principal executive offices, as well as at the offices of the trustee, registrar, paying agent and transfer agent, and at the offices of the Luxembourg listing agent, paying agent and transfer agent, as such addresses are set forth on the penultimate page of this offering circular. We will maintain a paying and transfer agent in Luxembourg for so long as any of the bonds are listed on the Luxembourg Stock Exchange.

Authorization

We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the bonds. The issuance of the bonds was authorized by a resolution of Gruma's board of directors on November 3, 2004.

No Material Adverse Change

Except as disclosed in this offering circular, there has been no material adverse change in the financial position or prospects of Gruma and its subsidiaries taken as a whole since December 31, 2003.

Litigation

Except as disclosed in our annual report on Form 20-F in "Item 8. Financial Information—Legal Proceedings," to our knowledge we are not involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened) relating to claims or amounts which may have or have had during the 12 months prior to the date of this offering circular a material adverse effect on our financial position and results of operations.

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LEGAL MATTERS

The validity of the bonds will be passed upon for us by Milbank, Tweed, Hadley & McCloy LLP, our special U.S. counsel, and for the Initial Purchasers by Clifford Chance US LLP, special U.S. counsel to the Initial Purchasers. Kuri Breña, Sanchez Ugarte, Corcuera y Aznar, S.C., our special Mexican counsel, and Mijares, Angoitia, Cortes y Fuentes, S.C., special Mexican counsel to the Initial Purchasers, will pass upon certain Mexican legal matters in connection with the offering.

INDEPENDENT ACCOUNTANTS

Our Financial Statements as of December 31, 2002 and 2003 and for each of the three years in the period ended December 31, 2003 included in this offering circular have been audited by PricewaterhouseCoopers, S.C., independent accountants, as stated in their report included in this offering circular.

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ISSUER

Gruma, S.A. de C.V.
Calzada del Valle, Ote. 407
Colonia del Valle
San Pedro Garza Garcia, Nuevo Leon, México 66220

LEGAL ADVISORS

To the Issuer

As to U.S. federal and New York Law:
Milbank, Tweed, Hadley & McCloy LLP
One Chase Manhattan Plaza
New York, New York 10005-1413

As to Mexican Law:
Kuri Breña, Sanchez Ugarte, Corcuera y Aznar, S.C.
Prolongación Paseo de la Reforma 1015
Corporativo Santa Fe, Torre 8, Piso 8
México City, México 01376

To the Initial Purchasers

As to U.S. federal and New York law:
Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019-6131

As to Mexican Law:
Mijares, Angotia, Cortés y Fuentes, S.C.
Montes Urales No. 505 FL3
Colonia Lomas de Chapultepec
México City, México 11000

AUDITORS OF THE COMPANY

PricewaterhouseCoopers, S.C.
Avenida Rufino Tamayo 100
Colonia Valle Oriente
Garza García, Nuevo Leon, México 66269

**TRUSTEE, REGISTRAR,
PAYING AGENT AND TRANSFER AGENT**

JPMorgan Chase Bank, N.A.
4 New York Plaza—15th Floor
New York, NY 10004
United States

**LUXEMBOURG PAYING AGENT AND
TRANSFER AGENT**

J.P. Morgan Bank Luxembourg S.A.
5, Rue Plaetis
L-2338 Luxembourg

LUXEMBOURG LISTING AGENT

J.P. Morgan Bank Luxembourg S.A.
5, Rue Plaetis
L-2338 Luxembourg

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US\$300,000,000



Gruma, S.A. de C.V.

7.75% Perpetual Bonds

OFFERING CIRCULAR

Merrill Lynch & Co.
Barclays Capital
ING Financial Markets

November 30, 2004
