



trust

THE VALUE OF OUR BRANDS



Grupo Bimbo

Annual Report 2000



GROUP PROFILE

Grupo Bimbo: A Company of Trust

In the year 2000, Bimbo completed its 55 years devoted to building *trust*. Today it is the largest food products company in Mexico and one of the world scale leaders in the bakery industry where it holds third place.

Grupo Bimbo produces, distributes and markets over 700 products in 15 countries, outstanding amongst which are a wide variety of packaged breads, homemade type cakes, cookies, candy, chocolates, sweet and salty snacks, packed cornmeal and wheat flour tortillas, tortilla chips, cajeta (burnt goat milk dessert), pastas, processed food, machinery and items made of plastic.

Of the ninety well-recognized prestigious brands, which make up its unique and varied offer, Bimbo, Marinela, Milpa Real, Tía Rosa, Mrs. Baird's, Barcel, Ricolino and Coronado are important examples.

Our commitment is to be a highly productive, innovative, competitive and fully people oriented company. Over 60,000 associates share a common philosophy of service, one hundred percent customer oriented.

Since 1980 Grupo Bimbo is one of the companies traded in the Mexican Stock Exchange.

In the year 2000, annual sales reached 31,477 million pesos,

representing an increase of 2.7 percent over the previous year.

During that same year, 26 percent were due to sales abroad (U.S.A., and Latin America).

The Group is comprised of six divisions: Bimbo, Marinela, Ricolino, Barcel, Latin America and Bimbo Bakeries (U.S.A.). Altogether they add up to 70 plants and five marketing companies.

TABLE OF CONTENTS

Financial and Operational Highlights

1

Message from the Chairman of the Board

4

Message from the Chief Executive Officer

7

Innovation and Trust

8

A History of Leadership

10

Operational Efficiency

12

Social Commitment

14

Executive Committee

16

Management's Discussion and Analysis of Results

17

Consolidated Financial Statements

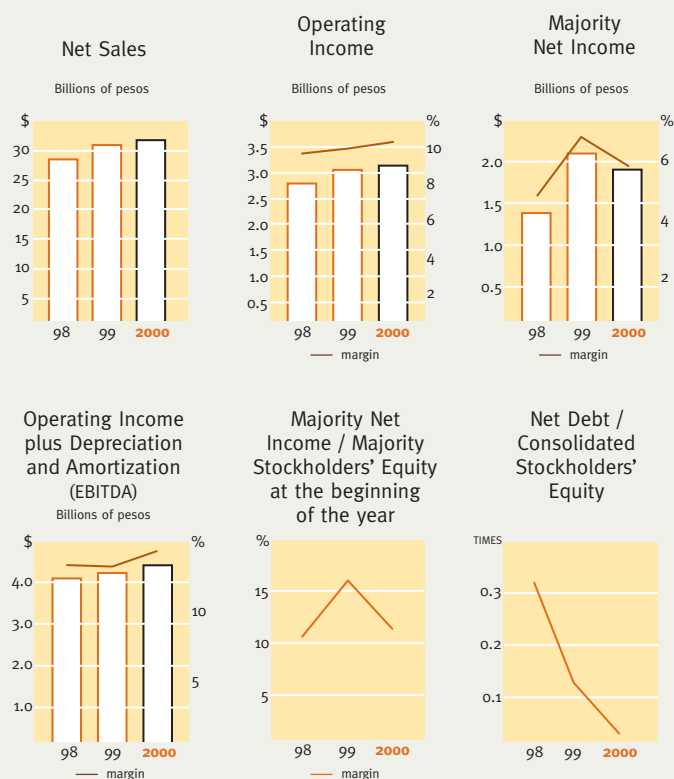
20

Board of Directors

42

Highlights

During 2000, Grupo Bimbo exceeded its previous gross margin levels: 56.2% (the highest in fifteen years) and operating margin levels: 10.3% (the highest in six years); however, its net margin decreased to 5.8% as a result of a less favorable integral financing result. On the other hand, the company's strong cash-flow generation strengthened its solid financial structure even more.



Millions of constant Mexican pesos as of December 31, 2000

	2000	(%)	1999	(%)	Change (%)
Net Sales	31,477	100.0	30,651	100.0	2.7
Gross Profit	17,701	56.2	16,809	54.8	5.3
Operating Income	3,247	10.3	3,034	9.9	7.0
Integral Financing Result	-74	-0.2	358	1.2	n.a.
Majority Net Income before Extraordinary Items	1,817	5.8	1,956	6.4	-7.1
Gain from Sale of Subsidiaries	0	0.0	141	0.5	-100.0
Net Income applicable to Majority Stockholders	1,817	5.8	2,097	6.8	-13.4
Operating Income plus Depreciation and Amortization (EBITDA)	4,448	14.1	4,203	13.7	5.8
Total Assets	24,621	100.0	24,333	100.0	1.2
Total Liabilities	8,929	100.0	8,102	100.0	10.2
Bank loans and long-term debt	4,081	45.7	4,712	58.2	-13.4
Total Stockholders' Equity	15,692		16,231		-3.3
Net Debt / EBITDA	-0.07		0.53		
Net Debt / Total Stockholders' Equity	-0.02		0.14		
Majority Net Income / Majority Stockholders' Equity at the beginning of the year	11.5%		15.9%		
Earnings per Share	1.28		1.50		-14.4
Weighted Average Outstanding Shares (ooo's)	1,418,711		1,401,553		1.2

Grupo Bimbo, embracing a long-term view, has proven to be one of the most dynamic companies in its sector. In these last years, it has made significant investments, setting up new production plants, entering into strategic partnerships and acquiring companies in the food products sector, all of which has allowed it to maintain a leadership position. Lara and Coronado are among its most recent acquisitions in Mexico; Mrs. Baird's,



G R U P O

Bimbo

Four-S Baking and Pacific Pride in the U.S.A.; Park Lane in Germany and more recently, La Mejor in Guatemala.

Outstanding are the strategic alliances with Alicorp (Peru), Noel (Colombia) and Day Hoff (U.S.A.). Grupo Bimbo supports a permanent ISO-9000 certification achievement program in order to guarantee the quality and efficiency of all its production processes.

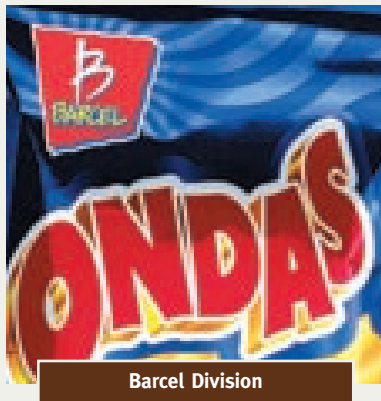
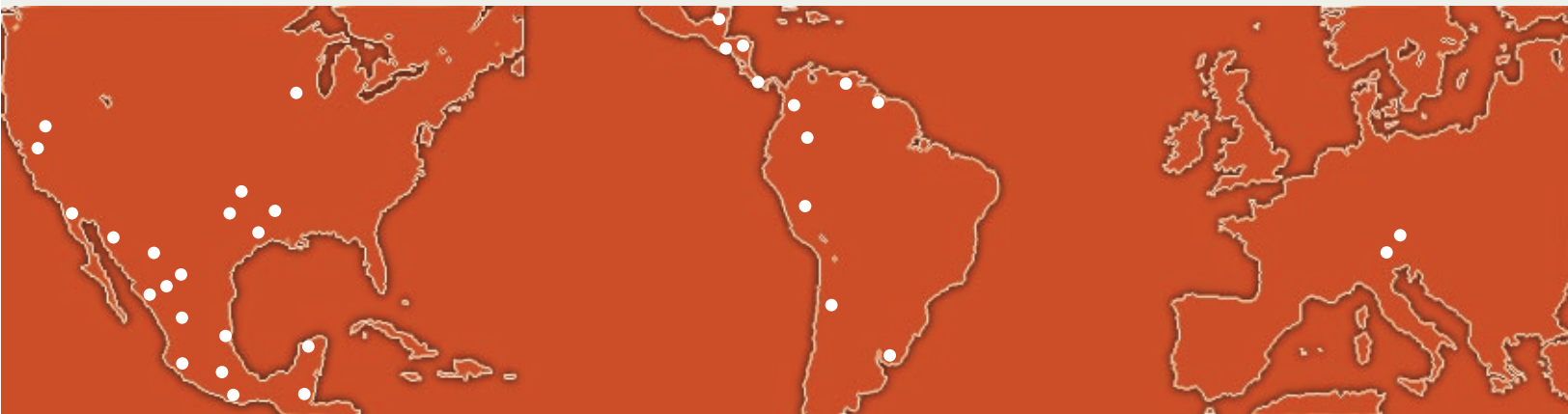
Brands
 Bimbo, Wonder, Tía Rosa, Milpa Real,
 Del Hogar, Sunbeam, Lonchibón.
 23 plants distributed throughout Mexico.



Brands
 Marinela, Lara, Suandy,
 Energy Up!
 8 plants distributed throughout
 Mexico.



Brands
 Ricolino, Candy Max, Mr. Maní, Park
 Lane, Juicee Gummies, Chick's, and
 Coronado.
 7 plants located in Mexico, Austria and
 the Czech Republic.



Brands
 Barcel, Chip's, Kiyakis, Pastas Cora,
 Rex, Golden Nuts.
 4 plants in Mexico.



Brands
 Bimbo, Marinela, Ideal, Holsum, Cena,
 Trigo, Tulipán, La Mejor, Pyc, Todos.
 11 plants located in Guatemala, El Salvador,
 Costa Rica, Colombia, Venezuela, Peru, Argentina,
 and Chile, as well as 3 marketing companies in
 Honduras, Nicaragua and Uruguay.



Brands
 Mrs Baird's, Bimbo, Tía Rosa,
 Marinela, Ricolino, Weber's,
 Bohemian Hearth.
 15 plants distributed throughout
 California, Texas and Ohio.



MESSAGE FROM THE CHAIRMAN

of the Board

The Company's consolidated net sales rose to \$31,477 million, 2.7% higher than 1999. Operating income reached \$3,247 million, 7.0% higher than the previous year.

Before discussing Bimbo's performance for the year, I must mention that 2000 was a particularly important year for Mexico, mainly due to the transcendental change that the country's government experienced, when a new party took office, a group of different people with a different set of proposals than the country has had in over 7 decades. The civilized manner in which this transition occurred is quite notable and it is evident that optimistic expectations for the nation's future and its foreign relations have been created.

As in previous years, I am very pleased to inform our shareholders of our results and highlights for the Company during the year 2000.

The Company's consolidated net sales rose to \$31,477 million, 2.7% higher than 1999. Operating income reached \$3,247 million, 7.0% higher than the previous year.

Net income rose to \$1,817 million, 13.4% lower than the amount obtained during the previous year, primarily due to a strong reduction in monetary position, since our liabilities decreased significantly. In addition, an extraordinary loss in our U.S. operations, due to the necessary reorganization, that took place in this region and the fact that during 1999, the Company generated an extraordinary gain from the sale of the agribusiness, also affected annual comparisons.

Sales growth, divided by the three geographic zones was 1.6% in Mexico, 5.3% in the U.S. and 7.3% in Latin America.

The slower growth from the Mexican region was due to decreased sales from the Marinela division, which offset the important volume increases from Barcel and Bimbo.

Another factor that caused total sales volumes to not demonstrate higher growth was that in the present period, the agribusiness sales are not considered since these businesses were sold during 1999.

Net income over shareholders' equity was 11.5%, the second highest in the last 5 years.

Cost bearing liabilities decreased \$631 million, reaching \$4,081 million as of December 31, 2000. In addition, due to its important cash generation, the Company's financial structure significantly strengthened, which caused net debt over capital to decrease to practically 0%, thus maintaining its strong reduction plan which it began in mid-1999.

We are particularly pleased to mention that the Barcel and Latin American operations, which had previously experienced weak results, substantially improved in 2000. In the case of Barcel, at the operating level, it went from a slight loss during the previous year, to exceeding its cost of capital.

