

Mexico and U.S. Corporate Governance Standards Significant Differences

The Sarbanes-Oxley Act of 2002 was issued in order to provide transparency in corporate practices and financial reporting and thus providing accurate information to shareholders.

NYSE's Listed Company Manual under Rule 303.A thoroughly describes current US corporate governance standards. Mexico's corporate standards guidelines are based on the "*Circular Unica-Anexo J*" issued by the "*Comisión Nacional Bancaria y de Valores*" (*the Mexican Banking and Securities Commission*) and under the regulations of the "*Ley del Mercado de Valores*" (*Mexican Securities Market Law*). Domestic corporate standards are closely aligned to US practices. However, some domestic corporate governance practices differ in certain ways from those followed by a U.S. listed company.

Rule 303.A. 11 provides that foreign private issuers must disclose any significant ways in which domestic corporate governance practices differ from those followed by US companies under NYSE listing standards.

Significant Differences

Board of Directors

- According to domestic practices, the Board of Directors should be composed at least of 25% independent directors compared to a majority of independent directors required in the U.S.
- Under Rule 303.03 of the NYSE Corporate Governance Standards ("NYSE CGS"), private issuers must schedule regular executive sessions among non-management directors, while there is no reference to this requirement under Mexican law.

Independent Director Definition

- Rule 303.02 of the NYSE CGS defines certain new standards that qualify a director as independent. The most significant difference in Mexican standards regarding the definition of "independent" is the "look-back period". While this rule is subject to a transition "look-back" provision, which applies for a one-year-look-back for the first year of adoption of this rule's new standards and for a three-year-look-back period from or after November 4, 2004, domestic regulations do not require a look-back period to be considered independent.

Nominating/ Corporate Governance Committee

Rule 303.A. 04 of the NYSE CGS requires that a private issuer has a Nominating/ Corporate Governance Committee, while current domestic practices do not require so. As per domestic practices, a private issuer must have a Planning and Finance Committee,

which jointly with the internal audit perform similar activities to those performed by the U.S. Nominating/Committee and Corporate Governance Committee.

Compensation Committee

- Rule 303.05 of the NYSE CGS provides that this Committee must be composed entirely of independent directors, while domestic regulations provide that the compensation committee can be composed of three to seven members of which at least one director should be independent.

Audit Committee

Rule 303.06 of the NYSE CGS describes these committee requirements, which should satisfy requirements under Rule 10-A-3 under the Exchange Act. These new regulations apply to foreign private issuers until July 2005.

Mexican practices require that the audit committee should be composed of three to seven directors of which the president of the committee and a majority of the members should be independent. Rule 303.06 of the NYSE CGS provides that the audit committee should be composed by independent directors and must have a minimum of three members.

There are additional differences in Mexican and U.S. standards for the Audit Committee. Foreign private issuers will have to with comply with Rule 10-A-3 under the Exchange Act to by July 2005.

Some of the functions that the Audit Committee performs according to U.S. standards are currently required to be complied by the Finance and Planning Committee according to domestic practices, such as: control procedures, discussion of earnings guidance and financial information provided to analysts and credit agencies and discussion of risk assessment policies with management.

Adopt and Disclose Corporate Governance Guidelines

Domestic practices request that public issuers disclose their corporate governance guidelines in their Annual Report while Rule 303.09 require a disclosure of corporate governance guidelines in their Annual Report filed with the SEC, stating that the foregoing information is available in the company's website and available in print to any shareholder who requests it.

Although Rule 303.09 of the NYSE CGS not yet not applies to private foreign issuers, Grupo TMM is working on completing and updating its Corporate Governance Guidelines in alignment to U.S. standards and requirements.

Code of Business Conduct and Ethics

Domestic practices as per the Internal Regulations of the "*Bolsa Mexicana de Valores*" (*Mexican Stock Exchange*) contemplates that a private issuer must have a Code of Business

Conduct and Ethics such as Rule 303.10 of the NYSE CGS requires. Grupo TMM is updating its Code of Business Conduct and Ethics in alignment to U.S. standards and requirements.

Certification Requirements

Rule 303.A.12 (b) provides that each listed company CEO must certify to the NYSE each year that he is not aware of any violation by the Company of NYSE corporate governance standards. Although domestic practices do not contemplate this requirement, this rule currently applies to foreign private issuers.

Special Committees

As per domestic practices, the Board of directors may appoint one or more Special Committees in order to delegate its faculties. At least one member of the Special Committees should be an independent director.

Grupo TMM has a standing Planning and Finance Committee (in turn of an Executive Committee and Corporate Governance Committee), and an Evaluation and Compensation Committee. These Committees do comply with domestic corporate practices and are composed by members of the Board, of which at least one director is independent.