U.S.$260,000,000

GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. de C.V.

8.125% Senior Secured Notes due 2020

Unconditionally guaranteed by

GCC Cemento, S.A. de C.V., Cementos de Chihuahua, S.A. de C.V. and GCC of America, Inc.

Grupo Cementos de Chihuahua, S.A.B. de C.V. (the "Company") is offering U.S.$260,000,000 aggregate principal amount of senior secured notes due 2020 (the "notes"). The notes will mature on February 8, 2020. Interest on the notes is payable on February 8 and August 8 of each year, beginning on August 8, 2013. We may redeem some or all of the notes on or after February 8, 2016 at the prices and as described under "Description of Notes—Optional Redemption." Prior to February 8, 2016, we may redeem the notes in whole or in part, at a redemption price based on a "make-whole" premium as described under "Description of Notes—Optional Redemption." In addition, as described under "Description of Notes—Optional Redemption," prior to February 8, 2016, we may redeem up to 35.0% of the aggregate principal amount of the notes from the proceeds of certain equity offerings. We may also redeem the notes, in whole but not in part, at a price equal to 100% of their outstanding principal amount, plus accrued and unpaid interest, and any additional amounts due thereon if certain changes in applicable tax laws occur as described under "Description of Notes—Optional Redemption." If a change of control event described under "Description of Notes—Change of Control" occurs, we may be required to offer to purchase the notes from the holders.

The notes will be secured by a first-priority security interest over (i) substantially all the shares of GCC Cemento, S.A. de C.V. ("GCC Cemento"), Cementos de Chihuahua, S.A. de C.V. ("Cementos de Chihuahua") and GCC of America, Inc. ("GCC of America") (together, the "Collateral"), and (ii) all proceeds of such Collateral. The notes will be senior obligations of the Company and will rank equally in right of payment with all other existing and future senior indebtedness of the Company subject to certain statutory preferences under Mexican law, including tax and labor obligations. The notes will be guaranteed by GCC Cemento, Cementos de Chihuahua and GCC of America. See "Description of Notes—Security Interest," "Description of Notes—Intercreditor and Collateral Agency Agreement" and "Description of Notes—Note Guarantees."

Prior to this offering, there has been no market for the notes. Application has been made to the Irish Stock Exchange for the approval of this document as Listing Particulars ("Listing Particulars"). Application has been made to the Irish Stock Exchange for the notes to be admitted to the official list and to trading on the Global Exchange Market ("GEM") of the Irish Stock Exchange. The GEM is not a regulated market for the purposes of Directive 2004/39/EC.

Investing in the notes involves risks. See "Risk Factors" beginning on page 22.

Price for notes: 100.00% plus accrued interest, if any, from February 8, 2013.

The notes and the guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Prospective purchasers that are "qualified institutional buyers" ("QIBs") within the meaning of Rule 144A under the Securities Act ("Rule 144A") are hereby notified that the sellers of the notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Outside the United States, the offering is being made in reliance on Regulation S under the Securities Act ("Regulation S"). This offering memorandum has not been approved by a competent authority within the meaning of the Prospectus Directive. See "Transfer Restrictions; Notice to Investors" for additional information about eligible offerees and transfer restrictions.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE NATIONAL SECURITIES REGISTRY (*REGISTRO NACIONAL DE VALORES*) MAINTAINED BY THE MEXICAN NATIONAL BANKING AND SECURITIES COMMISSION (*COMISION NACIONAL BANCARIA Y DE VALORES* ("CNBV")), AND MAY NOT BE OFFERED OR SOLD PUBLICLY IN MEXICO, EXCEPT PURSUANT TO THE PRIVATE PLACEMENT EXEMPTION SET FORTH IN ARTICLE 8 OF THE *LEY DEL MERCADO DE VALORES* (THE "MEXICAN SECURITIES MARKET LAW"). WE WILL NOTIFY THE CNBV OF THE TERMS AND CONDITIONS OF THIS OFFERING AS REQUIRED UNDER APPLICABLE LAW AND FOR INFORMATIONAL PURPOSES ONLY. DELIVERY OR RECEIPT OF SUCH NOTICE DOES NOT CONSTITUTE OR IMPLY A CERTIFICATION AS TO THE INVESTMENT QUALITY OF THE NOTES, OUR SOLVENCY, LIQUIDITY OR CREDIT QUALITY OR THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS OFFERING MEMORANDUM. THIS OFFERING MEMORANDUM IS SOLELY OUR RESPONSIBILITY AND HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE CNBV.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company ("DTC") for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg"), on or about February 8, 2013.

Joint Bookrunners

BBVA **Citigroup** **Scotiabank**

Offering Memorandum dated February 8, 2013

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INTRODUCTION

GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. de C.V. is a publicly listed variable capital stock corporation (*sociedad anónima bursátil de capital variable*) organized under the laws of the United Mexican States ("Mexico"). Except as the context otherwise may require, references in this offering memorandum to "GCC," the "Company," "we," "us" or "our" refer to Grupo Cementos de Chihuahua, S.A.B. de C.V. together with its consolidated subsidiaries.

The Company's obligations under the notes will be unconditionally guaranteed by GCC Cemento, S.A. de C.V., Cementos de Chihuahua, S.A. de C.V. and GCC of America, Inc. References in this offering memorandum to a "Guarantor" refer to each of GCC Cemento, S.A. de C.V., Cementos de Chihuahua, S.A. de C.V. and GCC of America, Inc., or collectively, the "Guarantors."

References in this offering memorandum to "initial purchasers" refer to Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Inc. and Scotia Capital (USA) Inc.

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the notes described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. You are authorized to use this offering memorandum solely for the purpose of considering the purchase of the notes.

We have prepared the information contained in this offering memorandum. Neither we nor any of the initial purchasers has authorized anyone to provide you with any other information and neither we nor any of the initial purchasers takes any responsibility for other information others may give you.

We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is in accordance with the facts and contains no omission likely to affect its import.

You should assume that the information appearing in this offering memorandum is accurate as of the date on the front cover of this offering memorandum only. Our business, properties, results of operations or financial condition may have changed since that date. Neither the delivery of this offering memorandum nor any sale of notes hereunder will under any circumstances imply that the information herein is correct as of any date subsequent to the date on the front cover of this offering memorandum.

In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable securities or similar laws or regulations.

This offering memorandum is based on information provided by us and by other sources we believe to be reliable. You acknowledge and agree that the initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers. The initial purchasers accept no responsibility in relation to the information in this offering memorandum or any other information provided by GCC. This offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us or the initial purchasers.

The distribution of this offering memorandum and the offering and sale of the notes in certain jurisdictions may be restricted by law. We and the initial purchasers require persons into whose possession this offering memorandum comes to inform themselves about and to observe any such restrictions. This offering memorandum does not constitute an offer of, or an invitation to purchase, any of the notes in any jurisdiction in which such offer or sale would be unlawful. This document may only be used where it is legal to sell the notes (or beneficial interests therein).

You must (1) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the purchase, offer or sale of the notes, and (2) obtain any required consent, approval or permission for the purchase, offer or sale by you of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither GCC nor the initial purchasers or their agents have any responsibility therefor. See "Transfer Restrictions; Notice to Investors" for information concerning some of the transfer restrictions applicable to the notes.

You acknowledge that:

- you have been afforded an opportunity to request from GCC, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum;

- you have not relied on the initial purchasers or their respective agents or any person affiliated with the initial purchasers or their respective agents in connection with your investigation of the accuracy of such information or your investment decision; and

- no person has been authorized to give any information or to make any representation concerning GCC or the notes other than those set forth in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by GCC, the initial purchasers or their agents.

- The notes have not been registered under the Securities Act, any U.S. state securities laws or the laws of any other jurisdiction. In making an investment decision, you must rely on your own examination of GCC's business and the terms of this offering, including the merits and risks involved. The notes have not been recommended by the U.S. Securities and Exchange Commission ("SEC") or any state securities commission or any Mexican or other regulatory authority, including the CNBV. Furthermore, these authorities have not confirmed the accuracy or determined the adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

In connection with the issue of the notes, the initial purchasers (or persons acting on behalf of the initial purchasers) may over-allot notes or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail. However, there is no assurance that the initial purchasers (or persons acting on behalf of the initial purchasers) will undertake stabilization action. Such stabilizing, if commenced, may be discontinued at any time and, if begun, must be brought to an end after a limited period. Any stabilization action or over-allotment must be conducted by the initial purchasers (or persons acting on behalf of the initial purchasers) in accordance with all applicable laws and rules.

The notes may not be transferred or resold except as permitted under the Securities Act and related regulations and applicable state securities laws. In making your purchase, you will be deemed to have made certain acknowledgements, representations and agreements set forth in this offering memorandum under "Transfer Restrictions; Notice to Investors." You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

See "Risk Factors" for a description of certain factors relating to an investment in the notes, including information about GCC's business. None of GCC, the initial purchasers or any of their representatives is making any representation to you regarding the legality of an investment by you under applicable legal investment or similar laws.

The notes will be available initially only in book-entry form. GCC expects that the notes offered and sold in the United States to QIBs within the meaning of Rule 144A in reliance upon Rule 144A will be represented by beneficial interests in one or more permanent global notes in fully registered form without interest coupons (the "Rule 144A global notes"). GCC expects that the notes offered and sold outside the United States to non-U.S. persons as defined in

Regulation S pursuant to Regulation S will be initially represented by beneficial interests in one or more temporary global notes in fully registered form without interest coupons (the "temporary Regulation S global notes"). Interests in the temporary Regulation S global notes will be exchangeable for interests in one or more corresponding permanent Regulation S global notes in fully registered form without interest coupons (the "permanent Regulation S global notes" and, together with the temporary Regulation S global notes, the "Regulation S global notes") not earlier than the later of (i) the "distribution compliance period" as defined in Regulation S under the Securities Act and (ii) the first day on which certification of non-U.S. ownership is provided to the trustee as described under "Book-Entry; Delivery and Form—Certification by Holders of the Temporary Regulation S Global Notes." The Rule 144A global notes and the Regulation S global notes (collectively, the "global notes") will be deposited with DTC. Notes shall be issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. See "Description of Notes" for further discussion of these matters.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (RSA 421-B) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

This offering memorandum may be distributed only to, and is directed only at, and any offer subsequently made may only be directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

NOTICE TO RESIDENTS OF MEXICO

This offering memorandum may be distributed only to, and is directed only at, and any offer subsequently made may only be directed at, persons who are "*inversionistas institucionales*" or "*inversionistas calificados*" (as defined in the Mexican Securities Market Law. The notes have not been and will not be registered with the National Securities Registry (*Registro Nacional de Valores*) maintained by the CNBV, and may not be offered or sold publicly in Mexico, except pursuant to the private placement exemption set forth in article 8 of the Mexican Securities Market Law.

Other than as disclosed in this offering memorandum, the Company is not involved, and has not been involved in any governmental, legal or arbitration proceeding which may have or has had during the previous 12 months, a material effect on the Company's financial condition or profitability and, so far as the Company is aware, no such governmental, legal or arbitration proceeding is pending or threatened.

SERVICE OF PROCESS AND ENFORCEABILITY OF CIVIL LIABILITIES

We and GCC Cemento and Cementos de Chihuahua, the Mexican Guarantors, are companies organized and existing under the laws of Mexico. Substantially all of our directors and officers and some of the persons named in this offering memorandum reside in Mexico and all or a significant portion of the assets of those persons may be, and a significant portion of our assets are, located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or against us in U.S. courts, judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

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

If proceedings are brought in Mexico seeking to enforce our or the Guarantors' obligations in respect of the notes, we or the Guarantors would not be required under Mexican law to discharge those obligations in a currency other than Mexican pesos. Under the Monetary Law of the United Mexican States (*Ley Monetaria de los Estados Unidos Mexicanos*), an obligation, whether resulting from the enforcement of a judgment, a judgment arising from an initial action or by agreement, denominated in a currency other than Mexican pesos that is payable in Mexico may be satisfied in Mexican pesos at the rate of exchange in effect on the date of payment. That rate currently is determined by *Banco de México* every banking day and published in the *Diario Oficial de la Federación* (Federal Official Gazette of Mexico).

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

WHERE YOU CAN FIND MORE INFORMATION

For as long as any notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser or subscriber of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser or subscriber, the information required to be delivered to such persons pursuant to Rule 144A(d)(4) (or any successor provision thereto). Any such request may be made to us in writing at our main office located at Avenida Vicente Suárez y calle Sexta S/N, Colonia Nombre de Dios, C.P. 31110, Chihuahua, Chihuahua, México, telephone number +52 (614) 442-3100.

We will make available to the holders of notes, at the corporate trust office of the trustee at no cost, copies of the indenture as well as this offering memorandum, including a review of our operations, and annual audited consolidated financial statements prepared in conformity with Mexican Financial Reporting Standards (*Normas de Información Financiera*, or "MFRS") or, beginning with the financial statements as of and for the year ended December 31, 2012, in accordance with International Financing Reporting Standards issued by the International Accounting Standards Board ("IASB" and, such reporting standards issued by the IASB, "IFRS"). We will also make available at the office of the trustee our unaudited quarterly consolidated financial statements in English prepared in accordance with IFRS. Information will also be available at the office of the Irish Listing Agent (as defined herein).

Application is expected to be made to have the notes admitted to trading on the GEM, a market of the Irish Stock Exchange, in accordance with its rules. This offering memorandum forms, in all material respects, the listing memorandum for admission to the Irish Stock Exchange. We will be required to comply with any undertakings given by us from time to time to the Irish Stock Exchange in connection with the notes, and to furnish to them all such information as the rules of the Irish Stock Exchange may require in connection with the listing of the notes.

We prepare audited annual consolidated financial statements in both Spanish and English, and unaudited quarterly consolidated financial information in English. We are required to file certain annual, quarterly and special reports and other information with the Bolsa Mexicana de Valores S.A.B de C.V. (the Mexican Stock Exchange, or the "BMV") with respect to our equity securities sold in the Mexican market. You may inspect and copy these reports and other information at: Paseo de la Reforma No. 255, Colonia Cuauhtémoc, Delegación Cuauhtémoc, México D.F., C.P. 06500. Our BMV filings are available to you on the BMV's website (www.bmv.com.mx).

The information included (or accessed through) any website included or referred to in this offering memorandum is not incorporated by reference in, and shall not be considered part of, this offering memorandum.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements. These forward-looking statements include, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets in which we participate or are seeking to participate or anticipated regulatory changes in the markets in which we operate or intend to operate. In some cases, forward-looking statements can be identified by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "project," "should" or "will" or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution potential investors that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that our actual results of operations, including our financial condition and liquidity, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this offering memorandum. In addition, even if our results of operations, including our financial condition and liquidity and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this offering memorandum, those results or developments may not be indicative of results or developments in subsequent periods.

Important factors that could cause these differences include, but are not limited to:

- current global economic conditions and their impact on the U.S. and Mexican economies;
- the recent increase in violence in Mexico, including violence associated with drug cartels;
- adverse developments in the global economy that restrict credit markets;
- the effects of economic and political developments in Mexico on Mexican economic policy;
- the risks related to conducting business in corrupt environments;
- the risks associated with government contracting;
- developments in other countries that may have an adverse effect on the Mexican economy;
- the devaluation or depreciation in the value of the Mexican peso;
- the influence of our controlling shareholder;
- potential conflicts resulting from our transactions with related parties;
- limitations on our subsidiaries' ability to transfer income and dividends to us and their effects on our ability to repay our debt;
- our ability to attract and retain key executives and technical employees;
- the unauthorized use of our brand names, trademarks and other intellectual property;
- the extent to which our insurance coverage does not cover certain losses;
- failures or interruptions in our information systems;
- an impairment in the carrying value of goodwill or other intangible assets;

- the need to spend more on capital investments than anticipated;
- the change from using MFRS to IFRS in preparing our financial information;
- the differences between MFRS and IFRS, which we follow in preparing our financial statements, and U.S. GAAP (as defined herein);
- the impact of the reform of the Mexican tax consolidation regime;
- recent amendments to the Mexican labor law;
- the inability to realize the expected benefits from acquisitions;
- higher energy and fuel costs;
- an interruption in our supply of raw materials;
- increases in the prices of raw materials;
- inaccuracies in our estimates of our recoverable coal reserves and other raw materials;
- the introduction of cement substitutes;
- a disruption or delay in production at one of our production facilities;
- adverse weather conditions;
- disruptions to our distribution network;
- labor unrest, failure to maintain our relationships with labor unions and unexpected labor-related costs;
- the effects of the loss or consolidation of our top customers and the effects of late payments;
- the highly competitive nature of our industry;
- our inability to keep up with competitive changes affecting our industry;
- product liability claims brought against us;
- any adverse developments in litigation, arbitration and antitrust proceedings;
- our ability to comply with the current and changing regulatory environment, including environmental laws and regulations, and any adverse effects resulting from fines or penalties to which we become subject;
- risks related to our indebtedness and our ability to obtain funding;
- our compliance with restrictions and covenants in our debt instruments and our ability to service our debt; and
- the impact of floating interest rates on our indebtedness.