BIMBO

Roberto Servitje S. (left)
Chairman of the Board of Directors

Daniel Servitje M. (right)
Chief Executive Officer



In Latin America, despite the fact that there remains an operating loss, this loss has been reduced to half and is demonstrating positive tendencies. Of the 10 operations in this region, 9 experienced market share increases. Only Bimbo Peru experienced a small reduction, which then reverted during the last quarter of the year.

U.S. results were primarily affected by problems experienced during the consolidation process, which took place for the various operations which previously functioned independently, mainly in the systems areas. This caused the division to suffer significant costs and inefficiencies, which negatively affected results. Fortunately, these were non-recurring costs, so we expect a substantial improvement in the future.

In addition, the significant increases in fuel and energy costs, which occurred during the year, as well as costs for employee benefits, negatively affected the industry in this region on the whole.

The smaller operations in Europe have been in the process of organization and continue to operate at a loss. However, there are various interesting possibilities for exporting products from both plants.

During this period, 4 new plants were inaugurated: Bimbo Tijuana, in Baja California; Bimbo Cali, in Colombia; Park Lane, in Vienna,

Austria and another Park Lane plant in Ostrava, in the Czech Republic.

New installations were built in Cuautitlán in the state of Mexico, for a new, hand-made and specialty bread business called Pan del Hogar, S.A. de C.V. We have been exploring ideas for this product for a while and we believe that it has significant opportunities. We also relocated the production facilities for Lonchibón to these plants.

Another activity that we have just initiated and in which we see great potential is *e-business*. We expect that this will address the impact that the Internet will have on our distribution operations and we expect that other important Mexican companies will also participate.

With regards to acquisitions, we completed the purchase of two small operations: La Mejor in Guatemala, which places us as the leaders in that country, and Pan Pyc, in Peru. Both operations have allowed us to offer better service to our customers and have contributed to the improvement of our results in the region.

We are constantly seeking new opportunities in the market, both in Mexico and mostly abroad, and for this we have a solid financial position.

As is already our tradition, we maintain our efforts of ensuring quality, obtaining constant improvement in our indicators. We are very proud of

the fact that many of our production lines have been certified ISO 9000. There has been a particular emphasis on improving the nutritional value of our products, for this we have launched new and improved products in all of our brands and across all of the regions in which we operate.

On an administrative note, we experienced another reorganization in Mexico, dividing Marinela and Bimbo by regions in an effort to assign more solid responsibilities to each region and simplifying the corporate headquarters. We believe that this will allow each division to focus on innovation and growth.

I need to mention that an important part of the administrative reorganization was due to the Company's efforts to integrate the various operations with state-of-the-art information technology, in order to support management's operations and strategic vision. We are integrating the Company's systems using a standard database from external systems known as ERP. For this we have sought advisory from the consulting firm, Ernst & Young and the technology provider we selected was Oracle.

Based on what we just mentioned, you can see that the Company, besides maintaining the maximum efforts as is customary, is intensely working towards modernization projects, productivity, innovation and growth. Despite the fact that these efforts incur short-term costs,

Besides maintaining the maximum efforts as is customary, we are intensely working towards modernization projects, productivity, innovation and growth.

they will ensure the healthy development and profitability of the Company for the future.

The Board, which I am proud of presiding over, expresses its complete satisfaction over the administrative performance of the Company's management, which has taken on ambitious projects and has been able to surround themselves with capable people for the most sensitive areas of the operation.

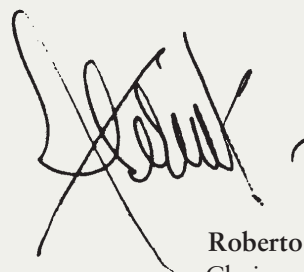
The Board of Directors has also been enriched with the inclusion of new consultants, all of them with extensive corporate experience.

According to the suggestions from the CNBV, regarding Better Corporate Practices, the Company formalized 3 committees, made up of directors, to manage the aspects of Finance and Planning as well as Compensation and Auditing, which have been the subject of intense focus.

As with every year, in November we completed the revision of the labor contracts of each of Bimbo's various plants. These were negotiated in harmony, with both sides obtaining satisfactory results.

It is my pleasure to reiterate that the Company continues to assign a portion of its earnings each period to public works, particularly for education. Although this amount is substantial, it is never enough to satisfy all of the needs and requests that exist.

I finish by recognizing the commitment and efforts of our entire team. We are conscious that they are, through their work, the ones who make the operation possible. To them I express our most sincere appreciation and to you, our shareholders, I thank for your confidence.



Roberto Servitje
Chairman of the
Board of Directors

Officer

*We are excited about
our vision of a promising
future of change,
profitable growth and
international leadership.*

Esteemed stockholders:

The year 2000 was one of particular importance for our Group, for profound changes were introduced.

Outstanding are the Barcel Division results, those of several Latin American operations and our acquisitions of plants in Austria, and the Czech Republic.

We feel that it is one of our main priorities to avail ourselves of all international growth opportunities, to achieve economies of scale, and reinforce our capacity to learn and implement better practices.

During the past years, the Company experienced a period of intense work and major changes in its internal organization. During this process, the merging of some of our plants will become a key factor in optimizing our management strategies, making better use of the plants' regional scope, and maximizing their capacity to serve our customers.

Our vision 2005, establishes the bases for working towards substantial improvements in areas such as: competitiveness, profitable growth and the growth and development of our key associates.

The use we make of all resources offered by information technologies, will crystallize in our Bimbo XXI project, which began to be implemented fully in Grupo Bimbo in the year 2000. It is unquestionably a triggering factor favoring our growth and greater projection on a global level.

Our distribution systems have been, are and shall be the cornerstone of our development. From now on, we will continue centering our efforts on trying to find more profitable and effective forms of segmented distribution.

The individual person is of central value to our Company. We are especially interested in that person's individual productive performance and satisfaction.

The persons who work in our Organization day after day, are the ones who make it possible for Grupo Bimbo to grow stronger and advance with a firm step towards its consolidation.

Thus, we will continue developing new skills, especially for our leaders, sharing best practices inside and outside the Company, managing our processes based on clear and comparable indicators, and experiencing change with a positive attitude.

Our associates in their daily work reflect our Company Values: Passion, Effectiveness, Trust, Teamwork, Quality and Profitability.

In such a setting, we look enthusiastically forward to a promising future of change, profitable growth and international leadership.



Daniel Servitje
Chief Executive Officer

Trust

INNOVATION AND

Sound consumer orientation





Ideal (Chile) earned the New York Festival Award through its magazine campaign on its whole wheat bread.

The new **Lara** brand package won the "NEOtropheo2000" for design (award given by the Mexican marketing journal NEO) and conquered the "La Musa" prize extended by the National Advertising Association of Mexico (ANP), with its TV commercial "Noruegos" ("Norwegians").



In an annual survey by the Mexican magazine "Expansión", **Grupo Bimbo** for the fourth consecutive year holds one of the first places as one of the most admired companies in Mexico. This evaluation is based on product quality, human resources management and social responsibility.

Grupo Bimbo has a history full of challenges. Since its beginning 55 years ago, it proved its vocation for offering total satisfaction to customers and consumers.

Since then, quality has become a firm belief and commitment, which has earned the trust and recognition of millions of consumers throughout the world.

Without neglecting a single detail and keeping in step with the modern pace of things and with an attitude open to change, Grupo Bimbo has not only secured its position as a world leader in the food industry, but also successfully made inroads into new markets even in the most competitive and demanding market segments.

Presence in America and Europe

Grupo Bimbo is a company in constant search for business opportunities, desirous to develop and create added value for shareholders and consumers.

Within the context of opening markets and facing the phenomenon of economic globalization, Grupo Bimbo has learned to react appropriately making the most of its growth potential and developing its business in different latitudes.

Proof of this is the fact that during the past ten years we have experienced an

accelerated internationalization process, strengthening our competitive capacity and demonstrating our skill to make the most of opportunities and to diversify whilst always respecting consumers' needs and preferences.

“Brands are, to consumers and customers, a symbol of quality and to our associates the team symbol they so proudly serve.”

Through the confectionery products company, Park Lane (Germany), Grupo Bimbo is now present in Europe.

The plants in Vienna, Austria (devoted to chocolate production) and Ostrava, Czech Republic (for the production of gummies) will allow us to increase our share of the European market.

In May 2000, the Group's newest plant was opened in Tijuana, Baja California, in order to complement supply to Northeast Mexico and Southern California in the United States.

The value of our brands in the context of our 55th anniversary

Since its beginnings in December 1945, the Company has concerned itself with creating value products and brands that today are synonymous with trust.

Thanks to this, we have won the preference of millions of consumers in Mexico and abroad.

Bimbo bread is a living example of this; through it, our Company has earned renown, creating a warm relationship with customers and consumers that have learned to trust in us fully.

Today Bimbo is the preferred bread in Mexico, as well as Latin American countries.

Brands and products such as Marinela cupcakes in Peru, Ricolino Cinema Gum chewing gum and "tortillas" Tía Rosa in the United States, or products such as Bimbo "Pan para Tortas" (submarine sandwich type bread), have gained in prestige and are highly regarded in the markets in Mexico, the United States and Latin America.

Grupo Bimbo firmly believes in preserving the value of its brands and in continuing to develop products that will meet the needs and expectations of our broad range of consumers.

Mrs. Baird's potato bread (U.S.A.) is made of potato flour. It is ideally suited for gourmet sandwiches and is captivating the market. With it, a new category of bread is being created in the region.



Light white Bimbo bread (Latin America) competes in the light breads category (42% less calories). Six months after it was launched it picked up 18 points of market share in its category.

The new Energy Up! From Marinela (Mexico). Grupo Bimbo has introduced products that match modern healthy nutrition trends. In responding to this need, a new product line was launched, comprised of granola bars, puffed rice squares and Energy Up! Fruit bars.



Owing to the trust deposited in our brands, covering unquestionably leading-edge products whose attributes are flavor, high quality, variety and freshness, Grupo Bimbo has conquered important leadership positions.

Bimbo and Marinela are brands that have gone beyond our borders and which today can be found, not only in Mexico, but also in the United States and six Latin American countries. On their part, Ricolino, Tía Rosa, Mrs. Baird's and Bohemian Hearth are successfully making inroads into the Hispanic and Anglo-Saxon markets in the United States.

In Mexico, Barcel has built a sound position in the salty snacks market and its mid-term growth potential is very promising. Coronado is the leading brand in the cajeta (burnt goat's milk dessert) market and with the "Tortillinas" Tía Rosa, Wonder and Milpa Real, brand names, Grupo Bimbo leads the Mexican market for wheat and cornmeal packed tortillas.

On its part, Wonder holds second place in the Mexican market for all bread categories. Its position in Grupo Bimbo is of strategic importance, since it has allowed us to meet the needs of specialized market niches, as well as to create new product categories, with products like whole wheat toasted bread and specialty ones, such as "Super Pan" Wonder with milk and sesame seeds. Latin

America is a region where Grupo Bimbo has significant presence: Holsum in Venezuela; Ideal and Cena in Chile; Monarca in Guatemala; Trigo in Guatemala and Argentina; Tulipán in Costa Rica and Pan Pyc in Peru, are a few examples.

Ricolino participates in the confectionery segment with chocolate, candy-coated chocolates, chewing gum and gummy candy, as well as chocolate covered marshmallow. The "Payaso" lollipop is Ricolino's leading brand that is meant for young boys and girls and has won a position of privilege and great popularity.

Park Lane offers a great variety of confectionery products and is distributed in the United States, Europe, Asia and the Middle East.

In the United States, the market for loaf bread, and buns is a mature and very competitive one. On May 1998, Grupo Bimbo acquired Mrs. Baird's, a leading bakery in the state of Texas, whose name like Bimbo's is synonymous with high quality bread.

New products and brands

Experience has taught Grupo Bimbo that innovation has to be ongoing. This ensures success and increases the possibilities of participating in new markets.

Listening to the customers and knowing his/her needs and expectations have been key factors towards

innovation. It has been a most useful tool for Grupo Bimbo, to maintain an open communication system with our consumers and customers.

Some of the most important recently created products are:

"Tortilla Chip Tía Rosa" (U.S.A.)
The Tía Rosa brand undertook important product launches in the year 2000; outstanding among these was Tortilla Chip, which surpassed all expectations.

"Pan Bimbo Balance" (Latin America)
Balance is a multigrain diet bread. Outstanding for its great flavor and appeal for a consumer segment seeking a healthy lifestyle.

"Minigalletas" Marinela in tubes (Mexico) (minicookies)
In August, three new presentations of the most successful Marinela cookies were introduced into the market.

Barcel's Kiyakis Peanuts (Mexico)
Barcel launched a novel presentation of Japanese style peanuts into the market. This contributed towards an increase in the brand's market share, which is currently of 19.5 percent in its category.

Lara Cookies (Mexico)
The brand renewed its image in the whole variety of cookies and crackers, and added value by including the Bimbo surname.

Efficiency

Milpa Real

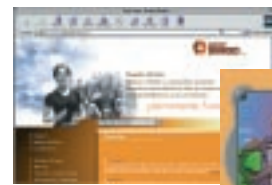
O P E R A T I N G





Grupo Bimbo has the **most extensive distribution network in Mexico**, one of the largest in the American continent.

Through its confectionery products company **Park Lane**, located in Germany, Grupo Bimbo is present in Europe.



Beyond traditional advertising and displays, during 2000, Grupo Bimbo's **web page** earned the **Quorum award**, as well as the **iBest** and **a! Design Magazine** awards.

Restructuring

In order to cover the market better from a regional standpoint and have more efficient operating management, during 2000, Grupo Bimbo merged together the administrative functions of several of its companies and firms in Mexico, as well as in the United States and different regions in Central and South America. This reorganization included the Corporate Headquarters for U.S.A. (in Texas); Mexico (Mexico City); and Latin America (whose Corporate Headquarters will be in Argentina). Also, a Central Corporate structure was created with the objectives of: developing global processes such as for Information Systems and Finance; optimizing the Group's operations by replicating best practices in our different plants; monitoring acquisitions both, during the initial diagnostic stages, as well as when the integration of the companies acquired is taking place.

Distribution

Grupo Bimbo has the most extensive distribution network in Mexico and one of the largest in the American Continent. We have 480 distribution centers in Mexico, with over 21,000 routes and thanks to our fleet of 27,000 units, we can guarantee that our products will always arrive fresh at the 550,000 points of sales located in 15 countries over the world.

World Certification

Grupo Bimbo is the first bakery products company in Latin America to receive the ISO 9002 certification. This fact is acknowledgement of our high international level quality in our buns and white bread production process (Mexico City plant). To date, nine plants have earned their certification adding up to 32 production processes that have been certified under ISO 9000.

Technology: Bimbo XXI

Wishing to optimize the information on our operations, Grupo Bimbo has undertaken the Bimbo XXI project; an ambitious information systems project, which integrates various business initiatives, with the objective of providing support to the Group's strategic vision, and to allow our Company to successfully migrate towards an integrated information technology system, capable of supporting all our business processes. This system is known as ERP (Enterprise Resource Planning).

The project will allow Grupo Bimbo to:

Introduce improvements and develop standards in its global scale processes.

Integrate customers, consumers and suppliers into our business processes.

Support a strategy of growth based on a model of always implementing the best business practices in the world.

Replicate solutions, develop synergies and improvements in all our Bimbo world.

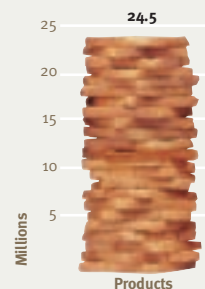
Integrate information with communications to support inside Grupo Bimbo.

Through the Bimbo XXI project, provide our Company with a standardized operating model that will help us face up to the challenge posed by a technical and economic environment, which is increasingly sophisticated and competitive.

Internet

As to the Internet, Grupo Bimbo has developed a strategy to drive the use of this technology in our processes, with the aims of reducing costs and achieving better coordination with our customers and suppliers. One example of these efforts is SIEPI (Spanish acronym for: System for the Evaluation of Suppliers via Internet), which supports our Group's efforts towards total quality, productivity and continuous improvement.

Every day, Grupo Bimbo puts out **over 24 and a half million** products which seek to serve our customers and consumers.





S O C I A L

Commitment



Grupo Bimbo **fosters healthy eating habits** through various teaching and communication tools.



Grupo Bimbo supports **projects geared to the rescue of Mexican forests** contributing with reforestation programs.

Grupo Bimbo collaborates with organizations working to create a **better world** for everyone.



Grupo Bimbo is aware that a company is not merely a production entity with economic ends, but also a collective entity where people work and are served. The community expects that the company will share in other areas of social life and contribute directly, or indirectly, with solutions to the problems facing it.

Contributing towards the full development of society is one of our challenges. Therefore, we promote the social and fundamental values of people. At all times, our Company seeks to meet the true needs of our consumers, providing timely delivery of a wealth of fresh products of the highest quality, while endeavoring to do so, at reasonable prices.

Grupo Bimbo strives to be an efficient company, an austere and innovative one. Our Company assigns great value to productivity, quality, and to the mystique of serving the consumer. We avoid waste and try to make our advertising informative, truthful and respectful of the values upheld by society.

In the social area, Bimbo's objectives are:
To foster respect for the sustainable use of the environment.
To cooperate in community social welfare programs.
To promote the well being of those communities in which Grupo Bimbo operates.
To foster respect and support for family unity and the traditions of each nation.

Some activities in which Grupo Bimbo participates are:

Nutrition

The implementation of nutritional guidance program through which we seek to promote healthy eating habits, by using various didactic and communication tools, as a means for contributing towards raising the quality of nutrition among families. The promotion of scientific information exchange and dissemination, both nationally as well as internationally, of facts on nutrition and food processing technologies.

Responsibility towards society

Among many other projects supported by Grupo Bimbo, the following are outstanding:

Mexican Foundation for Rural Development (Fundación Mexicana para el Desarrollo Rural), whose mission is the comprehensive development of low-income peasant families.

Crisol Educational Institute (Instituto Educativo Crisol), which has approximately 650 children from low-economic families receiving their primary and secondary schooling.

Ronald McDonald Foundation (Fundación Ronald McDonald), devotes itself to creating welfare homes in different countries for children and their parents undergoing

difficult times to whom they offer a home away from home.

Mexican Association for Cultural and Social Promotion (Asociación Mexicana de Promoción y Cultura Social), has as its goal to find different types of assistance, mainly for the autochthonous communities in Chiapas. The final purpose of this Association is to achieve sounder family integration and their inalienable right to be treated as persons, as well as teaching them to be self-sufficient with their own resources.

The "Semillero" Environmental Space (Espacio Ambiental "El Semillero"), works in favor of the environment with the objective of promoting training on sustainable development, through education, communication and information on the environment.

In Favor of the Best (A Favor de lo Mejor). Organization focused on improving the content of movie films, publications and radio and television programs. It is also concerned with preventing violence, sexual chaos and lack of regard for family values in the media.

Mexican Entrepreneurial Development (Desarrollo Empresarial Mexicano). Is an institution devoted to giving practical training to students, geared towards imbuing them with the capacity and self-confidence to undertake the creation of a new Mexico.

Executive Committee



(standing, left to right)

Javier González
Vice President, Bimbo Division

Gabino Gómez
Vice President, Latin American Division

Dick Bay
Vice President, Bimbo Bakeries USA

Guillermo Quiroz
Chief Financial Officer

Rafael Vélez
President, Latin America Division

Pablo Elizondo
Chief of Staff for the Central Corporate

Juan Muldoon
President, Bimbo Bakeries USA

Miguel A. Espinoza
Vice President, Barcel Division

Rosalío Rodríguez
Mexico Corporate Vice President

(seated, left to right)

Lorenzo Sendra
President, Bimbo Division

Daniel Servitje
Chief Executive Officer

Mauricio Jorba
Executive Vice President
Mexican Operations

Enrique Chávez
President, Ricolino - Barcel Division

Juan B. Díaz
President, Marinela Division

Javier Millán
Human Resources Vice President

Discussion and Analysis

of Operational and Financial Conditions

This discussion should be read in conjunction with the Consolidated Financial Statements and Notes to the Consolidated Financial Statements included in this annual report.

The Consolidated Financial Statements and Notes to the Consolidated Financial Statements were prepared according to Generally Accepted Accounting Principles in Mexico.

The financial information herein is expressed in millions of constant Mexican pesos as of December 31, 2000 unless otherwise specified.

A) OPERATIONS

Key financial comparisons from operations are summarized in the following table

	2000	(%)	1999	(%)	Change (%)
Net Sales	31,477	100.0	30,651	100.0	2.7
Cost of Sales	13,776	43.8	13,841	45.2	-0.5
Gross Profit	17,701	56.2	16,809	54.8	5.3
Operating Expenses	14,455	45.9	13,776	44.9	4.9
Operating Income	3,247	10.3	3,034	9.9	7.0
Integral Financing Result	-74	-0.2	358	1.2	n.a.
Other (expenses) Income, Net	-126	-0.4	-197	-0.6	-36.3
Majority Net Income before Extraordinary Items	1,817	5.8	1,956	6.4	-7.1
Gain from Sales of Subsidiaries	0	0.0	141	0.5	-100.0
Net Income applicable to minority stockholders	28	0.1	55	0.2	-49.1
Net Income applicable to majority stockholders	1,817	5.8	2,097	6.8	-13.4
Operating Income plus Depreciation and Amortization (EBITDA)	4,448	14.1	4,203	13.7	5.8
Cash and Marketable Securities	4,391	17.8	2,503	10.3	75.5
Property, Plant and Equipment, Net	13,422	54.5	13,530	55.6	-0.8
Total Assets	24,621	100.0	24,333	100.0	1.2
Bank Loans and Current Portion of Long-term Debt	1,422	15.9	716	8.8	98.5
Long-term Debt	2,659	29.8	3,996	49.3	-33.5
Total Liabilities	8,929	100.0	8,102	100.0	10.2
Total Stockholders' Equity	15,692		16,231		-3.3
Net Debt / EBITDA	-0.07		0.53		
Net Debt / Total Stockholders' Equity	-0.02		0.14		
Majority Net Income / Majority Stockholders' Equity at the beginning of the year	11.5%		15.9%		
Earnings per Share	1.28		1.50		-14.4
Weighted average Outstanding Shares (ooo's)	1,418,711		1,401,553		1.2

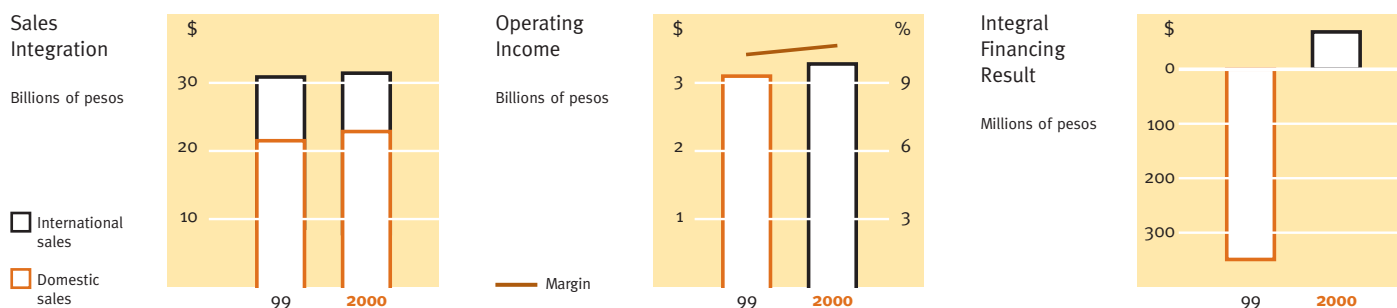
2000 CONSOLIDATED RESULTS

Net Sales

For the full year of 2000, net sales increased to Ps. 31,477 million, 2.7% over the net sales reported for 1999, with variations in the performance of each of the regions in

which the Company operates. Sales in Mexico grew 1.6%; in the United States, sales rose by 5.3%; and in Latin America, sales grew 7.3%.

In Mexico, the strongest-performing businesses during 2000 were Bimbo, the packaged baked goods business,



and Barcel, producer of chips and salted snacks. Both performed very well due to a strategy of product differentiation and a higher number of marketing campaigns compared to the previous year.

Net sales of Marinela, producer of snack cakes and biscuits, declined during 2000 compared to 1999 due to aggressive competition from both pricing and new products, particularly in the snacks and cookie segments.