Potential investors should read the sections of this offering memorandum entitled “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Our Business” for a more complete discussion of the factors that could affect our future performance and the markets and industry in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this offering memorandum may not occur. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information or future events or developments.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

This offering memorandum includes:

- our audited annual consolidated financial statements and related notes as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 (the "annual consolidated financial statements"), which have been prepared in accordance with Mexican financial reporting standards (*Normas de Información Financiera*) issued by the Mexican Board for Research and Development of Financial Reporting Standards (*Consejo Mexicano de Normas de Información Financiera*), to which we refer as MFRS; and

- our unaudited interim consolidated financial statements and related notes as of September 30, 2012, December 31, 2011 and January 1, 2011 and for the nine months ended September 30, 2012 and 2011 (the "interim consolidated financial statements"), which have been prepared in accordance with IFRS. See note 3 to our interim consolidated financial statements and "—Adoption of IFRS" below.

In our opinion, our interim consolidated financial statements include all adjustments necessary to present fairly in all material respects our financial condition and results of operations as of the dates and for the periods presented. The results of operations for the nine months ended September 30, 2012 are not necessarily indicative of the results to be expected for the year ending December 31, 2012 or for any other period.

Our annual consolidated financial statements have been prepared in accordance with MFRS, and our interim consolidated financial statements have been prepared in accordance with IFRS, both of which are presented in Mexican pesos. The financial statements of our non-Mexican subsidiaries have been adjusted to conform to MFRS or IFRS, as the case may be, and translated into Mexican pesos. See note 4(b) to our annual consolidated financial statements.

Certain financial information presented in this offering memorandum as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 has been derived from our annual consolidated financial statements and presented in accordance with MFRS, and the financial information presented in this offering memorandum as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011 has been derived from our unaudited interim consolidated financial statements and is presented in accordance with IFRS.

Our financial statements and the other financial data included in this offering memorandum differ from U.S. GAAP and the regulations published by the SEC and include (i) the presentation of certain non-GAAP financial measures and (ii) the exclusion of separate financial information for guarantors or subsidiaries whose securities are pledged to secure the notes pursuant to Rule 3-16 of Regulation S-X. We have not prepared a quantitative reconciliation of our annual consolidated financial statements and interim consolidated financial statements or other financial information to U.S. GAAP and have not restated our financial information into IFRS for prior periods. In addition, Rule 3-10 of Regulation S-X generally requires that an issuer provide detailed financial information with regard to entities that provide guarantees of that issuer's registered debt securities. However, because the offer and sale of the notes will be not be registered with the SEC, our financial statements and the other financial data included in this offering memorandum do not include such information.

Our financial statements have been prepared on the basis that we will be able to continue as a going concern. As a result, our interim consolidated financial statements do not include any adjustment relating to the recoverability and classification of asset carrying amounts or the amounts and classification of liabilities that might result should we be unable to continue as a going concern. See "Risk Factors—Risks Related to our Indebtedness, the Notes and the Guarantees—In the past, we have been unable to comply with the restrictions and covenants in our Existing Credit Facility and our Privately Placed Notes and have in some instances obtained waivers, but we nonetheless have prepared our financial statements on the basis that we will be able to continue as a going concern."

Under MFRS, our consolidated financial statements through July 31, 2011 reflected the proportional consolidation of our 47.02% interest in Sociedad Boliviana de Cemento, S.A. ("SOBOCE") because we shared joint administrative and operational control over it. Effective September 1, 2010, the Government of Bolivia passed a presidential decree pursuant to which SOBOCE's 33.34% stake in Fábrica Nacional de Cemento, S.A. ("FANCESA") was expropriated in favor of the Autonomous Departmental Government of Chuquisaca. On August 18, 2011, we sold our 47.02% interest in SOBOCE to Consorcio Cementero del Sur, S.A. ("Consorcio"). See "Our Business—Legal Proceedings—Sale of SOBOCE." Our annual consolidated financial statements and all other financial and statistical data included in this offering memorandum as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 have been restated to reflect SOBOCE as a discontinued operation in accordance with MFRS. Therefore, SOBOCE's results are reflected in the line item entitled "Income (loss) from discontinued operations, net of income taxes" in our consolidated statements of income. Our consolidated balance sheet has been restated to present the assets of SOBOCE as a discontinued operation in the line items entitled "Current assets of discontinued operations" and "Non-current assets of discontinued operations" and the liabilities of SOBOCE in the line items entitled "Current liabilities of discontinued operations" and "Long-term liabilities of discontinued operations."

Under IFRS, our interim consolidated financial statements through July 31, 2011 reflected our 47.02% interest in SOBOCE under the equity method of accounting because we shared joint administrative and operational control over it. Our interim consolidated financial statements and all other financial and statistical data included in this offering memorandum for purposes of IFRS for the nine months ended September 30, 2011 has been presented to reflect SOBOCE as a discontinued operation in accordance with IFRS. As a result, SOBOCE's results are reflected in the line item entitled "Discontinued operations, net of income taxes" in our interim consolidated statements of income. However, our consolidated statement of financial position as of January 1, 2011 does not present our investment in SOBOCE as a discontinued operation as it was not classified as held for sale as of such date under IFRS.

MFRS differ in certain significant respects from IFRS. As a result, our interim consolidated financial statements and the other financial information contained in this offering memorandum prepared under IFRS are not directly comparable to our annual consolidated financial statements and the other financial information contained elsewhere in this offering memorandum prepared under MFRS. For a description of the principal differences between IFRS and MFRS as they relate to us and the nature and principal effects of adjustments arising from our adoption of IFRS, see note 30 to our interim consolidated financial statements and"Management's Discussion and Analysis of Financial Condition and Results of Operations —Adoption of IFRS."

MFRS and IFRS both differ from accounting principles generally accepted in the United States, ("U.S. GAAP.") We have not prepared a quantitative reconciliation of our annual consolidated financial statements and interim consolidated financial statements or other financial information to U.S. GAAP. Any such reconciliation could reveal material differences, which may be positive or negative, in our results of operations and financial condition from the annual consolidated financial statements and interim consolidated financial statements and other financial information contained in this offering memorandum. See "Summary of Differences between MFRS and U.S. GAAP" and "Risk Factors—Risks Related to Our Company—Our consolidated financial statements are prepared in accordance with MFRS and IFRS, which differ in significant respects from U.S. GAAP" for a description of the principal differences between MFRS and U.S. GAAP as they relate to us.

In making an investment decision, you must rely upon your own examination of the Company, the terms of the offering and the financial information included herein. We urge you to consult your own advisors regarding the differences among MFRS, IFRS and U.S. GAAP and how these differences might affect the financial information included in this offering memorandum.

Adoption of IFRS

The CNBV announced that beginning in 2012, all public companies listed in Mexico must report their financial information in accordance with IFRS. We will present full-year financial statements under IFRS for the first time in our consolidated financial statements as of and for the year ended December 31, 2012, which will include comparative consolidated financial statements under IFRS as of and for the year ended December 31, 2011. The financial information presented under IFRS as of and for the year ended December 31, 2011 will not be comparable to the financial information as of and for the same period currently presented under MFRS. IFRS 1, "First-time Adoption of International Financial Reporting Standards" ("IFRS 1"), requires that an entity develop accounting policies based on the standards and related interpretations effective at the reporting date of its first annual consolidated financial statements reported under IFRS. IFRS 1 also requires that those policies be applied as of the date of transition to IFRS, which is January 1, 2011, and throughout all periods presented in the first annual consolidated financial statements reported under IFRS.

The interim consolidated financial statements included in this offering memorandum have been prepared in accordance with IASB standards and the IFRS Interpretations Committee interpretations issued and effective, or issued and early adopted, as of September 30, 2012. The IASB standards and IFRS Interpretations Committee interpretations that will be applicable as of December 31, 2012, including those that will be applicable on a voluntary basis, were not known with certainty at the time of preparation of the interim consolidated financial statements. As a result, the accounting policies used to prepare the interim consolidated financial statements are subject to change until the reporting date of our first annual consolidated financial statements prepared under IFRS. See "Management's Discussion and Analysis of Financial Condition and Results of Operations —Adoption of IFRS."

Currency Information

Unless stated otherwise, references herein to "Mexican pesos," "pesos" or "Ps." are to Mexican pesos, the legal currency of Mexico and references to "U.S. dollar," "U.S.$" or "$" are to U.S. dollars, the legal currency of the United States.

The U.S. dollar is our functional currency, both under MFRS and IFRS, for our operations conducted in the United States and the Mexican peso is our functional currency for our Mexican subsidiaries. Because the Mexican peso is the reporting currency we use to present our financial statements, in accordance with our legal and tax obligations as a Mexican company, the financial statements of our non-Mexican subsidiaries have been translated into Mexican pesos. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting our Results of Operations and Financial Condition—Effects of Foreign Currency Exchange Rate Fluctuations on Results of Operations."

This offering memorandum contains translations of various peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. You should understand these translations are not representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated. Unless otherwise indicated, for convenience purposes, we have translated U.S. dollar amounts for the year ended December 31, 2011 and the nine months ended September 30, 2012 in this offering memorandum at the exchange rate of Ps.13.9510 to U.S.$1.00 and Ps.12.8630 to U.S.$1.00, respectively, which were the prevailing noon buying exchange rates for cable transfers in foreign currencies as certified for customs purposes by the U.S. Federal Reserve, expressed in pesos per U.S. dollar on December 31, 2011 and September 28, 2012 (the last business day of the month being September 28, 2012), respectively. Exchange rates that we use for convenience purposes differ from the exchange rates we use in preparing our financial statements. See note 4(c) to our annual consolidated financial statements and note 7(c) to our interim consolidated financial statements for a description of the calculation of the average weighted exchange rate used in preparing our financial statements.

Non-GAAP Financial Measures

A body of generally accepted accounting principles is commonly referred to as "GAAP." A non-GAAP financial measure is generally defined as one that purports to measure historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable MFRS, IFRS or U.S. GAAP measure. We present "EBITDA" in this offering memorandum, which is a non-GAAP financial measure. We define EBITDA to mean consolidated net income (loss) after adding back or subtracting, as the case may be: (1) depreciation and amortization; (2) comprehensive financing cost (which includes financial expenses, financial income, foreign exchange loss (gain), net, effect and other financial expenses) under MFRS or result from financial activities (which includes financial expenses, financial income and exchange gain (loss), net) under IFRS; (3) other expenses, net (which typically consists of non-recurring items under MFRS and non-operating items under IFRS); (4) provision (benefit) for income tax; and (5) discontinued operations, in each case as determined in accordance with MFRS or IFRS, as the case may be.

In managing our business, we rely on EBITDA as a means of assessing our operating performance. We believe that EBITDA enhances the understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness as well as to fund capital expenditures and working capital requirements. We also believe EBITDA is a useful basis of comparing our results with those of other companies because it presents results of operations on a basis unaffected by capital structure and taxes. EBITDA, however, is not a measure of financial performance under MFRS, IFRS or U.S. GAAP and should not be considered as an alternative to net income (loss) as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of our overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses, income taxes, depreciation, amortization and the impact of foreign exchange loss (gain). Our calculation of EBITDA may not be comparable to other companies' calculation of similarly titled measures. For a reconciliation of EBITDA to consolidated net income (loss) under IFRS for the nine months ended September 30, 2012 and 2011 and under MFRS for the years ended December 31, 2011, 2010 and 2009, see "Summary Consolidated Financial Information."

Statistical and Market Data

The information in this offering memorandum also includes statistical data regarding the production, distribution, marketing and sale of cement, ready-mix concrete and other products and services. We generated some of this data internally, and some were obtained from independent industry publications and reports that we believe to be reliable sources. We have not independently verified the data obtained from external sources nor sought the consent of any organizations to refer to their reports in this offering memorandum. We believe that we have accurately reproduced this data, and as far as we are aware and able to ascertain from such independent industry publications and reports, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Certain information contained herein was extracted from information published by various official sources as identified herein. This information includes several reported rates of inflation, exchange rates and information relating to certain of the countries in which we operate. We have not participated in the preparation or compilation of any of such information. We believe this information has been accurately reproduced, and as far as we are aware and are able to ascertain from the published information, no facts have been omitted which would render the reproduced information inaccurate or misleading. Certain other information contained herein was extracted from Portland Cement Association ("PCA") publications. The information is publicly available from the PCA on its website through its economic research and development reports.

Intellectual Property

This offering memorandum includes some of our trademarks and trade names, including our logos. Each trademark and trade name of any other company appearing in this offering memorandum belongs to its respective owner.

Other Information Presented

In some cases, amounts and percentages presented in tables in this offering memorandum may not add up due to rounding adjustments.

All tonnage information in this offering memorandum is expressed in metric tons unless otherwise specified.

Unless otherwise specified, references in this offering memorandum to our net sales and assets, including percentages, are calculated after eliminations resulting from consolidation, and thus do not include intercompany balances between entities, which are eliminated when calculated on a consolidated basis.

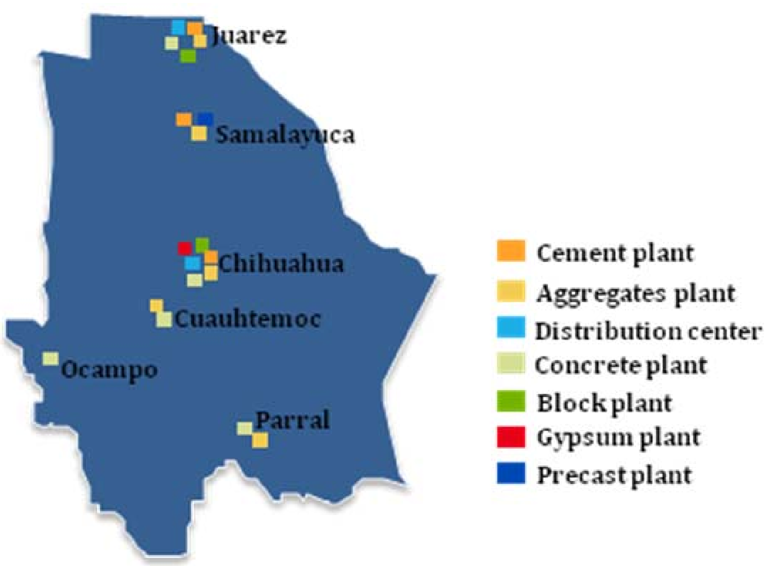
SUMMARY

This summary highlights information contained elsewhere in this offering memorandum. This summary may not contain all the information you should consider before making a decision whether to invest in the notes. You should read the entire offering memorandum carefully, including the section entitled "Risk Factors." Unless otherwise specified, references in this offering memorandum to our net sales and assets, including percentages, are calculated after eliminations resulting from consolidation, and thus do not include intercompany balances between entities, which are eliminated when calculated on a consolidated basis.

We are a holding company operating in Mexico and the United States through subsidiaries. We are involved principally in the production, distribution, marketing and sale of cement and mortar, ready-mix concrete and aggregates. We also offer other products and services, including coal, concrete blocks, prefabricated products, transportation and developed land in Mexico. We have been in the cement business for over 70 years. Since our formation in 1941, we have expanded broadly through organic growth as well as acquisitions. Our history demonstrates our focus on expansion within Mexico and the United States, as well as our successful track record of vertical integration and product innovation. We are organized under the laws of Mexico as a publicly listed variable stock corporation, or *sociedad anónima bursátil de capital variable*, with our principal executive offices in the city of Chihuahua. Our shares are publicly traded in Mexico and listed on the Mexican Stock Exchange under the ticker symbol "GCC*."

In Mexico, we operate in the state of Chihuahua, where we have three cement plants with a total annual production capacity of approximately 2.25 million tons in the cities of Chihuahua and Juarez and in the town of Samalayuca. We have two regional bases to cover the entire state of Chihuahua and transport cement, specialty products and plaster to other parts of Mexico. Our cement transportation fleet consists of 102 trucks, 34 platforms, 23 dump trucks, 16 dollies, 92 bulk trucks, nine silos and three low-boys. In order to serve our ready-mix customers, we own a ready-mix concrete transportation fleet, which consists of 207 mixer trucks and 32 pumps. Additionally, we own 31 ready-mix concrete plants, of which 27 are mobile and four are stationary, which we believe allows us to supply any location within the state of Chihuahua and to provide ready-mix concrete supply to projects with high consumption volumes. We also have alliances with five local ready-mix concrete producers with which we sell and distribute ready-mix concrete produced by such producers with cement we provide to them. We believe that these alliances allow us to increase our geographical presence and reduce production costs by acquiring manufactured ready-mix concrete and distributing it to our customers. We also have six concrete blocks plants, five aggregates plants, one gypsum plant and two prefabricated products plants. In the state of Chihuahua, according to our estimates, we are a leader in each of the markets in which we participate (cement and mortar, ready-mix concrete and concrete blocks) in terms of net sales.

The following map shows our operations in the state of Chihuahua.