Other important factors that affected Mexican operations during 2000 include the fact that there were no price increases in the Company's main product categories as well as the divestment of the agribusiness division in the fourth quarter of 1999, which would have contributed an additional 0.5 percentage points to Mexican sales.

In the United States, net sales generated by Grupo Bimbo through its subsidiary Bimbo Bakeries USA, posted favorable results due to the following factors: i) an increase in sales in the Southeastern region of the U.S., which was expanded from the Texas region to include Oklahoma and surrounding states; and ii) 3 months of additional revenues from Four-S Baking Company, which was acquired during March of 1999.

The Central and South American operations posted positive growth during the full year of 2000, with sales increases in almost all of the countries in which the Company operates. The reason behind this strong performance was an improved marketing strategy combined with a recovery in the regional consumption levels.

Domestic sales accounted for 74.1% of total revenues in 2000, while international sales accounted for 25.9%.

Sales	2000	1999	change
Mexico	Ps. 23,335	Ps. 22,962	1.6%
USA	Ps. 5,754	Ps. 5,463	5.3%
Latin America	Ps. 2,388	Ps. 2,226	7.3%
Total	Ps. 31,477	Ps. 30,651	2.7%

Cost of Sales

The Company's cost of sales continued to decline due to improvements in the Company's operating efficiency as well as the drop in raw material prices and the relative stability of the Mexican Peso against the us Dollar, which favorably affects raw material prices subject to international pricing levels. In terms of percentage of sales, cost of sales dropped 1.4 percentage points to 43.8% in the full year of 2000 compared to 45.2% reported for the same period in 1999. This translated into a gross margin of 56.2%, the highest margin reported by the Company in the last 15 years.

Operating Expenses

During the full year 2000, the Company's operating expenses remained stable with an increase of 1.0 percentage point, reaching 45.9% during 2000 compared to 44.9% during 1999. This was mainly due to higher advertising and promotion costs, as well as expenses related to the implementation of a new Enterprise Resource Planning ("ERP") systems, the consulting fees incurred in several projects and increases in fuel and energy costs.

Operating Income

Due to the aforementioned factors, operating income increased 7.0% in the full year of 2000 to Ps. 3,247 million, from Ps. 3,034 million reported for the same period of the previous year. Thus, operating margin increased 0.4 percentage points increasing to 10.3% from 9.9%, respectively, the highest reported for the past 6 years.

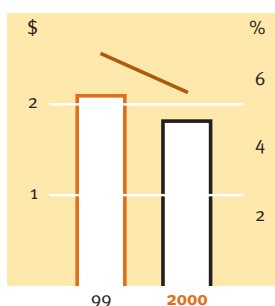
Operating Income	2000	1999	change
Mexico	Ps. 3,414	Ps. 3,123	9.3%
USA	Ps. -82	Ps. 44	n.a.
Latin America	Ps. -86	Ps. -134	-36.3%
Total	Ps. 3,247	Ps. 3,034	7.0%

Return on net operating investment (RNOI) showed favorable results, mainly, due to higher sales and operating income, as well as a decrease in net operating investment, resulting from the divestiture of the agribusiness division and the implementation of the recently issued Bulletin D-4.

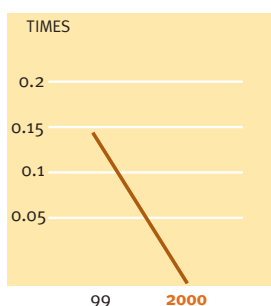
Majority Net Income

Billions of pesos

Margin



Net Debt / Consolidated Stockholders' Equity



	2000	1999	change
sales (s)	Ps. 31,477	Ps. 30,651	2.7%
operating income (oi)	Ps. 3,247	Ps. 3,034	7.0%
¹ net operating investment (noi)	Ps. 16,085	Ps. 17,138	-6.1%
Operating margin (oi/s)	10.3%	9.9%	4.0%
turnover (s/noi)	1.96X	1.79X	9.4%
rnoi (oi/noi)	20.2%	17.7%	14.1%

¹ Annual average

Regarding the Company's cash generation capacity, the accumulated EBITDA for the year remained strong increasing 5.8% over last year, to reach 14.1% over sales.

EBITDA	2000	1999	change
Mexico	Ps. 4,255	Ps. 3,875	9.8%
USA	Ps. 111	Ps. 286	-61.0%
Latin America	Ps. 82	Ps. 42	95.1%
Total	Ps. 4,448	Ps. 4,203	5.8%

Integral Financing Result

The integral financing result went from an income of Ps. 358 million during 1999 to a cost of Ps. 74 million during 2000. This result reflects the Company's lower level of indebtedness as well as the inflation and exchange rates registered during the year.

Majority Net Margin

Majority net margin before extraordinary items decreased to 5.8% from 6.4% in 1999. Additionally, since in 1999 the profit from the sale of the agribusiness was reported as an extraordinary item, majority net margin after extraordinary items fell to 5.8% compared to 6.8% reported during the previous year.

B) FINANCIAL STRUCTURE

During the year 2000 the Company's financial structure continued to significantly strengthen as a result of its important cash generation, reducing its leverage level to -0.02 in 2000, from 0.14 in 1999.

C) RECENT EVENTS

During 2000, Bimbo invested nearly US\$ 114 million for productive facilities maintenance, production lines' expansion and implementation of the first stage of a business management system known as Enterprise Resource Planning (ERP).

Additionally, in November, Bimbo acquired PAN PYC, the second most important baking company in Peru, thus strengthening its leadership in that country and, in December, it acquired Guatemalan baked goods producer LA MEJOR, thus enhancing its presence in Guatemala, El Salvador and Honduras.

On December 23, 1999, Bimbo executed a share buy/sell agreement with Cocape, S.A. de C.V., whereby it sold to the latter all of its equity interests of the companies engaged in the production of wheat flour and jellies. This transaction amounted to US\$ 140.6 million, of which US\$ 106 million corresponded to the selling price and the rest to liabilities payment. As part of the payment, Cocape issued debentures mandatory convertible into capital stock in the Company's name for US\$ 9.4 million. The company obtained a gain of Ps. 141.3 million on this transaction.

This divestiture accomplished Grupo Bimbo's strategic decision to focus on its consumer-oriented businesses, allowing the agribusinesses to achieve their own growth dynamic. Businesses sold continue to supply a substantial portion of wheat flour and jams used by Grupo Bimbo in its production.

Finally, estimated 2001 capital expenditures are expected to reach US\$ 210 million, which will be used for maintenance, organic growth, the next steps of the ERP implementation, as well as for the first phase of its e-business strategy. These resources will be taken from the Company's cash flow.

EXAMINER'S REPORT

To the Stockholders of Grupo Bimbo, S.A. de C.V.

As stockholder examiner and in compliance with Article 166 of the Mexican Corporate Law and the bylaws of Grupo Bimbo, S.A. de C.V., I submit my opinion regarding the accuracy, sufficiency and fairness of the financial information presented to you by the Board of Directors concerning the Company's operations for the year ended December 31, 2000.

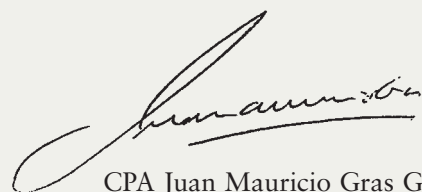
I have attended the meetings of the Stockholders and Board of Directors to which I have been invited, and I have obtained from the directors and management all of the information relative to the operations, documents and records that I deemed necessary. My audit was performed in accordance with the auditing standards generally accepted in Mexico.

I have also audited the balance sheets, individual and consolidated of the Company as of December 31, 2000, and the related statements of income, stockholders' equity and changes in financial position for the year then ended, which are hereby submitted for your information and approval. In submitting this report, I have also relied on the report issued on such financial statements by Ruiz, Urquiza y Cía., S.C. (Arthur Andersen), independent auditors of the Company.

As a result of my audit, I have the following observation:

As explained in Note 4, beginning January 1, 2000 the Company adopted the regulations of the new Bulletin D-4, "Accounting for Income and Asset Taxes and Employee Profit Sharing", issued by the Mexican Institute of Public Accountants. Consequently, a long term deferred income tax asset or liability is recognized, based on the cumulative effect of temporary differences between the book and tax bases of assets and liabilities as of the balance sheet date. The initial net cumulative effect of adopting this bulletin was the recognition of a long-term deferred liability of \$1,747,463,000, which was charged to stockholders' equity. The provisions for income and asset taxes decreased by \$318,088,000 due to the recording of the deferred effects of the year.

In my opinion, the accounting and reporting policies and criteria followed by the Company and considered by management to prepare and present the financial information are appropriate and sufficient and except for the paragraph mentioned before (change which I agree with), were applied on a basis consistent with that of the preceding year; therefore, the financial information presented by management accurately, sufficiently and fairly presents the financial position of Grupo Bimbo, S.A. de C.V. as of December 31, 2000, and the results of its operations, the changes in its stockholders' equity and the changes in its financial position for the year then ended, in accordance with the accounting principles generally accepted in Mexico.



CPA Juan Mauricio Gras Gas
Stockholder examiner

March 9, 2001

AUDITOR'S REPORT

(Translation of a report originally issued in Spanish)
(See Note 1 to the financial statements)

**To the Stockholders of
Grupo Bimbo, S.A. de C.V.
(formerly Grupo Industrial Bimbo, S.A. de C.V.),**

We have audited the accompanying consolidated balance sheets of GRUPO BIMBO, S.A. DE C.V. AND SUBSIDIARIES as of December 31, 2000, 1999 and 1998, and the related consolidated statements of income, stockholders' equity and changes in financial position for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of 6%, 7% and 9% in 2000, 1999 and 1998, respectively and total revenues of 8% in 2000 and 10% in 1999 and 1998, respectively, of the related consolidated totals. These statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they are prepared in conformity with accounting principles generally accepted in Mexico. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

As explained in Note 4, beginning January 1, 2000 the companies adopted the regulations of the new Bulletin D-4, "Accounting for Income and Asset Taxes and Employee Profit Sharing", issued by the Mexican Institute of Public Accountants. Consequently, a long term deferred income tax asset or liability is recognized, based on the cumulative effect of temporary differences between the book and tax bases of assets and liabilities as of the balance sheet date. The initial net cumulative effect of adopting this bulletin was the recognition of a long-term deferred liability of \$1,747,463,000, which was charged to stockholders' equity. The provisions for income and asset taxes decreased by \$318,088,000 due to the recording of the deferred effects of the year.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Grupo Bimbo, S.A. de C.V. and Subsidiaries as of December 31, 2000, 1999 and 1998, and the results of their operations, the changes in their stockholders' equity and the changes in their financial position for the years then ended, in conformity with accounting principles generally accepted in Mexico.



March 9, 2001

CONSOLIDATED BALANCE SHEETS



Translation of financial statements originally issued in Spanish

As of December 31 2000, 1999 and 1998

Expressed in thousands of Mexican pesos with purchasing power as of December 31, 2000

Assets

Current assets:

	2000	1999	1998
Cash and marketable securities	\$ 4,391,243	\$ 2,502,597	\$ 829,736
Notes and accounts receivable, net	2,329,531	2,338,543	1,861,416
Account receivable from sale of subsidiary	—	1,031,350	—
Inventories, net	713,119	797,667	1,443,369
Prepayments	66,754	33,650	77,369
Total current assets	7,500,647	6,703,807	4,211,890
Investment in shares of associated companies and debentures	531,322	596,713	531,560
Property, plant and equipment, net	13,421,863	13,529,890	14,398,921
Goodwill, net	2,608,149	2,984,900	3,118,051
Other assets, net	559,485	518,077	407,744
	\$ 24,621,466	\$ 24,333,387	\$ 22,668,166

Liabilities and stockholders' equity

Current liabilities:

Bank loans and current portion of long-term debt	\$ 1,422,162	\$ 716,281	\$ 653,237
Accounts payable to suppliers	1,337,238	1,327,618	1,741,117
Other accounts payable and accrued liabilities	1,529,546	1,509,696	1,233,043
Related companies	177,295	67,169	—
Income taxes	—	121,780	154,881
Employee profit sharing	334,287	314,934	280,746
Total current liabilities	4,800,528	4,057,478	4,063,024
Accrued income taxes	14,546	48,761	—
Deferred income taxes	1,454,926	—	—
Long-term debt	2,659,111	3,996,160	4,838,670
Total liabilities	8,929,111	8,102,399	8,901,694
Stockholders' equity:			
Capital stock	6,324,765	6,330,976	5,097,398
Reserve for repurchase of shares	137,395	193,131	49,826
Retained earnings	13,495,144	11,902,929	9,976,407
Cumulative initial effect of deferred income taxes	(1,747,463)	—	—
Cumulative restatement effect	(2,806,294)	(2,574,733)	(1,914,093)
Total majority stockholder's equity	15,403,547	15,852,303	13,209,538
Minority interest	288,808	378,685	556,934
Total stockholders' equity	15,692,355	16,230,988	13,766,472
	\$ 24,621,466	\$ 24,333,387	\$ 22,668,166

The accompanying notes are an integral part of these consolidated balance sheets.

CONSOLIDATED STATEMENTS OF INCOME



Translation of financial statements originally issued in Spanish

For the years ended December 31 2000, 1999 and 1998

Expressed in thousands of Mexican pesos with purchasing power as of December 31, 2000

(Except for earnings per share)

	2000	1999	1998
Net sales	\$ 31,477,020	\$ 30,650,894	\$ 29,025,960
Cost of sales	13,775,918	13,841,398	13,614,462
Gross profit	17,701,102	16,809,496	15,411,498
Operating expenses:			
Distribution and selling	12,377,904	12,070,229	10,964,333
Administrative	2,076,606	1,705,744	1,635,453
Operating income	14,454,510	13,775,973	12,599,786
	3,246,592	3,033,523	2,811,712
Integral financing result:			
Interest expense, net	(14,305)	(262,455)	(398,483)
Exchange gain (loss), net	(63,552)	113,225	(590,899)
Gain from monetary position	3,962	507,717	677,774
	(73,895)	358,487	(311,608)
Other (expenses) income, net	(125,646)	(197,106)	66,118
Gain from sale of subsidiaries	—	141,345	—
Income before provisions	3,047,051	3,336,249	2,566,222
Provisions for:			
Current income taxes	1,236,563	901,776	842,700
Deferred income taxes	(301,455)	—	—
Recoverable asset taxes	(16,633)	—	—
Employee profit sharing	329,953	324,704	301,641
	1,248,428	1,226,480	1,144,341
Income before equity in results of associated companies	1,798,623	2,109,769	1,421,881
Equity in results of associated companies	46,033	41,810	32,973
Net income for the year	\$ 1,844,656	\$ 2,151,579	\$ 1,454,854
Net income applicable to:			
Majority stockholders	\$ 1,816,927	\$ 2,097,060	\$ 1,421,881
Minority stockholders	27,729	54,519	32,973
	\$ 1,844,656	\$ 2,151,579	\$ 1,454,854
Earnings per share	\$ 1.28	\$ 1.50	\$ 1.05
Earnings per share from sale of subsidiaries	\$ —	\$ 0.10	\$ —
Weighted average outstanding shares, (ooo's)	1,418,711	1,401,553	1,356,515

The accompanying notes are an integral part of these consolidated statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ EQUITY



Translation of financial statements originally issued in Spanish
For the years ended December 31 2000, 1999 and 1998
Expressed in thousands of Mexican pesos with purchasing power as of December 31, 2000

	Capital Stock	Reserve for Repurchase of Shares	Retained Earnings	Cumulative Initial Effect of Deferred Income Taxes	Cumulative Restatement Effect	Minority Interest	Total Stockholders’ Equity
Balances as of December 31, 1997	\$ 4,283,562	\$ 49,826	\$ 9,999,280	\$ –	\$ (1,470,940)	\$ 608,297	\$ 13,470,025
Increase in capital stock	813,836	–	–	–	–	–	813,836
Dividends declared	-	–	(1,449,518)	–	–	(73,538)	(1,523,056)
Balances before comprehensive income	5,097,398	49,826	8,549,762	–	(1,470,940)	534,759	12,760,805
Net income for the year	–	–	1,426,645	–	–	28,209	1,454,854
Restatement effect of the year	–	–	–	–	(696,338)	(6,034)	(702,372)
Translation effect of the year	–	–	–	–	253,185	–	253,185
Balances as of December 31, 1998	5,097,398	49,826	9,976,407	–	(1,914,093)	556,934	13,766,472
Increase in capital stock	1,233,578	–	(27,233)	–	–	–	1,206,345
Transfer from retained earnings to the reserve for repurchase of shares	–	143,305	(143,305)	–	–	–	–
Dividends paid to minority interest	–	–	–	–	–	(41,758)	(41,758)
Decrease in minority interest	–	–	–	–	–	(88,417)	(88,417)
Balances before comprehensive income	6,330,976	193,131	9,805,869	–	(1,914,093)	426,759	14,842,642
Net income for the year	–	–	2,097,060	–	–	54,520	2,151,580
Restatement effect of the year	–	–	–	–	(432,634)	(102,594)	(535,228)
Translation effect of the year	–	–	–	–	(228,006)	–	(228,006)
Balances as of December 31, 1999	6,330,976	193,131	11,902,929	–	(2,574,733)	378,685	16,230,988
Dividends declared	–	–	(224,712)	–	–	(46,491)	(271,203)
Decrease in capital for repurchase of shares	(6,211)	(55,736)	–	–	–	–	(61,947)
Cumulitative initial effect of deferred income taxes	–	–	–	(1,747,463)	–	(37,484)	(1,784,947)
Balances before comprehensive income	6,324,765	137,395	11,678,217	(1,747,463)	(2,574,733)	294,710	14,112,891
Net income for the year	–	–	1,816,927	–	–	27,729	1,844,656
Restatement effect of the year	–	–	–	–	(700,820)	(33,631)	(734,451)
Translation effect of the year	–	–	–	–	469,259	–	469,259
Balances as of December 31, 2000	\$ 6,324,765	\$ 137,395	\$ 13,495,144	\$ (1,747,463)	\$ (2,806,294)	\$ 288,808	\$ 15,692,355

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION



Translation of financial statements originally issued in Spanish

For the years ended December 31 2000, 1999 and 1998

Expressed in thousands of Mexican pesos with purchasing power as of December 31, 2000

	2000	1999	1998
Operations:			
Results-			
Net income for the year	\$ 1,844,656	\$ 2,151,579	\$ 1,454,854
Add (deduct) - Items which did not require (generate)			
cash - Depreciation and amortization	1,410,531	1,342,594	1,513,072
Equity in results of associated companies, net of dividends received	(46,033)	(41,810)	(31,138)
Employee benefits	(16,156)	(39,129)	(93,367)
Long-term accrued income taxes	14,546	48,761	—
Deferred income taxes	(318,088)	—	—
Net resources obtained from results	2,889,456	3,461,995	2,843,421
Net resources generated by operating working capital	803,089	59,116	483,018
Increase in accounts receivable from sale of subsidiary	—	(1,031,350)	—
Net resources generated by operations	3,692,545	2,489,761	3,326,439
Financing activities:			
(Decrease) increase in bank loans and long-term debt in real terms	(344,801)	(340,423)	2,783,585
Decrease in bank loans and long-term debt due to restatement to constant Mexican pesos	(286,367)	(437,285)	(503,748)
Dividends declared	(271,203)	(41,758)	(1,523,056)
(Decrease) increase in capital stock	(6,211)	1,205,151	813,836
Decrease in reserve for repurchase of shares	(55,736)	—	—
Decrease in minority interest	—	(88,417)	—
	(964,318)	297,268	1,570,617
Investing activities:			
Debentures convertible into capital stock	(89,425)	—	—
Decrease (increase) in investment in shares	200,849	(23,343)	243,418
Additions to property, plant and equipment, less net book value of retirements	(1,093,267)	(1,959,864)	(1,762,884)
Cost of property, plant and equipment of the sold subsidiary	—	980,419	—
Net increase in other assets	(25,252)	(71,204)	(7,755)
Goodwill	167,514	(40,176)	(2,725,317)
Net effect of incorporating the subsidiary acquired	—	—	(742,911)
	(839,581)	(1,114,168)	(4,995,449)
Net increase (decrease) in cash and marketable securities	1,888,646	1,672,861	(98,393)
Cash and marketable securities:			
At beginning of the year	2,502,597	829,736	928,129
At end of the year	\$ 4,391,243	\$ 2,502,597	\$ 829,736

The accompanying notes are an integral part of these consolidated statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



Translation of financial statements originally issued in Spanish

As of December 31 2000, 1999 and 1998

Expressed in thousands of Mexican pesos with purchasing power as of December 31, 2000

1. EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH:

These financial statements are presented on the basis of accounting principles generally accepted in Mexico. Certain accounting practices applied by the Company that conform with accounting principles generally accepted in Mexico may not conform with accounting principles generally accepted in the country of use.

2. PRINCIPAL ACTIVITIES AND SIGNIFICANT EVENTS:

The companies are engaged in the manufacturing, distribution and sale of bread, cookies, cakes, candies, chocolates, snacks, tortillas and processed foods.

In a General Extraordinary Stockholders' Meeting held on August 10, 1999, a change in the corporate name from Grupo Industrial Bimbo, S.A. de C.V. to Grupo Bimbo, S.A. de C.V. was approved.

The Company operates within different geographic areas: Mexico, the United States of America (U.S.) and Central and South America ("OLA").

The most significant data by geographic area are as follows:

As of December 31, 2000:

	Mexico	U.S.	OLA	Total
Net sales	\$ 23,335,143	\$ 5,754,336	\$ 2,387,541	\$ 31,477,020
Operating income (loss)	\$ 3,414,096	\$ (81,950)	\$ (85,554)	\$ 3,246,592
Operating income plus depreciation and amortization (EBITDA)	\$ 4,254,886	\$ 111,301	\$ 81,699	\$ 4,447,886
Total assets	\$ 17,563,372	\$ 4,406,172	\$ 2,651,922	\$ 24,621,466

As of December 31, 1999:

	Mexico	U.S.	OLA	Total
Net sales	\$ 22,962,016	\$ 5,462,759	\$ 2,226,119	\$ 30,650,894
Operating income (loss)	\$ 3,123,365	\$ 44,396	\$ (134,238)	\$ 3,033,523
Operating income (loss) plus depreciation and amortization (EBITDA)	\$ 3,875,227	\$ 285,687	\$ 41,875	\$ 4,202,789
Total assets	\$ 17,047,166	\$ 4,805,112	\$ 2,481,109	\$ 24,333,387

As of December 31, 1998:

	Mexico	U.S.	OLA	Total
Net sales	\$ 22,113,066	\$ 4,180,704	\$ 2,732,190	\$ 29,025,960
Operating income (loss)	\$ 3,061,014	\$ 121,786	\$ (371,088)	\$ 2,811,712
Operating income (loss) plus depreciation and amortization (EBITDA)	\$ 3,914,827	\$ 269,329	\$ (182,242)	\$ 4,001,914
Total assets	\$ 14,690,172	\$ 5,056,249	\$ 2,921,745	\$ 22,668,166

Significant events-

- a) On December 23, 1999, the Company executed a share buy/sell agreement with Cocape, S.A. de C.V. (COCAPE), whereby it sold to the latter all of its equity interests of the companies engaged in the production of wheat flour and jellies. The sales price amounted to US\$106 million, of which, US\$2 million was paid on December 23, 1999, US\$3.1 million on January 20, 2000, and US\$91.5 million on April 19, 2000. The difference of US\$ 9.4 million (\$89,425) was renegotiated on April 19, 2000, and Cocape issued debentures mandatorily convertible into capital stock in the Company's name. These debentures are presented in the balance sheet under Investment in shares and debentures. The Company obtained a gain of \$141,345 on this transaction, which is presented separately in the statement of income.

- b) In May 1998, Grupo Bimbo, S.A. de C.V. ("the Company") acquired 100% of the shares of Mrs. Baird's Bakeries, Inc., a company incorporated in the United States of America engaged in the manufacturing of bread and cakes in the state of Texas. From the acquisition date to December 31, 1998, the net sales, operating income, net income for the year and total assets of this company were \$2,588,104, \$88,848, \$92,694 and \$1,534,439, respectively.