Mexico
Cement: 3 plants
Ready-mix concrete: 27 mobile plants and 4 stationary plants
Concrete blocks: 6 plants
Aggregates: 5 plants
Gypsum: 1 plant
Prefabricated products: 2 plants

Annual cement production capacity: 2.25 million tons

Transportation fleet (cement): 102 trucks, 34 platforms, 23 dump trucks, 16 dollies, 92 bulk trucks, 9 silos and 3 low-boys

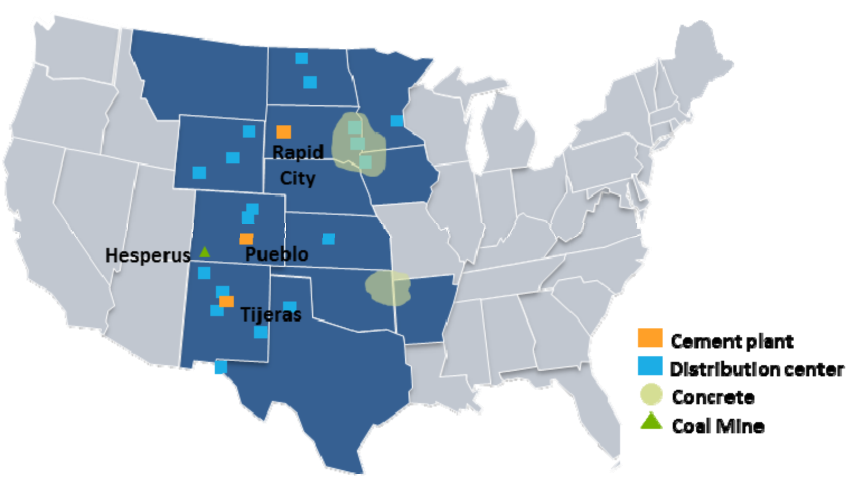
Transportation fleet (ready-mix concrete): 207 mixer trucks and 32 pumps

Our top ten customers in Mexico represented 22.5% of our net sales in Mexico for the nine months ended September 30, 2012. Our largest customer in Mexico accounts for approximately 6.0% of net sales in Mexico for the nine months ended September 30, 2012. Our main customers in Mexico are homebuilders, concrete block producers, the mining industry and the government.

In the United States, we operate principally in the corridor from Texas to North Dakota. We have three cement plants with an annual production capacity of approximately 2.69 million tons in Tijeras, New Mexico, Rapid City, South Dakota and Pueblo, Colorado. We also have 18 cement distribution centers and transferring stations in Texas, New Mexico, Colorado, South Dakota, North Dakota, Wyoming, Minnesota, Iowa, Kansas and Oklahoma. We have 88 mobile ready-mix concrete plants, a fleet of 400 ready-mix concrete mixer trucks, 225 haul trucks and approximately 920 railcars, primarily on renewable five-year term leases, for the transportation of cement and coal. We also have an underground coal mine in Colorado, with an estimated annual production of capacity of 800,000 short tons per year ("STPY"), which supplies coal to our plants in Mexico, Tijeras, New Mexico and Pueblo, Colorado. According to the PCA, the United States Geological Survey and our estimates, we believe we are a leading producer and supplier of cement in many of the markets in which we operate, including in South Dakota, El Paso, Texas, Wyoming, Colorado, New Mexico, North Dakota, southwestern Minnesota, northwestern Iowa and Nebraska. Additionally, according to the PCA, we supply a significant percentage of the total consumption of ready-mix concrete in the states of South Dakota, Minnesota, Iowa, Oklahoma, Missouri and Arkansas, making us one of the leading producers of ready-mix concrete in the United States. The markets in which we operate in the United States are located in areas geographically positioned away from most of the markets where there is excess cement production capacity. We believe that our geographic positioning in the United States represents a competitive advantage for us because this region includes two oil well production areas, a sector of the economy that has been less affected during the recent economic recession, and states (except for New Mexico) that are experiencing annual growth of 8% or greater according to the PCA, which is higher than the national average.

Our top ten customers in the United States represented 17% of our net sales in the United States for the nine months ended September 30, 2012. Our largest customer in the United States accounts for approximately 3.1% of net sales in the United States division for the nine months ended September 30, 2012. Our main customers in the United States are ready-mix concrete and concrete precast producers, homebuilders, construction contractors (oil well service and paving companies) and the government.

The following map shows our operations in the United States, including the states in which we operate.



United States
Cement: 3 plants
Ready-mix concrete: 88 plants (8 mobile)
Cement distribution centers: 18
Coal mines: 1 (estimated annual production 800,000 STPY)

Annual cement production capacity: 2.69 million tons

Transportation fleet (cement): approximately 920 railcars for cement and coal (leased)

Transportation fleet (ready-mix concrete): 400 ready-mix concrete mixer trucks and 225

Our top four states by cement volumes sold are South Dakota, Colorado, New Mexico and Texas (El Paso).

- In South Dakota, we operate throughout the state. The volume of cement sold in South Dakota represented 34% and 37% (before intercompany eliminations) of our U.S. cement sales for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. Demand for cement in South Dakota has been mainly driven by the financial services and manufacturing sectors, which has been positively impacted by the growth of professional, knowledge-based and technical services industries. Since 2010, income, employment levels and overall spending have risen in South Dakota.

- In Colorado, we operate throughout the state. The volume of cement sold in Colorado represented 22% and 24% (before intercompany eliminations) of our U.S. cement sales for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. Demand for cement in Colorado has been driven by a resilient housing market, and strong agricultural and oil and gas sectors. The Colorado economy outperformed the national average in 2012 and is expected to grow at an even stronger pace in 2013 according to the Colorado Legislative Council Staff.

- In New Mexico, we operate throughout the state. The volume of cement sold in New Mexico represented 18% and 17% (before intercompany eliminations) of our U.S. cement sales for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. Demand for cement in New Mexico has been mainly driven by the agricultural and mining sectors, with the mining sector growing at 7.5% during the 12 month-period ended June 2012 according to the New Mexico Development Department. However, unlike the other states in which we operate, New Mexico's construction fundamentals and growth rate are below the national average.

- In Texas, we operate primarily in El Paso and the surrounding area . The volume of cement sold in the El Paso area represented 15% and 13% (before intercompany eliminations) of our U.S. cement sales for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. Increases in employment in the Juarez *maquiladora* market, the ongoing soldier relocation to the Fort Bliss military base and the stream of immigrants resulting from drug-related violence across the Rio Grande, are expected to benefit the El Paso economy generally and the housing market in particular, according to the El Paso Branch of the Federal Reserve Bank of Dallas.

Our top three states by ready-mix concrete volumes sold are Oklahoma, Iowa and Arkansas.

- In Oklahoma, we operate mainly in Oklahoma City and Tulsa. The volume of ready-mix concrete sold in Oklahoma represented 35% and 29% of our U.S. ready-mix concrete sales for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. Demand for ready-mix concrete in Oklahoma generally, and in the markets in which we participate, have been mainly driven by a resilient housing market and a strong oil and gas sector.

- In Iowa, we operate mainly in the northwestern region of the state. The volume of ready-mix concrete sold in Iowa represented 24% and 22% of our U.S. ready-mix concrete sales for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. Demand for ready-mix concrete in Iowa generally, and in the markets in which we participate, has been mainly driven by the manufacturing and agricultural sectors.

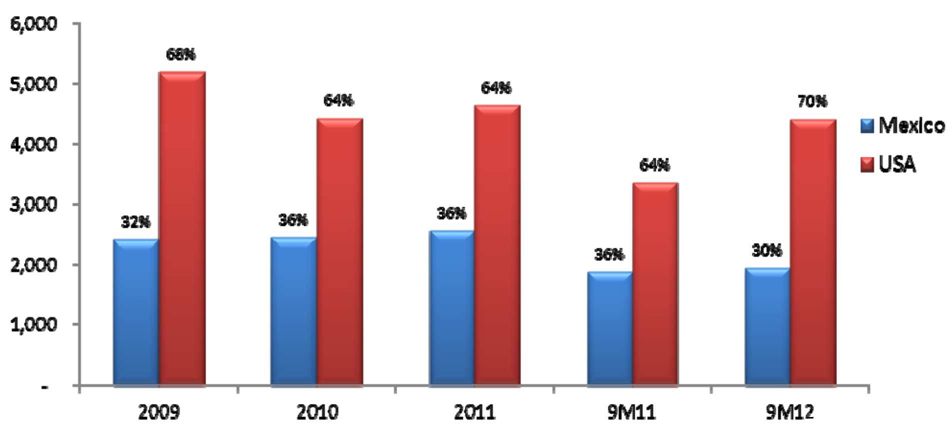
- In Arkansas, we operate mainly in the northwestern region of the state and the Fort Smith area. The volume of ready-mix concrete sold in Arkansas represented 17% and 20% of our U.S. ready-mix concrete sales for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. Demand for ready-mix concrete in Arkansas generally, and in the markets in which we participate, has been mainly driven by the manufacturing and services sectors, which have remained relatively stable during the past few years despite the sluggish Arkansas economy, according to the Arkansas Development Commission. The Arkansas economy is primarily dependent on the manufacturing, agriculture, forestry and business services sectors.

We sell a substantial majority of our products under the various brands that we own. In Mexico, our brands include "GCC," "Cemento Chihuahua," "Yeso Chuvíscar," "Mortero Chuvíscar," "Megablock" and "Construcentro." In the United States, our brands include "GCC," "Dacotah Cement," "GCC Dacotah" and "GCC Rio Grande." We believe that many of our customers are loyal to our brand names.

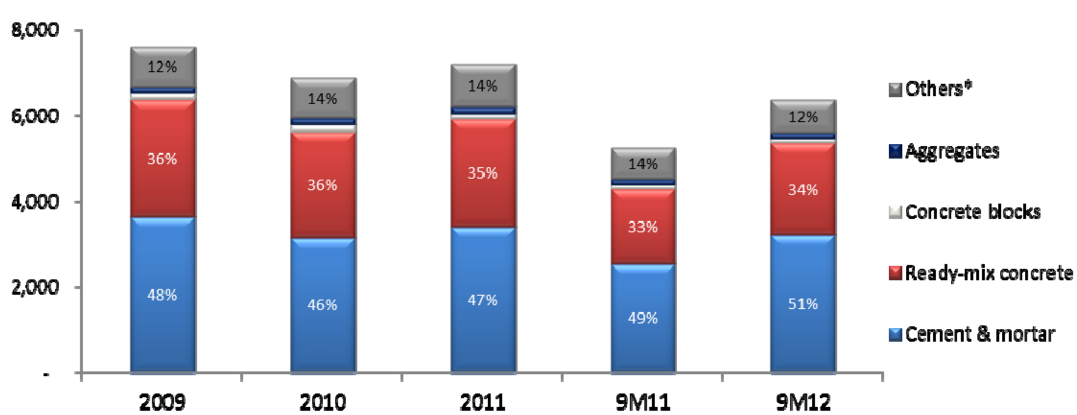
For the nine months ended September 30, 2012, we had net sales of Ps.6,353.5 million (U.S.$493.9 million), of which 30% was generated by our Mexican operations and 70% by our U.S. operations. Our EBITDA for the same period was Ps.1,164.0 million (U.S.$90.5 million), of which 43% was generated by our Mexican operations and 57% by our U.S. operations. For the year ended December 31, 2011, we had net sales of Ps.7,197.4 million (U.S.$515.9 million), of which 36% was generated by our Mexican operations and 64% by our U.S. operations. Our EBITDA for the same period was Ps.1,327.3 million (U.S.$95.1 million), of which 51% was generated by our Mexican operations and 49% by our U.S. operations. For a reconciliation of EBITDA to consolidated net income (loss) under IFRS for the nine months ended September 30, 2012 and 2011 and under MFRS for the years ended December 31, 2011, 2010 and 2009, see "Summary Consolidated Financial Information."

As of September 30, 2012, we had 2,567 employees, including our executives, sales force, and administrative, technical and operations personnel.

The following chart indicates the geographic breakdown of our net sales for the periods indicated in millions of Mexican pesos and as a percentage of total net sales:



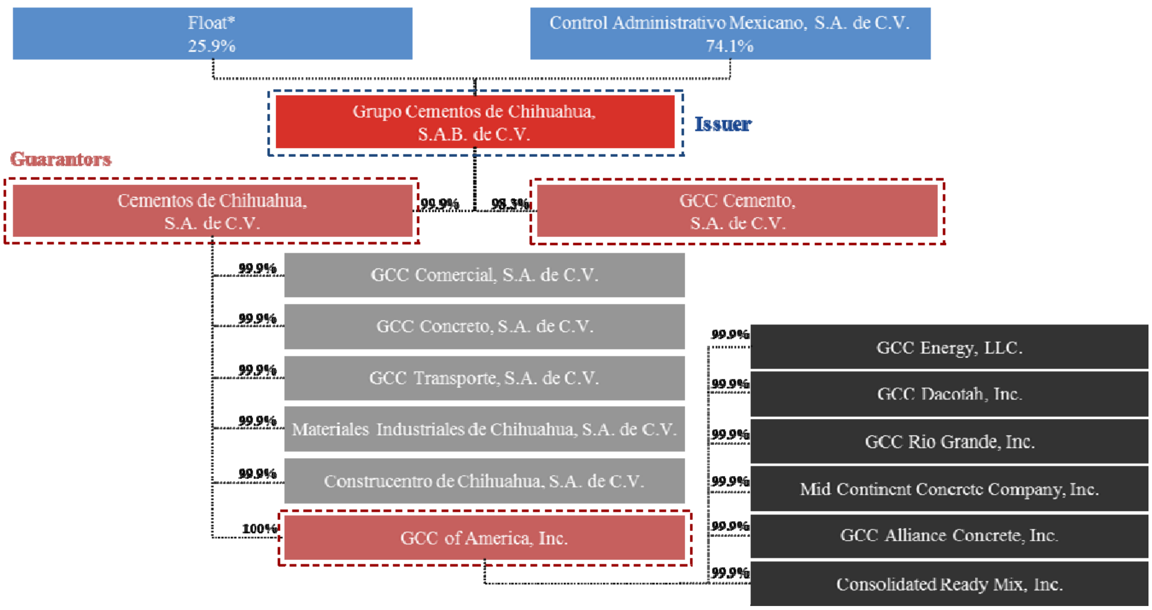
The following chart shows our net sales breakdown by product in millions of Mexican pesos and as a percentage of total net sales for the periods indicated:



*Others include coal, prefabricated products, transportation and developed land

Corporate Structure

As a holding company, we operate through our main subsidiaries as set forth below:



* 1.4% repurchased and held in treasury

Our Competitive Strengths

We believe our main competitive strengths include the following:

Vertical Integration. We are vertically integrated with our subsidiaries in the United States and Mexico, which are involved in the production, distribution and sale of our products. We supply most of the cement required for our ready-mix concrete production from our cement plants. A key component of our vertical integration is our use of coal from our coal mine in Colorado, which provides a significant source of fuel needed for our cement plants (except for the Rapid City, South Dakota plant) and helps us manage our production costs. We own most of the limestone quarries needed to supply our operations (except for the limestone quarry at the Pueblo, Colorado cement plant, for which we have a preferential renewable ten-year lease agreement with the state of Colorado, which is set to expire in May 2016). We also own all of the clay and gypsum quarries needed to supply our Mexico operations and own most of the gypsum quarries needed to supply our U.S. operations. Our cement plants are located next to our deposits of these materials. Limestone, together with clay (or clay substitutes) and gypsum, account for 94% of the raw materials necessary for the production of cement. We have been able to leverage our extensive distribution network to expand our presence in the ready-mix concrete market and efficiently supply cement to our ready-mix plants, which we believe enables us to optimize lead time in the delivery of our products to the market.

Value-added Products and Comprehensive Packages. We sell value-added specialty products to our customers, particularly for the mining industry, including Dinamix, Lanzamix and Fraguamax cement, and for infrastructure projects and to small contractors, including Mortermix, Expan 500, Expancem-K, Microsilex, Versabind and Tecnogrout to meet the construction specifications required by our customers. We offer a comprehensive package of products and services related to bulk cement and ready-mix concrete in Mexico including technical advice, installation and specialty products, such as prefabricated panels. We also offer comprehensive packages including technical assistance related to material usage for our ready-mix concrete customers. In the United States, we offer our ready-mix concrete customers a complete service and delivery package of construction-related materials to meet client specifications.

Contiguous Geographic Presence in our Core Markets. We are market leaders in our home state of Chihuahua, where we have been in business for over 70 years and have a well-established reputation for quality. We have a history of conservative international expansion into the United States, where we operate principally in the corridor of states from Texas through North Dakota. We believe that this general approach of contiguous growth allows us to further penetrate markets with which we are familiar and to leverage our extensive distribution network. It also provides operational flexibility and cost efficiency within the markets where we operate. The ready-mix concrete business is highly dependent on service and we believe that we have a competitive advantage because our plants are located close to our key customers and we can meet customer delivery times for special mixes of concrete. We also believe that our geographic positioning in the United States provides a competitive advantage because this region includes two oil well production areas, a sector of the economy that has been less affected during the recent economic recession, and states (except for New Mexico) that are experiencing annual growth of 8% or greater, which is higher than the national average.

Ready-mix Concrete Experience. We have been in the ready-mix concrete business in Mexico for over 50 years, and the companies we have acquired in the United States were established businesses before being integrated into GCC. Our ready-mix concrete operations are comprised of personnel with many years of experience. We believe that we provide excellent service, offer advanced technical assistance, have the capacity to meet client demands and offer quality products.

Extensive and Sophisticated Distribution Networks. We have developed an extensive and sophisticated distribution network, which we operate using advanced logistics. By locating our inventories closer to our customers, we reduce delivery times and increase our ability to supply our customers on short notice. Distributing inventories throughout this network minimizes disruptions to our customers in the event of a supply disruption elsewhere in the system. In addition, no other competitor has cement production facilities in the state of Chihuahua, which we believe gives us a significant competitive advantage in freight costs. One of our subsidiaries, Construcentro de Chihuahua, S.A. de C.V. ("Construcentro"), manages our distribution centers and our retail program known as Construred, which is a distribution network used to supply cement in bags to independent hardware stores located throughout the state of Chihuahua.