3. BASIS OF CONSOLIDATION:

The accompanying consolidated financial statements include the financial statements of the Company and subsidiaries in which it exercises control over management, divided into the following three business divisions:

- Bakeries.
- Snack and candy manufacturing companies
- Agro-industrial and other companies (until December 23, 1999)

During 2000, 1999 and 1998 the net sales of the Mexican Bimbo and Marinela lines, which are part of the bakeries division, represented approximately 57%, 54% and 55%, respectively, of consolidated net sales.

The financial statements of independently operated foreign subsidiaries are restated based on the inflation rate of the countries in which they operate, in accordance with the procedures described later on, and are translated at the exchange rate at yearend.

Equity in earnings and changes in equity of subsidiaries that were acquired or sold during the year were included in the financial statements from or up to the date of the transactions and were restated in terms of the purchasing power of the Mexican peso at yearend.

All significant intercompany transactions and balances have been eliminated in consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies followed by the companies are in conformity with accounting principles generally accepted in Mexico, which require that management make certain estimates and use certain assumptions to determine the valuation of some items included in the financial statements and make the required disclosures therein. While the estimates and assumptions used may differ from their final effect, management believes that they were adequate under the circumstances. The significant accounting policies are as follows:

(a) Changes in accounting policies-

As of January 1, 2000 the Company adopted the regulations of new Bulletin D-4, "Accounting for Income and Asset Taxes and Employee Profit Sharing", issued by the Mexican Institute of Public Accountants. Consequently, a long term deferred income tax asset or liability is recognized, based on the cumulative effect of temporary differences between the book and tax bases of assets and liabilities as of the balance sheet date. The initial net cumulative effect of adopting this bulletin was the recognition of a long-term deferred liability of \$1,747,463 that was charged to stockholders' equity. The provision for income and asset taxes for the year ended December, 31, 2000, decrease by \$318,088 due to recording of the deferred effects of the year.

Up until December 31, 1999, the Company recognized, by means of the liability method, the future effects of income taxes and employee profit sharing related to the cumulative temporary differences between book and taxable income, which arose from specific items whose turnaround period could be determined and that were not expected to be replaced by items of a similar nature and amount. Since there were no significant nonrecurring temporary differences with these characteristics, the companies did not record any deferred income tax or employee profit sharing assets or liabilities in prior years.

(b) Basis of translation of financial statements-

The accounting records of the foreign companies located in the United States of America (U.S.), Central and South America (OLA), which represented 26%, 27% and 24% of consolidated net sales and 20%, 31% and 35% of total consolidated assets in 2000, 1999 and 1998, respectively, are maintained in their respective local currencies. Effective in 1999, they are translated into Mexican pesos in accordance

with Bulletin B-15, “Transactions in Foreign Currency and Translation of Financial Statements of Foreign Operations”, issued by the Mexican Institute of Public Accountants, A.C. (IMPC), as follows:

- Adjust the local currency financial statements to conform with accounting principles generally accepted in Mexico including restatement using the inflation rate applicable for each country.
- All constant foreign currency amounts, are translated at the exchange rate in effective at yearend. The effects of exchange rate fluctuations on the translation are recorded in the cumulative restatement effect included in stockholders' equity.

Since the operations of Mrs. Baird's Bakeries, Inc. represents a “foreign entity” as defined by Bulletin B-15, the Company has designated the net investment in this foreign subsidiary as an economic hedge of the related financing obtained in U.S. dollars and used to acquire this subsidiary. Accordingly, the related foreign exchange gains (losses) in Mexican pesos, which amounted to \$(13,175), \$72,996 and \$(311,225) in 2000, 1999 and 1998, respectively, were recorded as a (charge) credit to the cumulative translation effect and the related monetary gain on the debt was recorded using the inflation index of the United States of America, in accordance with the guidelines of Bulletin B-15.

(c) Recognition of the effects of inflation in the financial information-

The companies restate all of their financial statements in terms of the purchasing power of the Mexican peso as of the end of the latest period, thereby comprehensively recognizing the effects of inflation. Accordingly, the accompanying financial statements of the prior year have been restated in terms of Mexican pesos as of December 31, 2000, using a common factor of bringing up to date. The prior years amounts presented herein differ from those originally reported in terms of Mexican pesos of the corresponding years. Consequently, all financial statement amounts are comparable, both for the current and the prior years, since all are stated in terms of Mexican pesos with the same purchasing power.

The rates of inflation of the countries in which the Company operates are as follows:

	%		
	2000	1999	1998
Argentina	(0.73)	(1.80)	0.64
Colombia	8.70	9.23	16.70
Costa Rica	10.25	10.11	12.36
Chile	4.53	2.60	4.67
United States of America	3.37	3.00	1.61
El Salvador	4.29	5.60	4.21
Guatemala	5.08	8.00	7.48
Honduras	6.10	14.06	13.70
Peru	3.73	5.50	6.01
Mexico	8.96	12.31	18.60
Uruguay	5.05	(0.34)	3.30
Venezuela	13.40	20.00	29.90

To recognize the effects of inflation in terms of Mexican pesos with purchasing power as of yearend, the procedures were as follows:

- Balance sheet:

Inventories are valued at average cost that is similar to net replacement value, which does not exceed realizable value.

Property, plant and equipment are originally recorded at acquisition or production cost, and restated using factors derived from the National Consumer Price Index (NCPI). Depreciation is computed based on the estimated useful lives of the corresponding assets, on their restated values.

Prepaid advertising expenses are restated by applying factors derived from the NCPI, from the date of payment through maturity or yearend.

The investment in associated companies was restated by applying the equity method to the restated stockholders' equity of the associated companies.

Goodwill is restated using a factor derived from the inflation rate of the country in which the Company has the investment, from the date of acquisition of the related subsidiaries and associated companies.

Stockholders' equity and other nonmonetary items are restated using a factor derived from the NCPI cumulative from the date of contribution or generation.

- **Statement of income:**

Revenues and expenses that are associated with a monetary item are restated from the month in which they arise through yearend, based on factors derived from the NCPI.

Costs and expenses associated with nonmonetary items are restated as follows:

- Cost of sales is restated as of January 1, 1999 based on the replacement costs at the time of sale. Up until December 31, 1998, cost of sales was restated using the last-in, first-out (LIFO) method, with the additional restatement of consumption of the inventory layers of prior years.
- Depreciation is calculated on the restated value of the corresponding property, plant and equipment.
- Expenses associated with nonmonetary items are restated through yearend, as a function of the restatement of the nonmonetary asset that is being consumed or sold.

The gain from monetary position, which represents the erosion of the purchasing power of monetary items caused by inflation, is determined by applying to net monetary assets or liabilities at the beginning of the month the inflation factor derived from the NCPI of each country and is restated through yearend with the corresponding factor.

- **Other statements:**

The cumulative restatement effect presented in the statement of stockholders' equity is comprised mainly of the gain or loss from holding nonmonetary assets, which represents the change in the specific price level of the inventories, investment in shares of associated companies and property, plant and equipment of foreign subsidiaries and their effect on the results of operations as compared to the NCPI. As well, it includes the cumulative translation effect.

The statement of changes in financial position presents the changes in constant Mexican pesos, according to the financial position at the prior yearend, restated to Mexican pesos as of the end of the latest yearend.

(d) Marketable securities

Marketable securities are primarily short-term money market investments, bank deposits and bank acceptances valued at market (cost plus accrued interest).

(e) Investment in shares of associated companies and debentures-

The Company has long-term investments in shares of associated companies and other, such as debentures convertible into capital stock, which are valued at cost.

(f) Goodwill-

Goodwill resulting from acquisitions made by the Company at prices greater than the book value of the related companies is amortized, over a period of 20 years, the term over which management expects that additional benefits will be generated by these investments. The amounts amortized in 2000, 1999 and 1998 were \$209,237, \$173,328 and \$322,870, respectively, and are included in the statement of income in other income (expenses).

(g) Income taxes and employee profit sharing-

The companies record a long-term deferred income taxes, assets taxes and employee profit sharing, asset or liability, based on the cumulative effect of the temporary differences between the book and tax bases of assets and liabilities as of the balance sheet date.

(h) Employee benefits-

Under Mexican labor law, most of the subsidiaries are liable for separation payments and seniority premiums to employees terminating under certain circumstances.

The companies record their liabilities from seniority premiums, pensions and indemnity payments as they accrue, using actuarial calculations based on the projected unit credit method, using real interest rates and making the contributions to the trust on the same basis.

Accordingly, the liability is being accrued, which at present value will cover the obligation from benefits projected to the estimated retirement date of the companies' employees.

Severance payments to involuntarily terminated employees are charged to results in the period in which they are made.

(i) Integral financing result-

The integral financing result includes all financial revenues and expenses, such as interest income and expense, exchange gains or losses and gains or losses from monetary position as they occur or accrue.

Transactions in foreign currency are recorded at the exchange rate as of the date of the transaction and assets and liabilities in foreign currency are adjusted to the exchange rate as of yearend, as part of the integral financing result.

(j) Earnings per share-

Basic earnings per share have been computed each year by dividing the net majority income from continuing operations for the year by the weighted-average number of shares outstanding during the year.

The effect per share from the gain on the sale of the subsidiaries is computed by dividing the underlying gain by the weighted-average number of shares outstanding, according to the above procedure.

(k) Comprehensive income-

Beginning in 1999, the items that comprise "comprehensive income" are presented in the statement of changes in stockholders' equity which is comprised of the net income of the period plus any gain or loss, that according to specific regulations is presented directly in stockholders' equity, such as the restatement and translation effects of the year. The retroactive effect of this presentation is reflected in the statements as of January 1, 1998.

5. NEW ACCOUNTING PRINCIPLE:

In 2001, Bulletin C-2, "Financial Instruments", which establishes the methodology for the valuation and recording of financial instruments, including financial derivatives, will go into effect. The bulletin requires recognition of all derivatives on the balance sheet as either assets or liabilities and the measurement of such instruments at their fair value. In addition, the Mexican standard will require that all gains and losses on derivative hedging instruments be recorded in current earnings, regardless of the nature of the instrument.

As of December 31, 2000 the cumulative effect of valuing all financial instruments, including financial derivatives, is not significant. A description of these instruments is included in Note 16.

6. TRANSACTIONS AND FOREIGN CURRENCY POSITION:

At December 31, 2000, 1999 and 1998 the exchange rate was \$9.5997, \$9.5222 and \$9.8650 Mexican pesos per U.S. dollar, respectively, and foreign currency denominated assets and liabilities of those subsidiaries located in Mexico amount to:

	Thousands of U.S. Dollars		
	2000	1999	1998
Current assets	250,046	232,407	33,872
Liabilities-			
Current	135,863	30,265	43,960
Long-term	252,600	404,400	416,200
	388,463	434,665	460,160
Net foreign currency liability position	138,417	202,258	426,288
Equivalent in thousands of Mexican pesos	\$ 1,328,762	\$ 1,925,941	\$ 4,205,334

At December 31, 2000, OLA has a long-term liability position in foreign currency with respect to the country in which it operates in the amount of \$22.26 million, equivalent to \$213,703.

The principal transactions in foreign currency carried out by the companies, excluding foreign subsidiaries' sales and the exports between companies, which were eliminated in the consolidation process, are as follows:

	Thousands of U.S. Dollars		
	2000	1999	1998
Sales	35,147	39,631	15,594
Purchases other than fixed assets	(38,114)	(129,152)	(115,473)
Interest expense, net	(52,117)	(21,664)	(33,913)
Other expenses	(31,870)	(12,668)	(10,213)
	(86,954)	(123,853)	(144,005)
Equivalent in thousands of Mexican pesos	\$ (823,856)	\$ (1,201,371)	\$ (1,316,206)

At March 9, 2001, the unaudited foreign exchange position is similar to that at yearend, and the exchange rate is \$9.6468 Mexican pesos per U.S. dollar.