Commitment to the Environment. We believe that our commitment to the environment allows us to reduce costs and increase our appeal to our customers. Because of our focus on energy efficiency, the use of alternative fuels and stringent environmental compliance, we have historically avoided significant environmental regulatory penalties and positioned ourselves well to meet increasingly stringent environmental regulation, including the Portland Cement National Emission Standard for Hazardous Air Pollutants ("Portland Cement NESHAP") issued by the U.S. Environmental Protection Agency ("EPA") under the federal Clean Air Act. By developing specialty products with a green focus, such as cellular concrete panels that provide thermal insulation, we also serve the needs of the value-added market. We have received a number of recognitions and environmental certificates for our operations. For instance, our Chihuahua and Samalayuca cement plants have been certified under ISO 14001 since 2010 and 2012, respectively.

Experienced Management Team. Our senior management team has substantial experience in the markets in which we operate, as well as extensive technical, operational and financial expertise. The average experience of our senior management in the cement industry is 24 years. We believe this experience and familiarity with our industry and operations are important assets that assist us in implementing our business strategy. In addition, our management has acquisition integration expertise as demonstrated by the ability to integrate 18 acquisitions since 1994, although we have recently curtailed our acquisitions.

Our Business Strategy

Our objective is to be the supplier of choice in cement, ready-mix concrete and our other product offerings in the markets in which we operate. The main components of our business strategy include the following:

Continue Strengthening and Expanding our Operations. Although we have curtailed our pattern of acquisitions and facilities modernization in the last several years, our long-term strategy is primarily to continue to concentrate on investing in growing and expanding the markets where we operate through organic growth and constructing and maintaining profitable operations. We believe that this approach will allow us to benefit from economies of scale and continue strengthening customer satisfaction so that they position us as their preferred supplier. In light of current market conditions, our near-term focus is on strengthening our existing operations, while continuing to grow organically in adjacent markets, principally through our distribution centers, the installation of new smaller cement distribution terminals and our mobile ready-mix concrete plants, which allow us to extend our reach without substantial capital expenditures.

Reduce our Leverage. Since May 2010, we have paid down U.S.$242 million (Ps.3,112.8 million) of our debt, from U.S.$740 million (Ps.9,518.6 million) to U.S.$498 million (Ps.6,405.7 million) as of the date of this offering memorandum, reducing our total debt by 33.0% and our bank debt by 53.0%. Our debt reduction has been achieved despite a challenging operating environment given our timely amortization payments and voluntary pre-payments of bank debt. Our commitment to reduce leverage was bolstered by the decision of our shareholders to forgo dividends since 2009. In addition, on August 18, 2011, we sold our 47.02% interest in SOBOCE, to Consorcio, a subsidiary of Grupo Gloria based in Peru, for U.S.$75 million (Ps.964.7 million) in cash. The proceeds obtained from the transaction were primarily used to reduce our debt.

Improve our Product Offerings through Innovation. We aim to improve our range of product offerings by focusing on the development of new, value-added products and technologies. We also are focused on increasing our integrated offerings and solutions, developing specialty cement products and increasing our prefabricated products portfolio, which we believe offer an opportunity for profitable growth. Specialty products are a strategic part of our product mix because they enhance our role in construction projects, reduce the cyclicality associated with our cement business and generally have higher profit margins. We have successfully developed technology for cellular concrete panels that provide thermal insulation and we offer a wide range of high-quality prefabricated structures for bridges, as well as prefabricated roofs, homes and classrooms. We have developed blended cements and have worked on reducing production costs to optimize our concrete mixes. We also are focusing on developing sustainable products and special applications, such as green products that align with the requirements of the *Instituto del Fondo Nacional de la Vivienda para los Trabajadores* ("INFONAVIT"), the National Workers Housing Fund Institute in Mexico, and the Leadership in Energy and Environmental Design ("LEED") movement. We export from Mexico special cements to the United States with required properties for specific applications, such as high early strength cements for short-term loads. By improving our products and by developing specialty products tailored to our customers' needs, we are able to improve margins.

Further Expand our Comprehensive Customer Service. We aim to further strengthen the quality of our customer service by offering integrated and innovative solutions, including technical support, customized products and logistics according to the needs of our clients, and packaged product solutions for specific projects. We also develop strategic alliances through the Construred retailer network that serves customers in the self-construction market. We aim to continue to enhance our extensive network of plants and distribution terminals, which allow us to provide continuous product supplies to our customers from geographically close inventories. We offer a full range of products, from cement to specialty and prefabricated products, which allows us to meet all our customers' cement needs and offer sophisticated technical support when needed.

Concentrate on Environmental Compliance and Technology. We are subject to increasingly stringent environmental regulations. See "Our Business—Environmental, Health and Safety Matters." We, therefore, focus on complying strictly with existing requirements and implementing sustainable technology to allow us to meet future restrictions, thereby minimizing our exposure to fines and other sanctions, as well as our environmental impact. We have implemented sophisticated green technology at many of our facilities and also are pursuing environmentally friendly alternatives, such as the use of green fuels and cement compounds with a lower carbon footprint. For example, we have increased the use of alternative fuels in our cement plant in Samalayuca, decreasing the fuel consumption at the plant by approximately 26%. We have applied for and obtained the necessary permits for the use of these fuels at our cement plant in Pueblo, Colorado and expect to start using them during 2013. Our cement plant in Chihuahua won the *Premio Nacional de Ahorro de Energía* (National Energy Conservation Award) in 2010, and we have embraced the principles of the World Business Council for Sustainable Development's "Cement Sustainability Initiative," with our full membership finalized in February 2012. We also employ an auditable environmental management system to minimize environmental impacts and develop efficient systems to ensure environmental compliance throughout our operations.

Further Increase our Efficiency. We have invested heavily throughout our history in modernizing our plants and equipment, as well as our distribution centers and logistics, and intend to continue to increase our efficiency through such measures. For example, we have installed technology in our cement plants that allows us to use the lowest-cost fuel that is then available. Coupled with our Colorado coal mine, which figures prominently in our vertical integration strategy, this technological flexibility helps us manage our production costs. In addition, in 2007, we launched GCC ONE, an initiative that has successfully consolidated many of our corporate, administrative and logistical functions into one location. In 2009 and 2010, we implemented SAP's Enterprise Resource Planning in both our Mexican and U.S. operations, which has allowed us to streamline the management of both our financial information and customer data, as well as enhance our ability to tie employee compensation to performance. In 2011 and 2012, we consolidated the operations of our shared services center through which we centrally manage all of our accounts billing process, thereby minimizing personnel expenses.

Strengthen our Organizational Structure. We are aware that human capital is vital to our success, and we aim to strengthen our human resources practices to ensure that we preserve and develop key talent. We have developed an innovative Performance Management System to optimize the performance of our employees, and implemented alternative methods to encourage and communicate with them through periodic reviews and 360 degree behavioral surveys. We strive to enrich the professional development of our employees, such as supporting them through mentoring relationships, and we identify high potential candidates and train them in the skills needed for key positions within our organization, all while being mindful of specific development targets and goals tied to our present and future business needs. We also use internal cross-training programs to develop our next generation of leaders. Through this cross-training program in our IT, sales administration, shared services center and human resources, we provide our employees with opportunities to perform various job functions within our organization, training them in new skills and functions to make them more valuable and competitive.

Concurrent Transaction

Concurrently with this offering of the notes, we plan to enter into a new senior secured term loan facility (the "Term Loan Facility") on or prior to the settlement of the notes and draw down on or about the settlement of the notes. The Term Loan Facility will consist of a single syndicated term facility consisting of (1) a U.S. dollar-denominated tranche in an aggregate principal amount of U.S.$205 million and (2) a Mexican peso-denominated tranche in an aggregate principal amount equivalent to U.S.$45 million using the exchange rate specified in the Term Loan Facility, which is the U.S. dollar / Mexican peso exchange rate published by the *Banco de México* three days before disbursement, in each case at an initial interest rate of LIBOR plus a margin of 4.50% and will mature in 2017, subject to amortization. The margin will change in accordance with our consolidated leverage ratio as specified in the Term Loan Facility and could increase to LIBOR plus a margin of 5.00% in the event that our consolidated leverage ratio exceeds 4.50 to 1.00.

Our subsidiaries, GCC Cemento, Cementos de Chihuahua and GCC of America will also be guarantors of the Term Loan Facility and their shares will be pledged as collateral under the Term Loan Facility, which will be shared on an equal and ratable basis with the holders of the notes. The Collateral will be released if our consolidated leverage ratio is below 2.75 to 1.00 for the two most recently ended consecutive fiscal quarters. The liens on the Collateral will be subject to reinstatement if our consolidated leverage ratio is equal to or greater than 2.75 to 1.00 for any fiscal quarter thereafter. As a condition precedent to the funding of the Term Loan Facility, the offering of the notes must be consummated substantially simultaneously with the funding of the Term Loan Facility.

For a description of the Term Loan Facility, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Indebtedness—Concurrent Transaction."

Affiliates of the initial purchasers will be lenders under the Term Loan Facility. See "Plan of Distribution—Conflicts of Interest."

We intend to use the net proceeds from this offering, together with borrowings under the Term Loan Facility, to (1) repay in full all outstanding loans, obligations, interest, fees and costs and expenses of the Company and any other obligor under our existing amended and restated credit agreement, dated as of April 27, 2010, by and among the Company, certain banks, as lenders, and BBVA Bancomer S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, as administrative agent (the "Existing Credit Facility") originally issued in the amount of U.S.$454.5 million (Ps.5,844.9 million) and of which U.S.$214.5 million (Ps.2,759.1 million) remains outstanding as of the date of this offering memorandum and (2) redeem in full our U.S.$283.65 million (Ps.3,648.6 million) principal amount of privately placed notes outstanding as of September 30, 2012 and that were issued pursuant to the Amended and Restated Note Purchase Agreement, dated April 27, 2010, by and among the Company and the various purchasers named therein (the "Privately Placed Notes") pursuant to a notice of redemption to be given substantially simultaneously with the closing of this offering. Affiliates of the initial purchasers are lenders under the Existing Credit Facility and as such are entitled to be repaid with the proceeds that are used to repay the Existing Credit Facility and will receive their portion of such payment. See "Plan of Distribution—Conflicts of Interest."

Recent Financial Results

We have not completed our financial closing procedures for our fourth quarter and year ended December 31, 2012. Our independent auditors have not yet performed their review of our results for our fiscal year ended December 31, 2012. The annual financial statements for the fiscal year ended December 31, 2012 will be the first annual financial statements we present under IFRS. As a result, in additional to adjustments resulting from our regular closing process, we anticipate changes to the expectations set forth below as a result of the IFRS audit process.

Set forth below are our preliminary expectations of the results of operations that we expect to report for the year ended December 31, 2012. Our actual results may differ from these expectations due to the completion of our financial closing procedures, IFRS audit, final adjustments and other developments that may arise between now and the time the financial results for the year ended December 31, 2012 are finalized.

During the fourth quarter of 2012, we continued to experience a challenging operating environment, but began to see signs of stabilization and improvement in our results. Our business is closely tied to general economic conditions in the United States and Mexico and consumption of our main products, cement and ready-mix concrete, as well as other construction materials, is highly dependent on construction expenditures and the construction industry as a whole. We expect that our results for the fourth quarter of 2012 will reflect modest improvements in macroeconomic trends and a continued gradual recovery from the recent global financial crisis, which severely and adversely affected the economy and economic growth in the United States and Mexico. Our results for the fourth quarter of 2012 compared to the third quarter of 2012 will be adversely affected by seasonality trends typical of the fourth quarter because construction activity and, correspondingly, demand for our products, are generally adversely affected by weather conditions, although such adverse seasonality impact was less severe than for the fourth quarter of 2011. In addition, the violence in Mexico, including violence associated with Mexican drug cartels, continues to impact the construction sector in the Mexican markets in which we participate and imposes a challenging operating environment. Our net sales from our U.S. division benefited, while our costs from our U.S. division were adversely affected, in Mexican peso terms, from the decrease in the weighted average depreciation of the Mexican peso against the U.S. dollar.

We generally expect our sales volumes of cement and ready-mix concrete in the United States and Mexico to decrease slightly compared to third quarter of 2012 and for prices for these products to remain stable compared to the third quarter of 2012. Compared to the fiscal year ended December 31, 2011, we expect net sales to increase primarily as a result of increased cement net sales and ready-mix concrete net sales. As a result of the improved economic environment, we expect volumes of cement to increase in the United States and decrease in Mexico, and prices of cement to increase in both divisions. We expect volumes and prices of ready-mix concrete to increase in both divisions.

We expect cost of goods sold to increase for the year ended December 31, 2012 compared to the prior year as a result of higher net sales, although we expect to maintain a stable operating margin. We expect administrative and selling expenses to decrease for the year ended December 31, 2012 compared to the prior year mainly due to a decrease in non-recurring legal expenses associated with the antitrust litigation, which was settled in 2011 and lower salary and benefits in the U.S. division. Although we expect our financing costs to increase in the fourth quarter of 2012, we expect our financing cost to decrease for the year ended December 31, 2012 compared to the prior year as a result of lower levels of debt resulting from U.S. dollar prepayments in connection with our Existing Credit Facility. We also expect a significantly lower tax benefit for the fourth quarter of 2012 and for the year ended December 31, 2012 compared to the comparable periods of 2011, mainly attributable to a lower accumulation of net operating losses, which will adversely impact our net income for the fourth quarter of 2012 and for the year ended December 31, 2012 compared to the comparable prior periods. However, our net income for the year ended December 31, 2012 will not be adversely affected by any loss from discontinued operations resulting from the sale of SOBOCE, which occurred in August 2011.

We believe that EBITDA for the year ended December 31, 2012 will show improvements compared to the prior year for the reasons described above.

We have provided our expectations described above although our financial closing procedures for the fourth quarter and year ended December 31, 2012 are not yet complete. The expectations provided above are based on estimates derived from the work completed to date on the quarterly and annual closing process, revenue and expense forecasts that have been made by management during the month of December 2012 and from monitoring key operating performance metrics throughout the month of December 2012. Although we currently expect that our final results will be consistent with the expectations described above, our final results may not be consistent with these expectations. We expect to complete our closing procedures for the fourth quarter and year ended December 31, 2012 in February 2013.

Company Information

Our principal executive offices are located at Avenida Vicente Suárez y calle Sexta S/N, Colonia Nombre de Dios, C.P. 31110, Chihuahua, Chihuahua, México, and our telephone number is +52 (614) 442-3100. Our commercial registry number is 10313*13.

SUMMARY OF THE OFFERING

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. See "Description of Notes" in this offering memorandum for a more detailed description of the terms and conditions of the notes. When we refer to the "Company," "we," "us" or "our" in this section, we mean Grupo Cementos de Chihuahua, S.A.B. de C.V. and not its subsidiaries.

Issuer .... Grupo Cementos de Chihuahua, S.A.B. de C.V.

Notes Offered .... U.S.$260,000,000 aggregate principal amount of 8.125% Senior Secured Notes due 2020.

Issue Price .... 100.00%.

Maturity Date .... February 8, 2020.

Interest .... Interest on the notes will accrue at a rate of 8.125% per annum, payable in cash semi-annually in arrears on each February 8 and August 8, beginning on August 8, 2013 through their final maturity. Interest on the notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Guarantors .... GCC Cemento, S.A. de C.V., Cementos de Chihuahua, S.A. de C.V., and GCC of America, Inc.

Guarantees .... The payment of principal, premium, if any, interest, and Additional Amounts (as defined under "Description of Notes") on the notes will be fully and unconditionally guaranteed by the Guarantors. See "Description of Notes—Note Guarantees."

Security Interest .... The notes will be secured by a first-priority security interest over substantially all of the shares of GCC Cemento, Cementos de Chihuahua, and GCC of America and all proceeds of such Collateral.

The notes will cease to be secured in accordance with the provisions of the Intercreditor and Collateral Agency Agreement (as defined under "Description of Notes"), which provides that the Collateral will be released if our consolidated leverage ratio is below 2.75 to 1.00 for the two most recently ended consecutive fiscal quarters. The liens on the Collateral will be subject to reinstatement if our consolidated leverage ratio is equal to or greater than 2.75 to 1.00 for any fiscal quarter thereafter. See "Description of Notes—Security Interest."

Ranking .... The notes will rank:

- equal in right of payment with all other existing and future Senior Indebtedness (as defined under "Description of Notes") of the Company; and

- senior in right of payment to all existing and future Subordinated Indebtedness (as defined under "Description of Notes") of the Company.

The notes will be effectively subordinated to all existing and future indebtedness of the Company and the Guarantors secured by assets of the Company and the Guarantors other than the Collateral to the extent of the

	applicable security interest, and structurally subordinated to all existing and future indebtedness of the Company's subsidiaries (other than the Guarantors). Furthermore, the notes and the guarantees will be subordinated to certain statutory preferences under Mexican law (including tax and labor obligations). See "Description of Notes—General." As of September 30, 2012, after giving *pro forma* effect to the issuance of the notes and the Term Loan Facility and the application of the proceeds therefrom: • we would have had U.S.$509.6 million of debt outstanding; • our Guarantor subsidiaries taken together would have had Ps.0.0 million (U.S.$0.0 million) of consolidated total indebtedness; and • our non-Guarantor subsidiaries taken together would have had Ps.3.6 million (U.S.$0.3 million) of consolidated total indebtedness.
Intercompany Subordination	Our intercompany indebtedness will be subordinated to the Term Loan Facility and the notes pursuant to a New York law-governed subordination agreement.
Intercreditor and Collateral Agency Agreement	The Company, the Guarantors, Deutsche Bank Trust Company Americas, the collateral agent under the Intercreditor and Collateral Agency Agreement (the "Collateral Agent"), the trustee and the administrative agent under the Term Loan Facility will enter into an Intercreditor and Collateral Agency Agreement with respect to the Collateral on the issue date. The Intercreditor and Collateral Agency Agreement may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, without the consent of the holders of the notes, to add certain additional refinancing indebtedness that is permitted to be incurred under the indenture and the Term Loan Facility. Under the Intercreditor and Collateral Agency Agreement, at any time when obligations under the Term Loan Facility are outstanding, the required lenders under the Term Loan Facility have the right to direct foreclosures and take other actions with respect to the Collateral and intercompany indebtedness and the holders of the notes will not be entitled to direct the foreclosure on, or foreclose on the Collateral or direct the vote of intercompany indebtedness in the event of a *concurso mercantil*. Subject to the terms of the Intercreditor and Collateral Agency Agreement, the required holders of the notes would be entitled to take action with respect to the Collateral only in the event that the obligations under the Term Loan Facility are repaid in full and so long as such obligations have not been refinanced with bank refinancing indebtedness that is permitted to be incurred under the indenture. See "Description of Notes—Intercreditor and Collateral Agency Agreement."
Intercompany Trust Agreement	Our intercompany indebtedness will be subject to a Mexican law-governed Intercompany Trust Agreement (as defined under "Description of Notes") for the benefit of the lenders under the Term Loan Facility and the holders of the notes as long as any indebtedness is outstanding under the Term Loan Facility. The Intercompany Trust Agreement governs the voting and other treatment of our intercompany indebtedness in the event of a *concurso*

mercantil. See "Description of Notes—Intercompany Trust Agreement."

The Intercreditor and Collateral Agency Agreement provides that, once all obligations under the Term Loan Facility have been repaid in full, the holders of the notes will only benefit from the Intercompany Trust Agreement as long as we have not achieved an Investment Grade Rating (as defined under "Description of Notes") from two of the Rating Agencies (as defined under "Description of Notes"). Once we have obtained an Investment Grade Rating from two of the Rating Agencies, the Intercompany Trust Agreement will terminate and the holders of the notes will no longer benefit from the Intercompany Trust Agreement.

Use of Proceeds..We estimate that the net proceeds from this offering, after deducting the initial purchasers' fees and commissions and other estimated expenses payable in connection with this offering will be approximately U.S.$250 million. We intend to use the net proceeds from this offering, together with the borrowings under the Term Loan Facility, (1) to repay in full all outstanding loans, obligations, interest, fees and costs and expenses of the Company and any other obligor under our Existing Credit Facility, (2) to redeem in full our Privately Placed Notes, (3) for all fees and costs and expenses in connection with the Term Loan Facility and (4) to the extent there is any excess of net proceeds after application under clauses (1) – (3) above, for general corporate purposes.

Affiliates of the initial purchasers are lenders under the Existing Credit Facility and as such are entitled to be repaid with the proceeds that are used to repay the Existing Credit Facility and will receive their portion of such payment. See "Plan of Distribution—Conflicts of Interest."

Optional Redemption......................................On or after February 8, 2016, we may redeem the notes, in whole or in part, at any time at the redemption prices set forth in "Description of Notes—Optional Redemption." Prior to February 8, 2016, we may also redeem the notes, in whole or in part, at a redemption price based on a "make-whole" premium. In addition, we may redeem up to 35.0% of the aggregate principal amount of the notes with the net cash proceeds from certain equity offerings, at any time prior to February 8, 2016, at a redemption price equal to108.125% of the aggregate principal amount of the notes, plus accrued and unpaid interest, if any, to, but not including the applicable redemption date if at least 65% of the aggregate principal amount of notes issued under the indenture remains outstanding after the redemption and if we make such redemption not more than 90 days after the consummation of such equity offerings. See "Description of Notes—Optional Redemption."

Tax Redemption ....The notes are redeemable at our option, in whole but not in part, at any time, at the principal amount thereof plus accrued and unpaid interest and any Additional Amounts (as defined under "Description of Notes") due thereon if certain changes in applicable tax laws occur. See "Description of Notes—Optional Redemption—Optional Redemption for Changes in Withholding Taxes."

Additional Amounts ....We and the Guarantors generally will pay such additional amounts as may be necessary so that the amount received by holders of the notes after withholding or deductions for taxes in relation to payments under the notes, will not be less than the amount that holders of the notes would have received in the absence of such withholding or deductions, subject to certain

	exceptions as described under "Description of Notes—Additional Amounts."
Certain Covenants	We will issue the notes under an indenture. The indenture will, among other things, limit our ability and the ability of our restricted subsidiaries, to: • incur debt; • pay dividends on our capital stock or redeem, repurchase or retire our capital stock or subordinated indebtedness; • make investments; • create liens; • enter into agreements that restrict dividends or other distributions from restricted subsidiaries; • engage in transactions with affiliates; and • sell, consolidate, merge or transfer all or substantially all of our assets, including capital stock of our subsidiaries. These covenants are subject to a number of important limitations and exceptions. See "Description of Notes—Covenants." In particular, although the indenture governing the notes will contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of important qualifications and exceptions, and the debt incurred in compliance with these restrictions could be substantial.
Change of Control	Upon a Change of Control, holders of notes will have the right to require us to purchase all or a portion of the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest, if any, through the date of purchase, upon the terms and conditions described under "Description of Notes—Change of Control."
Events of Default	For a discussion of events that will permit acceleration of the payment of the principal of and accrued interest on the notes, see "Description of Notes—Events of Default."
Transfer Restrictions	The notes and the guarantees have not been and will not be registered under the Securities Act and are subject to restrictions on transfer. See "Transfer Restrictions; Notice to Investors."
Form and Denomination	The notes will be initially issued in the form of (i) one or more Rule 144A global notes, offered and sold to QIBs and (ii) one or more temporary Regulation S global notes, offered and sold to persons other than "U.S. persons" (as defined in Regulation S) in offshore transactions in reliance on Regulation S. Interests in the temporary Regulation S global notes will be exchangeable for interests in one or more corresponding permanent Regulation S global notes not earlier than the later of (i) the "distribution compliance period" as defined in Regulation S under the Securities Act and (ii) the first day on which certification of non-U.S. ownership is provided to the trustee as described under "Book-Entry; Delivery and Form—Certification by Holders of the Temporary Regulation S Global Notes." Each global note will be deposited upon issuance with the trustee as

custodian for DTC, in each case for credit to the account of a direct or indirect participant of DTC. Investors in the global notes that are participants in DTC may hold their interests in the global notes directly through DTC. Investors in the global notes that are not participants in DTC may hold their interests indirectly through organizations that are participants in DTC.

Interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC or its nominee (with respect to participants) or by participants and indirect participants (including Euroclear and Clearstream, Luxembourg) and any such interest may not be exchanged for certificated securities, except in limited circumstances. See "Book-Entry; Delivery and Form." Certificated notes cannot be traded through the facilities of DTC.

The notes will be issued only in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Rating .... The notes offered hereby will initially be rated by Standard & Poor's rating group ("S&P") and Fitch Ratings.

Listing .... Application has been made to the Irish Stock Exchange for the notes to be admitted to the official list and to trading on the GEM of the Irish Stock Exchange. However, we cannot assure you that the listing application will be approved.

Trustee, Registrar, Principal Paying Agent, and Transfer Agent .... Wells Fargo Bank, National Association

Irish Listing Agent .... Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Company in connection with the notes and is not itself seeking admission of the notes to trading on the GEM of the Irish Stock Exchange.

Risk Factors .... Prospective purchasers of the notes should consider carefully all the information included in this offering memorandum and, in particular, the information set forth under "Risk Factors" before making an investment in the notes.

Security Codes .... The notes will be assigned the following securities codes:

144A:	CUSIP:	40053D AA1
	ISIN:	US40053DAA19
Regulation S:	CUSIP:	P4954U AA2
	ISIN:	USP4954UAA27

Concurrent Transaction .... Concurrently with this offering of the notes, we plan to enter into the Term Loan Facility on or prior to the settlement of the notes and draw down the Term Loan Facility on or about the settlement of the notes. The Term Loan Facility will consist of a single syndicated term facility consisting of (1) a U.S. dollar-denominated tranche in an aggregate principal amount of U.S.$205 million and (2) a Mexican peso-denominated tranche in an aggregate principal amount equivalent to U.S.$45 million using the exchange rate specified in the Term Loan Facility, which is the U.S. dollar / Mexican peso exchange rate published by the *Banco de México* three days before disbursement, in each case at an initial interest rate of LIBOR plus a margin of 4.50% and will mature in 2017, subject to amortization. The margin will change in accordance with our consolidated leverage ratio as specified in the Term Loan Facility and could increase to LIBOR plus a margin of 5.00% in the event that our consolidated leverage ratio exceeds 4.50 to 1.00. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Our Indebtedness—Concurrent Transaction.”

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables present our summary consolidated financial information and other data as of the dates and for each of the periods indicated. This information should be read in conjunction with, and is qualified in its entirety by reference to, our audited and unaudited consolidated financial statements, including the notes thereto. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Presentation of Financial and Other Information."

The summary consolidated financial information as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 has been derived from our annual consolidated financial statements contained elsewhere in this offering memorandum, which have been audited by Mancera S.C., a member practice of Ernst & Young Global, independent auditors. The summary consolidated financial information as of December 31, 2009, has been derived from our audited consolidated financial statements not included in this offering memorandum, which have been audited by Mancera S.C., a member practice of Ernst & Young Global, independent auditors.

The summary consolidated financial information as of September 30, 2012, December 31, 2011 and January 1, 2011 and for the nine months ended September 30, 2012 and 2011 has been derived from our interim consolidated financial statements, contained elsewhere in this offering memorandum. In our opinion, our interim consolidated financial statements include all adjustments necessary to present fairly in all material respects our financial condition and results of operations as of the dates and for the periods presented. The results of operations for the nine months ended September 30, 2012 are not necessarily indicative of the results to be expected for the year ending December 31, 2012 or for any other period.

Our annual consolidated financial statements have been prepared in accordance with MFRS and our interim consolidated financial statements have been prepared in accordance with IFRS, both of which are presented in Mexican pesos. The financial statements of our non-Mexican subsidiaries have been adjusted to conform to MFRS or IFRS, as the case may be, and translated into Mexican pesos. See note 4(b) to our annual consolidated financial statements.

MFRS differ in certain significant respects from IFRS. As a result, our interim consolidated financial statements and the other financial information contained in this offering memorandum prepared under IFRS are not directly comparable to our annual consolidated financial statements and the other financial information contained elsewhere in this offering memorandum prepared under MFRS. For a description of the principal differences between IFRS and MFRS as they relate to us and the nature and principal effects of adjustments arising from our adoption of IFRS, see note 30 to our interim consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations —Adoption of IFRS."

MFRS and IFRS both differ in certain respects from U.S. GAAP. We have not prepared a quantitative reconciliation of our annual consolidated financial statements and interim consolidated financial statements or other financial information to U.S. GAAP. Any such reconciliation could reveal material differences, which may be positive or negative, in our results of operations and financial condition from the annual consolidated financial statements and interim consolidated financial statements and other financial information contained in this offering memorandum. See "Summary of Differences between MFRS and U.S. GAAP" and "Risk Factors—Risks Related to Our Company—Our consolidated financial statements are prepared in accordance with MFRS and IFRS, which differ in significant respects from U.S. GAAP" for a description of the principal differences between MFRS and U.S. GAAP as they relate to us.

For convenience purposes, U.S. dollar amounts for the year ended December 31, 2011 and the nine months ended September 30, 2012 have been translated at the exchange rate of Ps.13.9510 to U.S.$1.00 and Ps.12.8630 to U.S.$1.00, respectively, which were the prevailing noon buying exchange rates for cable transfers in foreign currencies as certified for customs purposes by the U.S. Federal Reserve, expressed in pesos per U.S. dollar on December 31, 2011 and September 28, 2012 (the last business day of the month being September 28, 2012), respectively, solely for the convenience of the reader. Exchange rates that we use for convenience purposes differ from the exchange rates we use in preparing our financial statements. See note 4(c) to our annual consolidated financial statements and note 7(c) to our interim consolidated financial statements for a description of the calculation of the average weighted exchange rate used in preparing our financial statements.

	Year Ended December 31,			
	2011	2011	2010	2009
		(in accordance with MFRS) (in millions)		
	U.S.$ Convenience Translation	Ps.	Ps.	Ps.
Income Statement Data:				
Net sales	515.9	7,197.4	6,859.3	7,573.0
Cost of goods sold	426.3	5,947.1	5,537.1	5,744.4
Gross profit	89.6	1,250.3	1,322.2	1,828.6
Selling and administrative expenses	58.6	818.2	757.4	767.8
Operating income	31.0	432.1	564.8	1,060.8
Other expenses, net	(6.2)	(86.4)	(77.0)	(70.0)
Comprehensive financing cost:				
Financial expenses, net	(33.5)	(467.6)	(507.2)	(781.4)
Exchange gain (loss), net	2.2	30.8	4.9	(11.7)
Other financial expenses	(14.8)	(206.7)	(134.2)	—
Comprehensive financing cost	(46.1)	(643.4)	(636.4)	(793.1)
Income (loss) before taxes and discontinued operations	(21.3)	(297.7)	(148.6)	197.8
Income tax	45.7	637.3	33.7	25.6
Income (loss) before discontinued operations	24.3	339.7	(114.9)	223.4
Income (loss) from discontinued operations, net of income taxes[1]	(17.8)	(248.5)	198.2	229.9
Consolidated net income	6.5	91.2	83.3	453.3
Net income attributable to:				
Controlling interest	6.5	90.8	35.2	369.0
Non-controlling interest	0.0	0.4	48.1	84.3
Consolidated net income	6.5	91.2	83.3	453.3

	As of December 31,			
	2011	2011	2010	2009
		(in accordance with MFRS) (in millions)		
	U.S.$ Convenience Translation	Ps.	Ps.	Ps.
Balance Sheet Data:				
Cash and cash equivalents	84.7	1,181.5	1,021.6	1,537.2
Property, plant and equipment, net	918.3	12,810.9	12,668.1	13,793.4
Total assets	1,693.3	23,623.0	24,217.0	26,343.1
Current portion of long-term debt	37.4	521.8	934.9	1,756.6
Long-term debt	499.8	6,972.3	7,275.2	7,293.4
Total liabilities	791.3	11,039.0	12,366.0	13,736.7
Total shareholders' equity	902.0	12,584.0	11,851.0	12,606.4

	Year Ended December 31,			
	2011	2011	2010	2009
		(in accordance with MFRS) (in millions)		
	U.S.$ Convenience Translation	Ps.	Ps.	Ps.
Other Financial Data:				
EBITDA[2]	95.1	1,327.3	1,502.4	2,005.1
Total debt/EBITDA[3]	5.65	5.65	5.46	4.51

(Footnotes presented on following page)

	Nine Months Ended September 30,		
	2012	2012	2011
	(in accordance with IFRS) (unaudited) (in millions)		
	U.S.$ Convenience Translation	Ps.	Ps.
Income Statement Data:			
Net sales	493.9	6,353.5	5,230.7
Cost of sales	393.3	5,058.5	4,190.3
Gross profit	100.7	1,294.9	1,040.4
Administrative and selling expenses	58.7	754.8	785.1
Operating income	42.0	540.1	255.3
Other expenses	0.0	0.7	2.0
Result from financial activities:			
Financial expenses	(30.5)	(392.7)	(401.7)
Financial income	1.9	25.0	25.2
Exchange gain (loss), net	(1.5)	(19.4)	25.8
Total	(30.1)	(387.1)	(350.7)
Income (loss) before taxes	11.9	152.3	(97.3)
Income taxes	11.8	151.1	(49.0)
Net consolidated income (loss) from continuing operations	23.6	303.5	(146.4)
Discontinued operations, net of income taxes(4)	—	—	(306.6)
Consolidated net income (loss)	23.6	303.5	(453.0)
Consolidated income (loss) related to:			
Equity holders of the parent	23.6	303.5	(452.7)
Non-controlling interests	—	—	(0.3)

	As of September 30,		As of December 31,	As of January 1,
	2012	2012	2011	2011
	(in accordance with IFRS) (unaudited) (in millions)			
	U.S.$ Convenience Translation	Ps.	Ps.	Ps.
Statement of Financial Position:				
Cash and cash equivalents	72.7	934.7	1,163.1	959.0
Property, plant and equipment, net	955.6	12,291.5	13,208.9	12,954.0
Total assets	1,666.6	21,437.6	22,742.6	22,531.3
Short-term liabilities	608.7	7,829.9	1,809.2	1,835.6
Long-term liabilities	87.7	1,128.0	8,266.2	8,841.0
Total liabilities	696.4	8,957.8	10,075.4	10,676.6
Total equity	970.2	12,479.7	12,667.2	11,854.7

	Nine Months Ended September 30,		
	2012	2012	2011
	U.S.$ Convenience Translation	Ps.	Ps.
Other Financial Data:			
EBITDA(2)	90.5	1,164.0	922.8

(1) Under MFRS, our consolidated financial statements through July 31, 2011 reflected the proportional consolidation of our 47.02% interest in SOBOCE because we shared joint administrative and operational control over it. Effective September 1, 2010, the Government of Bolivia passed a presidential decree pursuant to which SOBOCE's 33.34% stake in FANCESA, was expropriated in favor of the Autonomous Departmental Government of Chuquisaca. On August 18, 2011, we sold our 47.02% interest in SOBOCE to Consorcio. See "Our Business—Legal Proceedings—Sale of SOBOCE." Our annual consolidated financial statements and all other financial and statistical data included in this offering memorandum as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 have been restated to reflect SOBOCE as a discontinued operation in accordance with MFRS. Therefore, SOBOCE's results are reflected in the line item entitled

"Income (loss) from discontinued operations, net of income taxes" in our consolidated statements of income. Our consolidated balance sheet has been restated to present the assets of SOBOCE as a discontinued operation in the line items entitled "Current assets of discontinued operations" and "Non-current assets of discontinued operations" and the liabilities of SOBOCE in the line items entitled "Current liabilities of discontinued operations" and "Long-term liabilities of discontinued operations." Consequently, the financial statements for each of the periods presented herein may differ from financial statements we previously have issued.