7. NOTES AND ACCOUNTS RECEIVABLE:

	2000	1999	1998
Trade and agencies, net	\$ 1,261,126	\$ 1,337,413	\$ 1,194,654
Notes receivable	121,581	211,834	28,668
Recoverable value-added tax	605,985	176,670	329,110
Sundry debtors	337,361	559,337	303,400
Molino Montserrat, S.A. de C.V., related party	–	49,936	–
Officers and employees	3,478	3,353	5,584
	\$ 2,329,531	\$ 2,338,543	\$ 1,861,416

8. INVENTORIES:

	2000	1999	1998
Raw materials, net	\$ 162,692	\$ 234,954	\$ 424,600
Containers and wrapping	155,719	182,726	199,994
Orders-in-process	18,009	43,157	28,307
Finished products	200,398	182,678	205,479
Advances to suppliers	19,281	83,416	11,054
Raw materials-in-transit	111,613	31,808	527,316
Other	45,407	38,928	46,619
	\$ 713,119	\$ 797,667	\$ 1,443,369

9. PROPERTY, PLANT AND EQUIPMENT:

	2000	1999	1998
Buildings	\$ 4,436,369	\$ 4,226,175	\$ 4,367,638
Manufacturing equipment	10,343,411	9,886,879	9,902,096
Vehicles	4,467,421	4,556,521	4,616,644
Molds	377,558	393,074	509,538
Machine shop equipment	308,266	269,246	207,477
Office equipment	198,739	208,550	244,286
Computer equipment	365,007	297,115	253,228
Freezers	832	18,658	102,943
	20,497,603	19,856,218	20,203,850
Less- Accumulated depreciation	(8,926,344)	(8,134,730)	(7,665,981)
	11,571,259	11,721,488	12,537,869
Land	1,442,055	1,400,330	1,418,712
Construction-in-progress and machinery-in-transit	408,549	408,072	442,340
	\$ 13,421,863	\$ 13,529,890	\$ 14,398,921

The average annual rates of depreciation are as follows:

	%
Buildings	5
Manufacturing equipment	8
Vehicles	25
Molds	35
Machine shop equipment	10
Office equipment	10
Computer equipment	30
Freezers	8

10. RELATED-PARTY TRANSACTIONS AND BALANCES:

The companies had the following significant transactions with related parties:

	2000	1999	1998
Revenues from-			
Sale of raw materials and finished products	\$ 14,507	\$ 6,600	\$ -
Sale of trade marks	-	76,126	-
Interest	29,293	3,143	-
Service	242	1,318	-
Rent	1,128	2	-
Other	6,084	2,260	-
	<u>\$ 51,254</u>	<u>\$ 89,449</u>	<u>\$ -</u>
Expenses for-			
Purchases of raw materials and finished products	\$ 872,281	\$ 45,834	\$ -
Interest	9,123	4,364	-
Other	121,028	-	-
	<u>\$ 1,002,432</u>	<u>\$ 50,198</u>	<u>\$ -</u>

The net intercompany payable balances are as follows:

	2000	1999	1998
Frexport, S.A. de C.V.	\$ 13,740	\$ 40,587	\$ -
Bimabel, S.A. de C.V.	75,175	19,958	-
Molino San Vicente de Paul, S.A. de C.V.	4,963	6,624	-
Molino Montserrat, S.A. de C.V.	59,933	-	-
Grupo Altex, S.A. de C.V.	23,306	-	-
Other	178	-	-
	<u>\$ 177,295</u>	<u>\$ 67,169</u>	<u>\$ -</u>

11. BANK LOANS AND LONG-TERM DEBT:

At December 31, 2000, the Company's bank loans and long-term debt are as follows:

Bank	Short-term	Long-term
International Finance Corporation (IFC)	\$ 113,276	\$ 888,932
ING Baring (U.S.) Capital Corporation (ING)	479,985	479,985
Bank of Montreal (BM)	575,982	1,055,967
Other	252,919	234,227
	<u>\$ 1,422,162</u>	<u>\$ 2,659,111</u>

The maturities of long-term debt as of December 31, 2000 is as follows:

Due in	
2002	\$ 1,286,366
2003	669,083
2004	154,233
2005 and thereafter	549,429
	<u>\$ 2,659,111</u>

- On August 17, 1998, the Company obtained a loan from BM for US\$200 million, which was provided on that date and used for the acquisition of 100% of the shares of Mrs. Baird's Bakeries, Inc. The loan is due in 5 years including a 2-year grace period. The financing consists of ten promissory notes of which US\$37.5 million were funded with BM's resources and the rest syndicated with several national and foreign banks.

This financing bears variable interest at LIBOR plus 0.9375% for the first year; LIBOR plus 1% in the second year; LIBOR plus 1.0625% in the third year; LIBOR plus 1.125% in the fourth year and thereafter. This financing has 13 quarterly payments, which begin on August 17, 2000. Also, certain restrictions are established with respect to the financial structure of the Company and limit the payment of dividends from earnings generated subsequent to the signing of the loan agreement. As of December 31, 2000, the Company is in compliance with these restrictions.

- On October 17, 1997, the Company obtained financing from ING in the amount of US\$100 million, which was utilized at that date to pay the remainder of the US\$100 million loan from IFC obtained in November 1991 and other short-term loans in U.S. dollars. This financing consists of six promissory notes, of which one in the amount of US\$20 million was obtained from ING and the rest syndicated with a number of foreign banks.

This financing bears interest at LIBOR plus 0.675% and will be paid in two equal installments on September 17, 2001 and 2002. Also, certain restrictions are established with respect to the financial structure of the Company and the payment of dividends from earnings generated subsequent to the signing of the loan agreement. As of December 31, 2000, the Company is in compliance with these restrictions.

On September 18, 1998, the Company signed an interest rate swap contract with Citibank, NA, whereby the fixed annual interest rate will be 5.09% on the financing acquired with ING, for a 3-year term starting on March 17, 1999, with quarterly payments as of that date.

- On February 2, 1996, the Company contracted additional financing with IFC in the amount of US\$140 million, which was funded on that date and utilized to repay its short-term loan in U.S. dollars outstanding at December 31, 1995. The financing consists of three promissory notes; promissory notes "A" and "C" were obtained from IFC and funds for promissory note "B" were provided by private U.S. investors through IFC. However, for the Company's purposes the resources were fully provided by IFC.

The promissory notes are for US\$25, US\$105 and US\$10 million for the “A”, “B” and “C” notes, respectively. The “A” and “B” notes bear interest at a fixed annual rate of 8.74%, and the “C” note bears interest at a variable six-month LIBOR rate, all of which are payable in semi-annual installments. The financing term is 12 years, with 11 annual payments of principal beginning February 1998, for promissory notes “A” and “B”, and the term is 10 years for promissory note “C”, which is due in one payment at the end of the contract based on the value of the Company’s shares on the Mexican Stock Exchange. The total amount to be paid will be calculated by multiplying the principal by the return on the shares over the 10 years, with a maximum of 2.25 times the principal (US\$22,500,000) and a minimum equivalent to the amount of the promissory note. This promissory note is private and therefore not negotiable.

There are certain restrictions and obligations established with respect to the financial structure of the Company and the guarantors of the loan. Dividend payments must be approved by IFC, and new financing is limited. Certain subsidiaries are also guarantors on the loans. At December 31, 2000, the Company has complied with all of the restrictive covenants.

There are other direct and unsecured loans in U.S. dollars with domestic and foreign banks, which bear interest at variable rates based on LIBOR.

12. EMPLOYEE BENEFITS:

The employee benefit obligation relates to the pension plan, which will cover the pension (or severance payment) and seniority premiums due upon retirement. The amount resulting from the actuarial calculations prepared by external actuaries is being funded using the projected unit credit method. Below is a breakdown of this obligation:

	2000	1999	1998
Projected benefit obligation (PBO)	\$ (1,844,139)	\$ (1,635,576)	\$ (1,409,911)
Plan assets	2,363,894	2,677,857	2,536,113
Excess of plan assets over projected benefit obligation	519,755	1,042,281	1,126,202
Initial transition liability to be amortized	(519,986)	(537,013)	(224,057)
Unamortized actuarial losses	502,088	(67,034)	(537,472)
Prepayment, included in other assets	\$ 501,857	\$ 438,234	\$ 364,673

At December 31, 2000, the amount accrued for the obligation from present services (equivalent to the PBO without projecting salaries to the date of retirement) amounted to \$1,520,962.

The prepayment resulting from the plan assets exceeding the projected liabilities at December 31, 2000 is recognized in results over the estimated remaining work life of the employees.

The cost of employee benefits for the years ended December 31, 2000, 1999 and 1998 is as follows:

	2000	1999	1998
Service costs for the year	\$ 117,284	\$ 104,307	\$ 78,406
Financial cost for the year	83,879	69,314	53,953
Amortization of actuarial losses, net	(23,323)	(23,038)	(18,804)
Amortization of transition liability	(1,982)	(4,270)	(21,128)
	175,858	146,313	92,427
Less- Return on plan assets	(192,014)	(185,442)	(185,794)
Net effect of the year	\$ (16,156)	\$ (39,129)	\$ (93,367)

The assumptions used in the actuarial computations during 2000, 1999 and 1998 are as follows:

Interest rate	5.0%
Investment return rate	7.0%
Salary increase rate	1.5%

The changes in the prepayment were as follows:

	2000	1999	1998
Beginning balance	\$ 438,234	\$ 364,673	\$ 264,473
Net effect of the year	16,156	39,129	93,367
Contributions to the fund	34,890	18,685	12,109
Changes in assumptions	12,577	15,747	(5,276)
Ending balance	\$ 501,857	\$ 438,234	\$ 364,673

The changes in the fund were as follows:

	2000	1999	1998
Beginning balance	\$ 2,677,856	\$ 2,536,113	\$ 2,707,048
Contributions	34,890	18,685	12,109
Return on plan assets	192,014	185,442	185,793
Payments	(19,745)	(25,882)	(19,029)
Changes in assumptions	(521,121)	(36,502)	(349,808)
Ending balance	\$ 2,363,894	\$ 2,677,856	\$ 2,536,113

The amortization period for unamortized items as of December 31, 2000 is as follows:

	Remaining Years	
Caption	Seniority	Pension
	Premiums	Plan
Transition liability	21.15	31.87
Changes in assumptions	21.02	28.30

13. TAX ENVIRONMENT:

In Mexico-

Income and asset tax regulations-

The companies established in Mexico are subject to income and asset taxes. Income taxes are computed taking into consideration certain taxable and deductible effects of inflation, such as depreciation calculated on restated asset values and the deduction of purchases in place of cost of sales, which permit the deduction of current costs, and taxable income is increased or reduced by the effects of inflation on certain monetary assets and liabilities through the inflationary component, which is similar to the gain or loss from monetary position. Beginning in 1999, the income tax rate increased from 34% to 35%, with the obligation to pay this tax each year at a rate of 30% (transitorily 32% in 1999), with the remainder payable upon the distribution of earnings. This remainder is recorded as a long-term liability.

Asset taxes are computed at an annual rate of 1.8% on the average of the majority of restated assets less certain liabilities, and the tax is paid only to the extent that it exceeds the income taxes of the period. On a consolidated basis the Company paid no asset taxes in 2000, 1999 or 1998. Any required payment of asset taxes is creditable against the excess of income taxes over asset taxes of the previous three and following ten years.

The Company is authorized by the Mexican tax authorities to file a consolidated income and asset tax return only for the Mexican subsidiaries.

Book and taxable income-

The current income tax provision was determined based on the amount payable in accordance with consolidated Mexican taxable income. The principal differences between book and taxable income are: depreciation on restated asset values, the gain from monetary position, the inflationary component, and the difference between cost of sales and inventory purchases.

Employee profit sharing-

Employee profit sharing is calculated on the basis of the individual results of each Mexican subsidiary and is determined based on taxable income that excludes the inflationary component and depreciation is based on historical rather than restated values.

In other countries-

Foreign subsidiaries compute their income taxes based on their individual taxable income and in accordance with the specific tax regulations of each country. The provisions for income taxes of foreign subsidiaries are not significant since most of them have tax losses.