(2) EBITDA consists of consolidated net income (loss) after adding back or subtracting, as the case may be: (1) depreciation and amortization; (2) comprehensive financing cost (which includes financial expenses, financial income, foreign exchange loss (gain), net, effect and other financial expenses) under MFRS or result from financial activities (which includes financial expenses, financial income and exchange gain (loss), net) under IFRS; (3) other expenses, net (which typically consists of non-recurring items under MFRS and non-operating items under IFRS); (4) provision (benefit) for income tax; and (5) discontinued operations, in each case as determined in accordance with MFRS or IFRS, as the case may be. In managing our business, we rely on EBITDA as a means of assessing our operating performance. We believe that EBITDA enhances the understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness as well as to fund capital expenditures and working capital requirements. We also believe EBITDA is a useful basis of comparing our results with those of other companies because it presents results of operations on a basis unaffected by capital structure and taxes. EBITDA, however, is not a measure of financial performance under MFRS, IFRS or U.S. GAAP and should not be considered as an alternative to net income (loss) as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of our overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses, income taxes, depreciation, amortization and the impact of foreign exchange loss (gain). Our calculation of EBITDA may not be comparable to other companies' calculation of similarly titled measures.

The following is a reconciliation of EBITDA to consolidated net income for the periods presented:

	Year Ended December 31,			
	2011	**2011**	**2010**	**2009**
		(in accordance with MFRS) (in millions)		
	U.S.$ (convenience translation)	Ps.	Ps.	Ps.
EBITDA	95.1	1,327.3	1,502.4	2,005.1
Less:				
Depreciation and amortization	64.2	895.1	937.6	944.2
Comprehensive financing cost	46.1	643.4	636.4	793.1
Other expenses, net	6.2	86.4	77.0	70.0
Income taxes	(45.7)	(637.3)	(33.7)	(25.6)
Income (loss) from discontinued operations, net of income taxes[1]	17.8	248.5	(198.2)	(229.9)
Consolidated net income	**6.5**	**91.2**	**83.3**	**453.3**

	Nine Months Ended September 30,		
	2012	**2012**	**2011**
		(in accordance with IFRS) (unaudited) (in millions)	
	U.S.$ (convenience translation)	Ps.	Ps.
EBITDA	90.5	1,164.0	922.8
Less:			
Depreciation and amortization	48.5	623.9	667.5
Result from financial activities	30.1	387.1	350.7
Other expenses, net	0.0	0.7	2.0
Income taxes	(11.8)	(151.1)	49.0
Discontinued operations, net of income taxes[4]	0.0	0.0	306.6
Consolidated net income (loss)	23.6	303.5	(453.0)

(3) Ratio is calculated based on the total debt in pesos and the definition of EBITDA presented in footnote (2) above.

(4) Under IFRS, our interim consolidated financial statements through July 31, 2011 reflected our 47.02% interest in SOBOCE under the equity method of accounting because we shared joint administrative and operational control over it. Effective September 1, 2010, the Government of Bolivia passed a presidential decree pursuant to which SOBOCE's 33.34% stake in FANCESA, was expropriated in favor of the Autonomous Departmental Government of Chuquisaca. On August 18, 2011, we sold our 47.02% interest in SOBOCE to Consorcio. See "Our Business—Legal Proceedings—Sale of SOBOCE." Our interim consolidated financial statements and all other financial and statistical data included in this offering memorandum for purposes of IFRS for the nine months ended September 30, 2011 has been presented to reflect SOBOCE as a discontinued operation in accordance with IFRS. As a result, SOBOCE's results are reflected in the line item entitled "Discontinued operations, net of income taxes" in our interim consolidated statements of income. However, our consolidated statement of financial position

as of January 1, 2011 does not present our investment in SOBOCE as a discontinued operation as it was not classified as held for sale as of such date under IFRS.

RISK FACTORS

You should consider carefully the risks and uncertainties described below and all the information set forth in this offering memorandum before investing in the notes. The following risk factors are not the only risks we face and any of the risk factors described below could materially and adversely affect our business, results of operations or financial condition, as well as our ability to satisfy our obligations under the notes or the Guarantors' ability to satisfy their obligations under the guarantees. For purposes of the section "—Risks Related to our Indebtedness, the Notes and the Guarantees" and "—Risks Related to the Collateral," when we refer to the "Company," "we," "us" or "our," we mean Grupo Cementos de Chihuahua, S.A.B. de C.V. and not its subsidiaries.

Risks Related to the Countries in which We Operate

Current global economic conditions and their impact on the United States and Mexican economies may continue to adversely affect our business, results of operations and financial condition.

Consumption of our main products, cement and ready-mix concrete, as well as other construction materials, is closely linked to global economic conditions because it is highly dependent on construction expenditures and the construction industry as a whole, which largely fluctuate according to market cycles. Our business is closely tied to general economic conditions in the United States and Mexico, with 70% and 30% of our net sales generated in each country, respectively, for the nine months ended September 30, 2012.

According to the most recently available IMF World Economic Outlook from October 2012 (the "IMF World Economic Outlook"), the real Gross Domestic Product ("GDP") in the United States increased 1.8%, increased 2.4% and decreased 3.1% in 2011, 2010 and 2009, respectively, compared to the prior year. Despite the modest improvements in 2010 and 2011, the recent global financial crisis, widely perceived to be the worst financial crisis since the Great Depression of the 1930s, severely and adversely affected the economy and growth of the United States, resulted in the collapse of large financial institutions and the correlative bailout of banks by national governments, and triggered downturns in stock markets around the world. In many areas, the housing market also suffered drastically, resulting in numerous evictions, foreclosures and prolonged vacancies. The crisis contributed to the failure of key businesses, a decrease in consumer wealth estimated in the trillions of dollars and a significant decline in economic activity. Tax revenues and employment were down and construction spending fell in the public, residential and non-residential sectors, impacting the consumption of our products.

The Mexican economy is directly linked to the performance of the U.S. economy. Therefore, any downturn in the economic outlook in the United States may hinder economic growth in Mexico. Negative economic conditions in the United States have a greater impact on the state of Chihuahua than other Mexican states and regions due to its proximity to the United States.

The Mexican economy has also been significantly and adversely affected by the global financial crisis, experiencing a significant deterioration in 2008. Foreign consumer demand declined significantly, particularly in the manufacturing sector, which also affected domestic consumer demand, resulting in lower investment and consumption. The crisis also adversely affected local credit markets resulting in an increased cost of capital that had a negative impact on the ability of companies to meet their financial needs. The Mexican peso was also adversely impacted by the economic downturn, and from September 2008 through the first quarter of 2009, the Mexican peso devalued significantly. During 2009, Mexico suffered the sharpest decline in GDP since 1932, declining by 6.0%, Mexican exports fell drastically as a result of a sharp decline in foreign consumer demand, and inflation reached 3.6%. During 2008, the Mexican peso depreciated by 20.3% against the U.S. dollar. During 2009 and 2010, the Mexican peso had a mild recovery, appreciating by approximately 4.6% and 5.9%, respectively, against the U.S. dollar. During 2011, the Mexican peso depreciated by approximately 11.5%, while in the first nine months of 2012, the Mexican peso appreciated 8.6%, against the U.S. dollar. Exchange rate depreciation and/or volatility in the markets have adversely affected and may continue to affect our results of operations and financial condition. As a result of any of these factors, we cannot be certain that a contraction of Mexican economic output will not continue or worsen, which would continue to negatively affect the construction sector and demand for our products.

Cement and ready-mix concrete consumption in Mexico is highly related to construction levels. Demand for our cement products depends, in large part, on residential construction in the northern region of Mexico, which consists mostly of low-income families gradually building or improving their own homes. We estimate that in 2011, roadway and residential housing construction accounted for approximately 16.1% and 4.5%, respectively, of our cement sales. Residential construction is highly correlated to prevailing economic conditions. In particular, in the city of Juarez, the largest city in the state of Chihuahua, according to the *Instituto Nacional de Estadística y Geografía* (National Institute of Statistics and Geography ("INEGI")), private construction largely has been deferred as a result of criminal violence, primarily due to the activities of drug cartels, which has impacted economic conditions, with public construction only partially offsetting these effects. Before the economic recession, the residential segment in the state of Chihuahua had one of the highest growth rates in Mexico, and many homebuilders increased their inventory levels, which remained high through 2011. A continued deterioration in economic conditions in the northern region of Mexico would have a material adverse effect on our results of operations and financial condition.

Furthermore, the Mexican government's continued fiscal and monetary policy has not provided the flexibility necessary to support Mexico's continued economic improvement. Reforms regarding fiscal policies, oil, gas, electricity and social security have historically not been approved due to strong opposition to Mexican presidents. As a result, the growth in new investments and aggregate purchasing power has been marginal. Several factors could affect the growth of Mexico's economy and its industrial sector. These factors include the Mexican government's approval and implementation of fiscal and other structural reforms, the evolution of energy prices, particularly natural gas, and the current political environment, as well as the extent of economic growth in the United States and the participation of Mexico's industrial sector in such growth, particularly given the high correlation of economic conditions in Mexico with those in the United States.

Our business, results of operations and financial condition have been significantly and adversely affected by the foregoing factors. We cannot assure you that general economic conditions or conditions in the cement and ready-mix concrete markets in the United States or Mexico will improve or will not deteriorate further nor can we give you any assurances regarding the timing of any improvements. Unless and until construction expenditures rebound, demand for cement and ready-mix concrete may not increase and may even decrease in light of decreased consumer demand or the use of lower-cost substitutes by consumers. In addition, to the extent the U.S. economy fails to recover, U.S. demand for products imported from Mexico, in particular cement we import from our Mexican subsidiaries for our U.S. operations, could continue to be adversely affected.

See "Industry" for more details concerning our operating environment.

The recent increase in violence in Mexico, including violence associated with Mexican drug cartels, has had an adverse effect and could continue to adversely affect the Mexican economy, which could adversely affect our business, results of operations and financial condition.

In recent years, Mexico has experienced prolonged periods of criminal violence, primarily due to the activities of drug cartels. This violence has been particularly pronounced in the northern states of the country that share a border with the United States, including the state of Chihuahua, where we conduct most of our Mexican operations. For example, in the city of Juarez, the largest city of the state of Chihuahua, many of the investments in residential and non-residential (including commercial and industrial) projects have been deferred. Although the Mexican government has increased its security measures by strengthening military and police forces, drug-related violence and crime continue to pose a significant threat to the Mexican economy and are a source of economic and political instability and uncertainty. Systemic criminal activity and isolated criminal acts may disrupt operations, impact our ability to earn revenue and dramatically add to our cost of operations. Continued violence could result in the Mexican government taking additional measures, which may include restrictions on cross-border transport and trade. If the levels of violence in Mexico, over which we have no control, remain the same or increase they could have an adverse effect on the Mexican economy and our business, results of operations and financial condition.

Adverse developments in the global economy restricting the credit markets may materially and negatively impact our business, results of operations and financial condition.

The downturn in the world's major economies over the past several years and the constraints in the credit markets have heightened, and could continue to heighten, a number of material risks to our business, results of operations and financial condition, as well as our future prospects. Continued weakness in, and uncertainty about, global economic conditions, and in particular the economic conditions in the United States, could cause businesses to postpone spending in response to tighter credit, negative financial news or declines in income or asset values, which could have a material adverse effect on the demand for goods and international trade which, in turn, could adversely affect the demand for our products. For example, the recent challenges faced by the European Union to stabilize some of its member economies, such as Greece, Ireland, Italy, Portugal and Spain, have had international implications affecting the stability of global financial markets, which have hindered economies worldwide. Many member nations in the European Union are addressing the issues with controversial austerity measures. If the European Union monetary policy measures are insufficient to restore confidence and stability to the financial markets, any recovery of the global economy, including the U.S. and European Union economies, could be hindered or reversed, which could negatively affect our business, results of operations and financial condition. There could also be a number of follow-on effects from these economic developments and negative economic trends to our business, including customer insolvencies, decreased customer demand, decreased customer liquidity due to tightening in the credit markets and decreased customer ability to fulfill their payment obligations.

We further believe that many of our customers are reliant on liquidity from global credit markets and, in some cases, require external financing to fund a portion of their operations. The recent economic problems affecting the banking system and financial markets and the recent uncertainty in global economic conditions has resulted in a number of adverse effects including tightening in the credit markets, a low level of liquidity in many financial markets, extreme volatility in credit, equity, currency and fixed income markets, instability in the stock market and high unemployment. If our customers lack liquidity, they may not be able to pay amounts due to us or may not undertake construction projects that would result in revenue to us, all of which could negatively impact our business, results of operations and financial condition.

Financial markets have also recently been affected by concerns over U.S. fiscal policy, as well as the U.S. federal government's debt ceiling and the federal deficit. These concerns have also renewed discussions relating to a potential downgrade of the long-term sovereign credit rating of the United States. Any actions taken by the U.S. federal government regarding the debt ceiling or the federal deficit or any action taken or threatened by ratings agencies, could significantly impact the global and U.S. economies and financial markets, which could lead to a recession. Our business is closely tied to general economic conditions in the United States and Mexico, and any such economic downturn could have a material adverse effect on our business, financial condition, and results of operations.

Economic and political developments in Mexico could affect Mexican economic policy and adversely affect our business, results of operations and financial condition.

We are a publicly listed variable capital stock corporation (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico and a large portion of our operations and assets are located in Mexico. As a result, our business, results of operations and financial condition may be affected by the general condition of the Mexican economy, the devaluation or depreciation of the Mexican peso as compared to the U.S. dollar, price instability, inflation, interest rates, regulation, taxation, social instability (including related to public safety) and other political, social and economic developments in or affecting Mexico over which we have no control.

The Mexican government has exercised, and continues to exercise, significant influence over the Mexican economy. Mexican governmental actions concerning the economy and state-owned enterprises could have a significant effect on Mexican private sector entities in general, and on us in particular, as well as on market conditions, prices and returns on Mexican securities, including our securities. In the past, economic and other reforms have not been enacted because of strong congressional opposition to the former president. However, the Mexican Congress has modified tax laws more frequently than other areas of the law. For example, in 2009, Mexico passed a new income tax law resulting in deferred income taxes to be paid with respect to consolidated companies for the period from 1999 to 2004. The timing and scope of such modifications are unpredictable, which can adversely affect our ability to manage our tax planning. See "—Risks Related to Our Company—The Mexican tax consolidation regime reform may have an adverse effect on our business, results of operations and financial condition."

Presidential elections in Mexico occur every six years, with the most recent election having taken place on July 2, 2012. The presidential candidate of the once-dominant *Partido Revolucionario Institucional* (Institutional Revolutionary Party – PRI), Enrique Peña Nieto, won this election and took office on December 1, 2012, ending the 12-year control of the Mexican presidency by the *Partido Acción Nacional* (National Action Party – PAN). This change in the government may translate into social, political and economic conflicts. Additionally, the president of Mexico has considerable power to determine governmental policies and actions that relate to the Mexican economy and the new administration might implement material changes in laws, public policies and regulations that may impact the financial situation in Mexico, which could have a material adverse effect on our business, results of operations and financial condition.

Furthermore, no single party has a majority in the *Cámara de Senadores* (Senate) or the *Cámara de Diputados* (House of Representatives), and the absence of a clear majority by a single party could continue, which may result in government gridlock and political uncertainty due to the Mexican congress' potential inability to reach consensus on the structural reforms required to modernize certain sectors of, and foster growth in, the Mexican economy. Our performance historically has been tied to Mexican public sector spending on infrastructure facilities and Mexican public-sector spending is, in turn, generally dependent on the political climate in Mexico. Any of these events, or other unanticipated economic or political developments in Mexico, could have a material adverse effect on our business, results of operations and financial condition.

Our business, results of operations and financial condition are subject to political and economic risks for conducting business in corrupt environments.

A significant portion of our business is conducted in Mexico, which has elevated levels of corruption compared to, and may present greater political, economic and operational risks than in, the United States. We emphasize compliance with the law and, although we have established policies, procedures and ongoing employee training programs to promote compliance with global ethics and legal requirements such as the U.S. Foreign Corrupt Practices Act (the "FCPA"), our employees may not adhere to our code of ethics, other policies or rules and regulations. If we fail to enforce our policies and procedures properly or maintain internal accounting practices to accurately record our international transactions, we may be subject to criminal fines and imprisonment, civil penalties, disgorgement of profits, injunctions, debarment from government contracts as well as other remedial measures. We could incur significant costs, including potential harm to our reputation, for investigation, litigation, civil or criminal penalties, fees, settlements or judgments for potential violations of the FCPA or other laws or regulations, which in turn could have a material adverse effect on our business, results of operations and financial condition.

Our business, results of operations and financial condition may be adversely affected by government contracting risks.

As a result of our supply of cement and ready-mix concrete for use in public infrastructure projects, we are subject to various laws and regulations applicable to parties doing business with the U.S. government, including the FCPA, laws and regulations governing performance of U.S. government contracts, the use and treatment of U.S. government furnished property and the nature of materials used in our products. We may be unilaterally suspended or barred from conducting business with the U.S. government, or become subject to fines or other sanctions if we are found to have violated these laws or regulations. As a result of the need to comply with these laws and regulations, we are subject to increased risks of governmental investigations, civil fraud actions, criminal prosecutions, whistleblower lawsuits and other enforcement actions. For example, one of our subsidiaries has been subject to antitrust proceedings and incurred fines in Iowa and settled a civil suit related to the violation of antitrust regulations. See "Our Business—Legal Proceedings—Antitrust Proceedings."

U.S. government contracts are subject to modification, curtailment or termination by the U.S. government without prior written notice, either for convenience or for default as a result of our failure to perform under the applicable contract. If terminated by the U.S. government as a result of our default, we could be liable for additional costs the U.S. government incurs in acquiring undelivered goods or services from another source and any other damages it suffers. Additionally, we cannot assign prime U.S. government contracts without the prior consent of the U.S. government contracting officer, and we are required to register with the Central Contractor Registration Database. Furthermore, the U.S. government periodically audits our governmental contract costs, which could result in fines, penalties or adjustment of costs and prices under the contracts. These factors could have an adverse effect on our business, results of operations and financial condition.

Developments in other countries may have an adverse effect on the Mexican economy and on our business, results of operations and financial condition and the market value of the notes.

Developments in other countries could adversely affect the Mexican economy, our business, results of operations, financial condition and the market value of the notes. The market value of securities of Mexican companies is affected by economic and market conditions in other emerging market countries. Although economic conditions in those countries may differ significantly from economic conditions in Mexico, investors' reactions to developments in any of these other countries may have an adverse effect on the market value of securities of Mexican issuers. For example, in past years, prices of both Mexican debt and equity securities dropped substantially as a result of developments in Russia, Brazil, Argentina and several Asian countries. In addition, terrorist acts in the United States and elsewhere could depress economic activity in the United States and globally, including in Mexico. This could have a material adverse effect on our business, results of operations and financial condition, which could affect the market value of the notes.

The correlation between economic conditions in Mexico and the United States has sharpened in recent years because of the North American Free Trade Agreement ("NAFTA") and increased economic activity between the two countries. Negative economic conditions in the United States have a greater impact on the state of Chihuahua than other Mexican states and regions due to its proximity to the United States.The global dislocation of the credit markets and the shortage of liquidity resulting principally from the 2008 sub-prime mortgage crisis, especially in the United States, resulted in significant volatility in the financial markets, and had a material adverse effect on the Mexican economy. As a result, an economic downturn in the United States, the termination of the NAFTA or other related events could have a significant adverse effect on the Mexican economy, which, in turn, could affect our business, results of operations and financial condition.

Furthermore, Mexico, as an emerging market economy, is more exposed to unfavorable conditions in the international markets that can have a negative impact on the demand for our products. On August 5, 2011, S&P lowered its long-term sovereign credit rating of the United States from AAA to AA+. In addition, significant concerns regarding the sovereign debt of numerous other countries have developed recently and required some of these countries to seek emergency financing. The downgrade of the U.S. credit rating and the ongoing European debt crisis have, along with the weakened economic environment generally in the United States, contributed to the instability in global financial markets. The sovereign debt crisis could adversely impact the financial health of the global banking system and lower consumer confidence, which could impact global financial markets and economic conditions in the United States and throughout the world. As a result, any combination of lower consumer confidence, disrupted global capital markets and/or reduced international economic conditions could have a negative impact on the Mexican economy and consequently on our business, results of operations and financial condition.

Financial markets have also recently been affected by concerns over U.S. fiscal policy, as well as the U.S. federal government's debt ceiling and the federal deficit. These concerns have also renewed discussions relating to a potential downgrade of the long-term sovereign credit rating of the United States. Actions taken by the U.S. federal government regarding the debt ceiling or the federal deficit or any action taken or threatened by ratings agencies, could significantly impact the global and U.S. economies and financial markets, including leading to a recession. Our business is closely tied to general economic conditions in the United States and Mexico, and any such economic downturn could have a material adverse effect on our business, financial condition, and results of operations.

Risks Related to our Company

Our business, results of operations and financial condition may be materially adversely affected by a devaluation or depreciation in the value of the Mexican peso.

We operate in Mexico and the United States, deriving approximately 30% of net sales for the nine months ended September 30, 2012 in Mexican pesos. Our U.S. operations earn revenue and incur expenses primarily in U.S. dollars, while our Mexican operations earn revenue and incur expenses primarily in Mexican pesos. Changes in the relative value of the Mexican peso, which fluctuates constantly, to the U.S. dollar have an effect on our results of operations and financial condition reported in Mexican pesos. Our export sales to the United States and coal from our Colorado coal mine for use in our Mexican plants are denominated in U.S. dollars. Similarly, a substantial majority of our costs of sales and other selling and administrative expenses are either denominated in or linked to the value of the U.S. dollar, including our purchases of several raw materials and the costs of our operations in the United States. As a result, when the Mexican peso depreciates against the U.S. dollar, the same level of U.S. dollar net sales or expenses in a prior period will result in higher reported net sales or expenses in Mexican peso terms in the most recent period. Conversely, when the Mexican peso appreciates against the U.S. dollar, the same level of U.S. dollar net sales or expenses in a prior period will result in lower reported net sales or expenses in Mexican peso terms in the most recent period. Any significant devaluation of the Mexican peso also could limit our ability to convert pesos into U.S. dollars, which are required to make the payments of interest and principal on our debt, which is denominated entirely in U.S. dollars. From September 2008 through the first quarter of 2009, the Mexican peso devalued significantly. During 2008, the Mexican peso depreciated by 20.3% against the U.S. dollar. During 2009 and 2010, the Mexican peso had a mild recovery, appreciating by approximately 4.6% and 5.9%, respectively, against the U.S. dollar. During 2011, the Mexican peso depreciated by approximately 11.5%, while in the first nine months of 2012, the Mexican peso appreciated 8.6%, against the U.S. dollar.

We prepare our annual consolidated financial statements and interim consolidated financial statements in Mexican pesos. See note 4(c) to our annual consolidated financial statements and note 7(c) to our interim consolidated financial statements for a description of the calculation of the average weighted exchange rate used in preparing our financial statements. The effect of the exchange rate in the translation to the Mexican peso for reporting purposes was, as of December 31, 2011, 2010 and 2009, Ps.(405.1 million), Ps.188.1 million and Ps. 173.9 million, respectively. In addition, our indebtedness is denominated in U.S. dollars. In the event of a depreciation of the Mexican peso, the carrying amount of our U.S. dollar-denominated debt in our annual consolidated financial statements and interim consolidated financial statements will increase to reflect the additional Mexican pesos required to fund the liabilities. We currently do not hedge against fluctuations in foreign exchange rates, and our business, results of operations financial condition could be affected by such fluctuations.

Severe devaluation or depreciation of the peso may also result in government intervention or disruption of the international foreign exchange markets. While the Mexican government since 1982 has not restricted the ability of Mexican or foreign persons or entities to convert pesos into U.S. dollars or other specified currencies, or to transfer other currencies outside of Mexico, it has done so in the past, and we cannot assure you that the Mexican government will not institute a restrictive currency exchange control policy in the future. Any such restrictive foreign currency exchange control policy could prevent or restrict access to U.S. dollars or other specified currencies, and may limit our ability to transfer or convert pesos into U.S. dollars to service our U.S. dollar-denominated indebtedness.

Our controlling shareholder will have substantial influence over us and could take actions that are inconsistent with your interests.

Our authorized capital stock consists of 337,400,000 ordinary shares, of which 250,000,000, or approximately 74.1%, are owned by our controlling shareholder, Control Administrativo Mexicano, S.A. de C.V. (“CAMSA”), 4,864,492 ordinary shares, or approximately 1.4%, have been repurchased and are held in treasury, and the remaining 24.5% of our ordinary shares are held by the public and traded on the BMV.

Our controlling shareholder, CAMSA, in turn, is indirectly owned 51.0% by the Terrazas and Márquez families and 49.0% by CEMEX S.A.B. de C.V. (“CEMEX”). CEMEX has been a strategic shareholder in CAMSA since 1987. Certain members of the Terrazas and Márquez families also serve as directors or alternate directors of the Company. See “Management” and “Principal Shareholders.” Accordingly, CAMSA, and consequently the Terrazas and Márquez families, through its voting power at shareholders’ meetings, may be able to elect a majority of the members of our board of directors (the “Board”), exert significant influence over our management and corporate policies, and determine the outcome of other actions requiring a vote of our shareholders. In addition, six of the members of our Board and their respective alternates have been appointed by CEMEX. We cannot assure you that CAMSA or members of the Terrazas and Márquez families will not take actions that are inconsistent with your interests.

We have transactions with related parties which may result in resolutions to conflicts of interest that are less favorable to us than if we are dealing with an unaffiliated party.

We have historically entered into and will continue to enter into a number of transactions with related parties. We engage in substantial repeated transactions with related parties, including CEMEX, which owns 49.0% of our controlling shareholder, and CEMEX’s subsidiary, Neoris de México S.A. de C.V. (“NEORIS”), as well as Abastecedora de Fierro y Acero S.A. de C.V. (“Abastecedora de Fierro y Acero”) and Grupo RUBA S.A. de C.V. (“Grupo RUBA”), each of which is an affiliate of ours due to our significant equityholders also holding significant equity interests in them. See “Principal Shareholders.” Although many of these transactions occur in the ordinary course of business and, where significant, must be submitted to our Audit and Corporate Practices Committee and approved by the Board, these transactions may create the potential for conflicts of interest. We may not be able to resolve any potential conflicts, and even if we do, the resolution may be less favorable to us than if we were dealing with an unaffiliated party. For more information about our transactions with affiliates see “Related Party Transactions,” note 7 to our annual consolidated financial statements and note 12 to our interim consolidated financial statements.

Our ability to repay debt, including the notes, depends on our subsidiaries' ability to transfer income and dividends to us.

We are a holding company with no significant assets other than the stock of our direct and indirect subsidiaries. In general, our ability to repay debt, including the notes, and pay dividends depends on the continued transfer to us of dividends and other income from our wholly-owned and non-wholly-owned subsidiaries. The ability of our operating subsidiaries to pay dividends and make other transfers to us is limited by various regulatory, contractual and legal constraints. For example, our operating subsidiaries in Mexico are subject to Mexican legal requirements, which provide that a corporation may declare and pay dividends only out of the profits reflected in the year-end financial statements that are approved by its stockholders. In addition, this payment can be approved by a subsidiary's stockholders only after the creation of a required legal reserve (equal to one-fifth of the relevant company's capital) and satisfaction of losses, if any, incurred by the subsidiary in previous fiscal years. We cannot assure you that our subsidiaries will generate sufficient income to pay out dividends, and without these dividends, we may be unable to service our debt, including the notes. See "Dividends."

Our success depends on our ability to retain and attract key executives and technical employees.

Our success depends on our ability to retain certain key executives. In particular, our senior executives have extensive experience in the cement industry and the loss of any of these executives could have an adverse effect on our business, results of operations and financial condition. The maintenance and continuity of our operations is also dependant on maintaining key technical and senior management personnel. If we lose key personnel, or if we are not able to attract and retain skilled employees as needed, our business, results of operations and financial condition could suffer.

Any unauthorized use of our brand names, trademarks and other intellectual property rights may materially adversely affect our business, results of operations and financial condition.

The substantial majority of our net sales are derived from the sales of products that we sell under the various brands that we own, which include "GCC," "Cemento Chihuahua," "Dacotah Cement," "GCC Dacotah," "GCC Rio Grande," "Yeso Chuvíscar," "Mortero Chuvíscar," "Megablock" and "Construcentro." Our brand names, to which we believe many of our customers are loyal, are therefore a key asset of our business, and our ability to obtain, maintain and protect our intellectual property rights and proprietary technology is an important component of our ability to effectively compete in our industry. We also hold patents in the United States and Mexico for our process to achieve particular thermal insulation properties and eco-friendly characteristics in certain of our prefabricated products. Any unauthorized use of our brands, trademarks or other intellectual property rights by third parties could adversely affect our business, reputation and market share. If a competitor were to infringe on our trademarks, enforcing our rights would likely be costly and would divert resources that would otherwise be used to operate and develop our business. Although we intend to enforce our intellectual property rights against infringement by third parties, our actions may not be adequate or sufficient to protect our brands, trademarks or other intellectual property rights, which may result in a material adverse effect on our business, results of operations and financial condition.

Our insurance coverage may be insufficient to cover certain of our losses, which could have a material adverse effect on our business, results of operations and financial condition.

Our industry generally is subject to a number of risks and hazards, including industrial accidents, labor disputes and changes in regulatory environment. Furthermore, there are types of losses, generally of a catastrophic nature, such as losses due to wars, earthquakes, floods, hurricanes, pollution or environmental matters that are either uninsurable or not economically insurable, or may be insured subject to limitations, such as caps, large deductibles or co-payments. Insurance risks associated with potential terrorist acts and as a result of violence in Mexico could sharply increase the premiums we pay for coverage against property and casualty claims. Although we consider our policies adequate and similar to those of our competitors, our insurance only covers part of the losses that we might incur. The occurrence of losses or other liabilities that are not covered by insurance or that exceed our insurance limits could result in significant unexpected costs that could adversely affect our business, results of operations and financial condition.

Product liability claims may be brought against us and, whether or not successful, could harm our business, results of operations and financial condition.

We are exposed to risks associated with product liability claims arising from property damage or personal injury caused by the use of our products, which are mainly used as construction materials. While we seek to conform our products to meet a variety of contractual specifications and regulatory requirements, we cannot assure you that product liability claims against us will not arise, whether due to product malfunctions, defects or other causes. We have product liability insurance for all of our subsidiaries. If any such claims against us were ultimately successful, we could be required to pay substantial damages, which could materially and adversely affect our business, results of operations and financial condition.

Failures or interruptions in our information systems could have an adverse effect on our business, results of operations and financial condition.

We depend on our information technology, or IT, systems to conduct our business activities, including our sales processing, inventory purchasing and management, product distribution and customer service. For example, during 2009 and 2010, we implemented a new SAP system in both our Mexican and U.S. operations. This system was implemented to strengthen our business strategy and management by processing and recording information generated by our business operations with enhanced accuracy, efficiency and reliability. We believe the implementation of this system has been beneficial to us in standardizing and improving our financial information management and improving our client relations with both distributors and individuals. Although we have extensive security, built-in redundancies and backups for our IT systems, we may, from time to time, experience failures or delays due to a number of factors beyond our control such as hacking, computer viruses and other cyber security attacks and electricity outages, as well as outages due to fire, floods, power loss, telecommunications failures and similar events. Any material failure or disruption of our IT systems could result in a disruption of our operations or the loss or damage of important operating information, which could adversely affect our business, results of operations and financial condition.

A significant portion of our total assets are intangible assets, including goodwill. An impairment in the carrying value of goodwill or other intangible assets could negatively affect our business, results of operations and financial condition.

As of September 30, 2012, goodwill constituted approximately 19.7% of our total assets. Goodwill is deemed to have an indefinite life; therefore, it is not amortizable. However, goodwill and other intangible assets with indefinite life are subject to impairment tests on an annual basis or earlier when there are indicators of impairment, pursuant to which we adjust, if applicable, the carrying amount thereof for the impairment loss that is determined. To apply impairment tests, goodwill is assigned to cash generating units ("CGU"), which are defined on the basis of geographic markets taking into consideration the synergies in business combinations that have been made. If the recoverable amount of the CGU, which is determined based on value in use, is less than the CGU's carrying amount, the impairment loss is first assigned to reduce the carrying amount of the goodwill assigned to the CGU, and then to the other CGU's assets in a proportional manner, taking into account the carrying amount of each asset. The impairment loss of goodwill is recognized in the statement of comprehensive income and is not reversed in subsequent periods. Significant judgment is required to appropriately make an impairment assessment. The economic and competition trends in the markets where we operate have a significant impact on the assessment of goodwill impairment and the determination of recovery values of CGUs. Likewise, the discount rates used have a significant effect on impairment evaluations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Impairment of non-financial assets, including goodwill." If the value of our intangible assets, including goodwill, becomes impaired, our business, results of operations and financial condition may be materially adversely affected.

We may be required to spend more on capital investments than we anticipate, which may have a material adverse effect on our business, results of operations and financial condition.