14. DEFERRED TAXES:

The items comprising the deferred tax liability as at December 31, 2000 were as follows:

Allowances for the valuation of assets	\$ (34,012)
Inventories	154,653
Property and equipment	1,749,589
Other investments	(83,464)
Other reserves	(55,186)
Tax losses	(227,011)
Recoverable asset tax	(46,576)
Dividend tax	(3,067)
	<hr/>
	\$ 1,454,926

The activity in the deferred tax liability during the year ended December 31, 2000 is as follows:

Initial cumulative effect of deferred tax	\$ 1,638,168
Results from monetary position	134,846
Deferred income tax benefit	(301,455)
Recoverable asset tax	(16,633)
	<u>\$ 1,454,926</u>

15. STOCKHOLDERS' EQUITY:

At the General Extraordinary Stockholder' Meeting held on February 19, 1998, the stockholders approved an increase in the fixed portion of capital stock through a stock split of four new shares for each share outstanding. As of this date, until April 28, 1998, the fixed portion of the capital stock is represented by 1,340,000,000 Series "A" shares, ordinary, nominative, without par, fully subscribed and paid.

At the General Extraordinary Stockholder' Meeting held on April 28, 1998, the stockholders approved an increase in the fixed capital stock of \$813,836 (\$660,060 nominal value) through the issuance of 27,400,000 Series "A" shares, ordinary, nominative, without par. Such increase was paid in cash.

During a General Extraordinary Stockholder' Meeting held on April 27, 1999, the stockholders approved an increase in the fixed portion of the Company's capital stock of \$1,233,578 (\$1,073,160 nominal value), through the issuance of 54,200,000 shares, placed through a public offering. This increase resulted in share placement-related expenses of \$27,233 (\$23,215 nominal value), which were applied to retained earnings, net of the income tax effect.

During a General Extraordinary Stockholder' Meeting held on August 10, 1999, the shareholders approved an increase in the reserve for repurchase of own shares of \$143,305 (\$130,000 at nominal value), through the application of retained earnings.

During 2000, the Company acquired 3,665,000 shares of its own capital stock, resulting in a reduction in the capital stock and the reserve for repurchase of shares in the amount of \$6,211 (\$5,847 nominal value) and \$55,736 (\$52,322 nominal value), respectively. These shares are held in the treasury of the Company.

At December 31, 2000, the capital stock was made up of 1,417,935,000 shares fully subscribed and paid, corresponding to the fixed portion of capital stock.

The variable capital stock cannot exceed ten times the amount of minimum fixed capital without withdrawal rights and will be represented by Series "B" shares, ordinary, nominative, without par and/or shares with limited voting rights, nominative, without par, which will be denominated with the name of the Series determined when issued. At no time can the shares with limited voting rights represent more than 25% of total capital stock.

Stockholders' equity is as follows:

	2000	1999	1998
Capital stock-			
Historical	\$ 2,293,441	\$ 2,299,288	\$ 1,226,128
Restatement	4,031,324	4,031,688	3,871,270
	<u>\$ 6,324,765</u>	<u>\$ 6,330,976</u>	<u>\$ 5,097,398</u>
Retained earnings-			
Historical	\$ 4,405,474	\$ 2,829,517	\$ 2,853,858
Legal reserve (historical)	286,500	188,000	126,000
Restatement	8,803,170	8,885,412	6,996,549
	<u>\$ 13,495,144</u>	<u>\$ 11,902,929</u>	<u>\$ 9,976,407</u>
Reserve for repurchase of shares-			
Historical	\$ 97,678	\$ 150,000	\$ 20,000
Restatement	39,717	43,131	29,826
	<u>\$ 137,395</u>	<u>\$ 193,131</u>	<u>\$ 49,826</u>

Dividends paid to majority stockholders in 1999 and 1998 are as follows:

	Nominal Value		Restated as of December, 31, 2000
	Mexican Pesos per Share	Total	
Approved at the Stockholder' Meeting on: April 28, 2000	\$ 0.15	\$ 213,240	\$ 224,712
April 29 and December 14, 1998	\$ 0.70 and \$0.15	\$ 1,143,110	\$ 1,449,518

Beginning 1999, dividends paid to individuals or foreign residents will be subject to income tax withholding at an effective rate of 7.5% to 7.7%, depending on the year in which the earnings were generated. In addition, if earnings for which no corporate tax has been paid are distributed, the tax must be paid upon distribution of the dividends. Consequently, the Company must keep a record of earnings subject to each tax rate. At December 31, 2000, earnings for which corporate taxes have been paid amounted to approximately \$11,242,214.

Capital reductions will be subject to taxes on the excess of the reduction over the price-level adjusted paid-in capital, in accordance with the formula prescribed by the income tax law.

The annual net income of the Company and some subsidiaries is subject to the legal requirement that 5% be transferred to a legal reserve each year until the reserve equals 20% of capital stock. This reserve may not be distributed to stockholders during the existence of the companies, except in the form of a stock dividend.

16. FINANCIAL INSTRUMENTS:

(a) Interest rate swap-

In order to reduce its exposure to financial risks, the Company entered into an interest rate swap to modify the profile of its debt risk. This swap is defined as variable-to-fixed interest rate and is intended to set a fixed interest rate for the service of the US dollar-denominated debt, and thus avoid the negative impact of an increase in interest rates.

The interest rate set by the Company according to the swap is 5.09% and its nominal amount is US\$100 million. The swap's floating rate is referenced to the three-month LIBOR. The swap expires in September 2001 and is revised on a quarterly basis.

The swap gains or losses are presented under the liabilities they hedge and are included as a part of interest expense in the statement of income.

(b) Optional structure of the exchange rate-

In order to hedge exchange risks that may arise in connection with its US dollar-denominated liabilities, on November 28, 1999 the Company entered into an optional structure of the Mexican peso versus the US dollar, whereby the fluctuation of the exchange rate above 11.76 Mexican pesos to the US dollar is hedged. The option's nominal amount is US\$150 million and expires on June 27, 2001.

The cost or premium of this instrument is zero. However, if at the expiration date the exchange rate is equal to or above \$12.90 Mexican pesos to the US dollar, the Company must pay a premium of \$75,000 or 4.25% on the nominal amount. Furthermore, if at any time during the life of the instrument, the exchange rate should drop to \$9.14 Mexican pesos to the US dollar, which occurred on March 23, 2000, the Company agrees to buy US\$150 million at the exchange rate of \$11.76 per US dollar.

The costs and expenses related to the optional structure will be offset in the balance sheet against the liabilities it hedges, while in the statement of income, these amounts will be recorded as part of the exchange losses.

(c) Other financial instruments-

At December 31, 2000, the companies maintain other insignificant instruments with respect to their transaction volume.

Directors

B O A R D O F

Better corporate
practices code

Chairman

Roberto Servitje Sendra PR

Directors

Henry Davis Signoret I

José Antonio Fernández Carbajal R

José Luis González González I

Jaime Jorba Sendra PR

Mauricio Jorba Servitje PR

Francisco Laresgoiti Hernández PR

José Ignacio Mariscal Torroella PR

Carlos Mata Alvarez PI

Víctor Milke Auais R

Raúl Obregón del Corral PR

Roberto Quiroz Montero PI

Alexis Eugenio Rovzar de la Torre I

Lorenzo Sendra Mata PR

Daniel Servitje Montull PR

Lorenzo Servitje Sendra PR

Claudio Terrein Decottignies I

Examiner

Juan Mauricio Gras Gas

Alternate Examiner

Walter Frassetto Valdés

Secretary

Oscar Ramos Garza

PR: Patrimonial, Related

PI: Patrimonial, Independent

Alternate Secretary

Carlos Ramos Miranda

I: Independent

R: Related

PROFILE OF *Board Members*

Roberto Servitje

Chairman of the Board of Grupo BIMBO
Member of the Board for:
Daimler-Chrysler de México
Fomento Economico Mexicano (FEMSA)
Rabobank International Agribusiness

José Ignacio Mariscal

Executive President of Grupo Marhnos
President of IMDOSOC
Member of the Board for:
UNIAPAC
Fondo Posadas SINCA
FINCOMUN

Mauricio Jorba

Executive Vice President Mexican Operations
Member of the Board for:
SIAR
VIDAX
Vocal del Sistema Integral de Abasto Rural

Francisco Laresgoiti

General Director of Grupo Laresgoiti

Víctor Milke

General Director of Corporación Premium

Claudio Terrein

President of Soger
Chairman of the Board of
Generali México Cía. de Seguros
Member of the Board for:
Invex Grupo Financiero
Cementos Apasco
Korn/ Ferry Internacional
Reaseguradora Patria

Henry Davis

President of Promotora DAC
Member of the Board for:
Nacional de Drogas I.A.P.
Alternate Board Member of
Banco Nacional de México
Member of the Consulting Board for Nestlé México

Raúl Obregón

Corporate Director for Grupo BAL
Member of the Board for:
Industrias Peñoles
Crédito Afanzador
Grupo Palacio de Hierro
Valores Mexicanos Casa de Bolsa
Arrendadora Valmex

Lorenzo Sendra

President, Bimbo Division,
Grupo BIMBO Division
Member of the Board for:
NOVACEL
Fundación Ronald McDonald
Fomento de Nutrición y Salud

Carlos Mata

General Director of Envases y Laminados
Member of the Board for:
Grupo Invermat
Aluminio y Zinc Industrial
Tepeyac A.C.

Roberto Quiroz

General Director for
Servicios Administrativos Trebol
Member of the Board for:
Fundación Tepeyac
Derivados Metal Organicos (Chairman)
Esmaltes y Colorantes Cover (Chairman)

Daniel Servitje

Chief Executive Officer Grupo BIMBO
Member of the Board for:
Coca Cola Femsa
Banco Nacional de México
FICSAC

Jaime Jorba

Chairman of the Board of:
Frialsa
Promotora de condominios residenciales

José Antonio Fernández

Vice-President and General Director
of Grupo FEMSA
Vice-President of ITESM
Vice-President of Coca Cola FEMSA
Member of the Board for:
Grupo Financiero BBVA Bancomer
Grupo CYDSA

José Luis González

Chairman of the Board of
Corporación Quan
Member of the Board for:
Progrupo
Industria Innopack

Lorenzo Servitje

Board Member of the Fundación Mexicana
de Desarrollo Rural of USEM and of
the association A Favor de lo Mejor

Alexis Eugenio Rovzar

Partner and Director of Despacho
Internacional de Abogados
White & Case S.C.
Member of the Board for:
FEMSA
Coca Cola Femsa
Ray & Berndtson
COMEX
BANK ONE
PROCURA
REINTEGRA

GOVERNANCE

Committees

Better corporate
practices code

Auditing Committee

Claudio Terrein Decottignies	PRESIDENT
Francisco Laresgoiti Hernández	
Víctor Milke Auais	
Raúl Obregón del Corral	
Roberto Quiroz Montero	
Guillermo Sánchez Arrieta	SECRETARY

Evaluation and Compensation Committee

Roberto Servitje Sendra	PRESIDENT
Henry Davis Signoret	
Carlos Mata Alvarez	
Daniel Servitje Montull	
Lorenzo Servitje Sendra	
Javier Millán Dehesa	SECRETARY

Finance and Planning Committee

Raúl Obregón del Corral	PRESIDENT
José Luis González González	
Mauricio Jorba Servitje	
José Ignacio Mariscal Torroella	
Lorenzo Sendra Mata	
Daniel Servitje Montull	
Claudio Terrein Decottignies	
Guillermo Quiroz Abed	SECRETARY

I N V E S T O R *Information*

Grupo Bimbo, S.A. de C.V.

Prolongación Paseo
de la Reforma N° 1000
Colonia Desarrollo Santa Fe
Delegación Álvaro Obregón
01210, México, D.F.
Tel. 52 58 66 00

Mexican Stock Exchange

BMV BIMBOA

Investor and Analyst Relations

Alberto Bercowsky
Tel. 52 58 76 62
Fax 52 58 66 97
abercows@grupobimbo.com

Institutional Relations

Martha Eugenia Hernández M.
Tel. 52 58 67 80
Fax 52 58 68 33
relaciones_institucionales@grupobimbo.com

Internet

www.grupobimbo.com



Printed on recycled paper



SECORBI, s.c.
 Prolongación Paseo de la Reforma 1000
 Colonia Desarrollo Santa Fe,
 Delegación Álvaro Obregón
 01210 México, D.F.
 Switchboard: 52 58 66 00
 Internet: www.grupobimbo.com