Since 2010, restrictions under our Existing Credit Facility limit our capital expenditures to U.S.$50 million (approximately Ps.643 million as of September 30, 2012) per year, subject to certain exceptions and carry forwards for unused amounts under the cap. This limitation will continue for as long as our Existing Credit Facility is outstanding. Under the Term Loan Facility, our capital expenditures will be limited to U.S.$75 million (approximately Ps.964.7 million as of September 30, 2012) per year, subject to an increase to U.S.$100 million (approximately Ps.12,633.0 million as of September 30, 2012) per year when our consolidated leverage ratio is below 2.75 to 1.00 for the two most recently ended consecutive fiscal quarters, as well as certain exceptions and carry forwards for unused amounts under the cap. For the nine months ended September 30, 2012 and the years ended December 31, 2011, 2010 and 2009, we recorded Ps.352.7 million (U.S.$27.4 million), Ps.257.9 million (U.S.$20.0 million), Ps.313.1 million (U.S.$24.3 million) and Ps.505.9 million (U.S.$39.3 million), respectively, in capital expenditures. Capital expenditures for the remainder of 2012 were Ps.124.3 million (U.S.$9.6 million), which together with the Ps.352.7 million (U.S.$27.4 million) we incurred during the nine months ended September 30, 2012, represent an increase over previous periods due to higher construction activity that required us to invest in new equipment, principally ready-mix concrete trucks, and expand our Colorado coal mine. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures" and "Our Business—Operations in the United States—Other—Coal—Plants and Equipment."

Additionally, our capital expenditures may increase substantially if we are required to undertake additional or unexpected actions to comply with new regulatory requirements or compete with new technologies. We currently expect to incur a total capital investment of between U.S.$25 and U.S.$30 million, of which we have already incurred U.S.$4.6 million through September 30, 2012, to comply with the final Portland Cement NESHAP through the compliance date under these regulations.

It also may be necessary to expand production capacity at a rate greater than our estimates if demand for our products exceeds our estimates. We may not have the capital to undertake these capital investments. If we are unable to obtain sufficient capital at a reasonable cost or at all, we may not be able to expand production sufficiently to take advantage of changes in the marketplace, which may have a material adverse effect on our business, results of operations and financial condition.

Adoption of IFRS affects the presentation of our financial information, which has thus far been prepared under MFRS.

On January 1, 2012, we began preparing our financial statements in accordance with IFRS. Prior to the year ended December 31, 2011, we prepared our financial statements solely in accordance with MFRS. As a result, our financial data as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 presented in this offering memorandum has been derived from our annual consolidated financial statements prepared in accordance with MFRS. Our financial data as of September 30, 2012, December 31, 2011 and January 1, 2011 and for the nine months ended September 30, 2012 and 2011 is derived from our interim consolidated financial statements prepared in accordance with IFRS. The interim consolidated financial statements have been prepared in accordance with IASB standards and IFRS Interpretations Committee interpretations issued and effective, or issued and early adopted, as of September 30, 2012. The IASB standards and IFRS Interpretations Committee interpretations that will be applicable as of December 31, 2012, including those that will be applicable on a voluntary basis, were not known with certainty at the time of preparation of the interim consolidated financial statements. As a result, the accounting policies used to prepare the interim consolidated financial statements are subject to change until the reporting date of our first annual consolidated financial statements prepared under IFRS. See note 3 to our interim consolidated financial statements. Because IFRS differs in certain significant respects from MFRS, our financial information prepared in accordance with MFRS presented in this offering memorandum for any period is not directly comparable to our financial data prepared in accordance with IFRS. The lack of comparability of our financial data may make it difficult to gain a full and accurate understanding of our operations and financial condition.

The impact of adopting IFRS on our financial statements is disclosed in note 30 to our interim consolidated financial statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Adoption of IFRS."

Our consolidated financial statements are prepared in accordance with MFRS and IFRS, which differ in significant respects from U.S. GAAP.

Our interim consolidated financial statements are prepared in accordance with IFRS, and our annual consolidated financial statements are prepared in accordance with MFRS. MFRS and IFRS differ in certain significant respects from U.S. GAAP. See "Summary of Differences between MFRS and U.S. GAAP."

The Mexican tax consolidation regime reform may have an adverse effect on our business, results of operations and financial condition.

During 2009, the Mexican Congress approved a general tax reform that became effective as of January 1, 2010. This tax reform requires us to retroactively pay taxes at current rates on items that were eliminated in consolidation or that reduced consolidated taxable income in past years (the "Consolidation Taxes"), including certain previously exempt intercompany dividends, certain other special tax items and operating losses generated by members of the consolidated tax group not recovered by the individual company generating such losses, during the 10-year period beginning in 1999, which may have an adverse effect on our business, results of operations and financial condition. The Consolidation Taxes must be paid over a five-year period and will be increased by inflation adjustments as required by the *Ley del Impuesto Sobre la Renta* ("Mexican Income Tax Law"). In addition, the tax reform temporarily increased the statutory income tax rate from 28% to 30% for the years 2010 to 2012, which 30% rate was extended to 2013 by the *Ley de Ingresos para la Federacion de 2013* ("Mexican Income Tax Law for 2013"). See "Our Business—Legal Proceedings—Tax Matters."

We challenged the imposition of such taxes based on (1) the retroactivity of the reform that obligates us to pay income taxes for income earned prior to the reform's effectiveness and (2) the violation of the constitutional principles of proportionality, equity and legality. If successful, we would recover the amount of Consolidation Taxes actually paid through the judgment date (Ps.78.8 million as of September 30, 2012), and we would not be required to pay future Consolidation Taxes. However, we cannot assure you that we will be successful or, even if we are, whether we will recover the full amount of the refund. For additional detail, see note 24 to our interim consolidated financial statements and note 20 to our annual consolidated financial statements, "Risk Factors—Risks Related to Our Company—The Mexican tax consolidation regime reform may have an adverse effect on our business, results of operations and financial condition" and "Our Business— Legal Proceedings—Tax Matters."

Recent amendments to the Mexican labor law regime may have an adverse effect on our business, results of operations and financial condition.

Our operations in Mexico are subject to the Federal Labor Law (*Ley Federal del Trabajo*) ("LFT") and other labor laws and regulations. On November 30, 2012, amendments to the LFT were published in the *Diario Oficial de la Federación* (Federal Official Gazette of Mexico). The amendments to the LFT included, among others, changes in the regulation of payments per hour, labor agreements, grounds for termination and outsourcing services. Our business, results of operations and financial condition may be materially and adversely impacted as a result of increases in labor costs or modified labor conditions derived from the interpretation by the Mexican courts of the recent amendments made to the LFT. In particular, if as a result of a potential claim, we are required to share profits with the employees of our servicing companies calculated not only from the taxable income of their direct employers, but from our taxable income or that of our other operating Mexican subsidiaries, we could be required to pay additional labor benefits, including profits with employees (such profit sharing, "PTU"), which could be material. For additional information relating to the PTU and recent changes to the Mexican labor law regime, see "Our Business—Other Regulatory Matters—Mexican Labor Regulation."

We may not be able to realize the expected benefits from acquisitions, some of which may have a material adverse effect on our business, results of operations and financial condition.

Our ability to realize the expected benefits from acquisitions depends, in large part, on our ability to integrate acquired operations with our existing operations in a timely and effective manner. These efforts may not be successful. We cannot assure you that we will be successful in identifying or acquiring suitable assets in the future. If we fail to achieve the anticipated cost savings or synergies from any acquisitions, our business, results of operations and financial condition would be materially and adversely affected.

Risks Related to our Business and Operations

Higher energy and fuel costs may have a material adverse effect on our business, results of operations and financial condition.

Our operations require significant amounts of energy, particularly in the cement production process and, to a lesser extent, in connection with our distribution operations, which rely on the use of gasoline and diesel fuel to deliver our products. The availability of energy and related inputs from utilities could be volatile and could be affected by political, economic and regulatory conditions that are outside our control. Therefore, in the event that the price of natural gas, fuel oil, coal or electricity rises, our profit margins could decrease as we may not be able to pass through energy cost increases to our customers, which could have a material adverse effect on our results of operations. To mitigate our exposure to high energy costs and their volatility, we have implemented technical improvements in all of our cement plants that give us the option to use coal or alternative fuels in virtually all of our installed capacity for cement production. For example, the Tijeras, New Mexico plant can use natural gas for clinker production if natural gas pricing is more favorable, if coal supply is interrupted or its quality becomes an issue.

In addition, we have been operating our Colorado coal mine since 2005, which supplies coal to all of our plants (except the Rapid City, South Dakota plant, for which we use a coal supplier in Wyoming) and which we estimate has sufficient coal reserves to supply our cement plants and sales to third parties for approximately the next 28 years. However, our operations at the Colorado coal mine are subject to a variety of federal, state and local regulations, including those relating to employee health and safety, which may result in the temporary closure of the mine in the event of certain violations. We therefore cannot guarantee that the coal reserves from our Colorado coal mine will be available in the future, which could affect our business, results of operations and financial condition if we cannot obtain alternative energy supply on terms acceptable to us or at all.

In light of high transport costs, beginning in 2010, we have attempted to mitigate swings in diesel prices with an invoice line item for fuel surcharge that we pass to customers in the United States for sales of ready-mix concrete, a practice we believe is being or has been tried by our competitors and others in the transportation business in the United States with varying degrees of success. The surcharge is adjusted every week based on diesel prices in the region in which we do business. However, we cannot assure you that we will be able to pass these costs through to all of our customers if at all. Our inability to do so could adversely affect our business, results of operations and financial condition.

Our business, results of operations and financial condition could be materially adversely affected by an interruption of supply of raw materials.

We are dependent on a variety of raw materials that support our manufacturing activities, including limestone, clay, gypsum, silica sand and iron ore. Our ability to meet our customers' needs depends heavily on an uninterrupted supply of these materials, which we source from our owned or leased quarries located near our cement plants or which we purchase from suppliers. However, production problems, lack of capacity, high demand periods, changes in our third-party suppliers' financial or business condition or planned and unplanned shutdowns of their production facilities that affect their ability to supply us with raw materials that meet our specifications, or at all, could disrupt our ability to supply products to our customers. We are also susceptible to the breach or termination of lease agreements for the quarries where we have deposits or the breach or termination of contractual obligations by our third-party suppliers. For our Rapid City, South Dakota cement plant, we have a long-term supply agreement with a near-term expiration with a coal supplier and we can give no assurance that such supplier will not breach or terminate the agreement or renew the agreement upon expiration, although there are a number of suppliers in the region that we believe can supply us with coal for this plant. In addition, interruptions in raw material supply caused by events outside our or our suppliers' control, such as mine and quarry accidents, inclement weather, labor disputes or transportation disruptions, also could cause us to miss deliveries and breach our contracts, which could damage our relationships with our customers and subject us to claims for damages under our contracts. If any of these events were to occur for more than a temporary period, we may not be able to make arrangements for transition supply, alternate materials or qualified replacement suppliers on terms acceptable to us or at all, which could have a material adverse effect on our business, results of operations and financial condition. See "Our Business—Description of Our Raw Materials Sourcing and Reserves."

Increases in the prices of raw materials could materially adversely affect our business, results of operations and financial condition.

If the prices we have to pay for raw materials under our existing supply contracts with independent suppliers or under replacement supply contracts increase, we could face significantly higher production costs. Prices of consumables, such as diesel fuel, tires, steel and explosives, and other raw materials, such as aggregates and sands, have the most significant impact on the prices of our raw materials. Although we believe our independent providers to be a stable, secure and adequate source, increases in raw material prices could adversely affect our ability to renew these contracts on similar terms or at all. Should these suppliers cease operations or eliminate production of these raw materials, our sourcing costs for these materials may increase significantly or we may be required to find alternatives to these materials. Similarly, increases in raw material prices could adversely affect our ability to enter into shorter-term supply agreements at favorable prices. We also may not be able to pass through price increases to our customers, which could have a material adverse effect on our business, results of operations and financial condition. See "Our Business—Description of Our Raw Materials Sourcing and Reserves."

We face numerous uncertainties in estimating our recoverable coal reserves and reserves for other raw materials, and inaccuracies in our estimates could result in higher than expected fuel and raw material costs or decreased profitability if we must source a significant portion of our fuel or other raw materials from other suppliers, which could have a material adverse effect on our business, results of operations and financial condition.

We internally source a significant portion of our fuel requirements through our coal mine in Colorado for our cement operations in Mexico, Tijeras, New Mexico and Pueblo, Colorado, and we source a significant portion of our other raw materials mainly used in our cement production from quarries and mines that we either own or lease. Our reserve estimates are prepared by our own engineers and geologists and are subject to annual review by our corporate staff jointly with our regional technical managers. In certain cases, we have used the services of third-party geologists and/or engineers to validate our own estimates. There are numerous uncertainties inherent in estimating quantities of, quality of and costs to mine recoverable reserves, including many factors beyond our control. Estimates of economically recoverable coal reserves and reserves of certain other raw materials depend upon a number of variable factors and assumptions, such as geological and mining conditions, which may not be fully identified by available exploration data or which may differ from experience in current operations, historical production from the area compared with production from other similar producing areas, the assumed effects of regulation and taxes by governmental agencies and assumptions concerning coal prices, operating costs, mining technology improvements, severance and excise tax, development costs and reclamation costs, all of which may vary considerably from actual results. Therefore, proven reserve estimates may differ materially from the ultimately recoverable quantities of coal and other raw materials. Any inaccuracy in our estimates related to our reserves could result in higher than expected fuel and raw materials costs, decreased profitability if we must source our energy or raw materials from other suppliers or delays in our production if we cannot obtain alternate sources of fuel or raw materials on acceptable terms or at all, any or all of which could have a material adverse effect on our business, results of operations and financial condition. See "Our Business—Description of Our Raw Materials Sourcing and Reserves."

The introduction of cement substitutes into the market and the development of new construction techniques could have a material adverse effect on our business, results of operations and financial condition.

Materials such as plastic, aluminum, ceramics, glass, wood and steel can be used in construction as a substitute for cement. In addition, other construction techniques, such as the use of dry wall, could decrease the demand for cement and concrete. Research aimed at developing new construction techniques and modern materials may introduce new products in the future. The use of substitutes for cement could cause a significant reduction in the demand and prices for our cement products and have a material adverse effect on our business, results of operations and financial condition.

A disruption or delay in production at one of our production facilities could have a material adverse effect on our business, results of operations and financial condition.

If one of our production facilities were to cease production unexpectedly, in whole or in part, our sales and financial results could be materially adversely affected. Such a disruption could be caused by a number of different events, including:

- maintenance outages;
- prolonged power failures;
- equipment failures or malfunctions;
- fires, floods, tornadoes, earthquakes or other catastrophes or effects of extreme weather;
- potential unrest or terrorist activity;
- labor difficulties; or
- other construction, design or operational problems, including those related to the granting, or the timetable for granting, of permits.

Based on our production schedule and cycle times, we determine the amount of inventory needed at each of our locations. If there is an unplanned service interruption at any of our plants, inventory levels may drop to a level where servicing the relevant markets may be compromised. Also, if we do not effectively manage our inventory of raw materials to ensure adequate supplies during peak periods and to minimize excessive expenditures during slow periods, our business, results of operations and financial condition could be adversely affected as a result of our inability to meet production orders of cement, ready-mix concrete or other products. Although we attempt to mitigate this risk by keeping inventory at all of our terminals and shipping stations, and in some cases we can ship products from one plant to another for a short period, the inventory may not be sufficient to cover the increased demand from such market. In addition, this strategy would cause us to incur significant additional transportation costs. For example, in 2012, we faced increased freight costs associated with the shipment of cement to our Northern markets (South Dakota, Iowa and Minnesota) from our Pueblo, Colorado cement plant to cover sales from our cement plant in Rapid City, South Dakota, which sold cement beyond its capacity. We also must effectively manage our inventories of raw materials, to ensure adequate supplies during peak periods and to minimize excessive expenditures during slow periods. For example, although our network of ready-mix concrete plants in certain regions provide back up for any plant that might be affected by a disruption, a prolonged shutdown of any of our production facilities could cause us to miss deliveries and breach our contracts, which could damage our relationships with our customers and subject us to claims for damages under our contracts. Any of these events could have a material adverse effect on our business, results of operations and financial condition.

Our operations could be adversely affected by weather conditions.

Construction activity, and therefore the demand for our products, significantly decreases during periods of cold weather, snow and prolonged or intense rain. Consequently, demand for our products is significantly lower during winter and rainy seasons. Winter weather significantly reduces our sales of cement and concrete during the first quarter and, to a lesser extent, during the fourth quarter. For example, our first quarter 2011 results were particularly adversely affected by the worst winter in Chihuahua in the last 50 years. However, in the event the weather remains mild through late October into November, as has been the case since 2008, we are able to supply cement and ready-mix concrete to projects until the first hard freeze or snow. Sales in markets with harsh winter weather conditions generally improve during the second and third quarters due to an improvement in such conditions. Transition months in both the fall and spring greatly influence paving and other projects, as has been the case since 2008. However, high rain levels or other adverse weather could negatively affect our operations during these periods. Recently, excessive rain and cold springs have delayed the commencement of projects in the April-May time frame.

In addition, flooding or severe weather not only delays and leads to the cancellation of projects, but also disrupts transportation logistics, particularly by rail, and could also delay production. For example, production at our Rapid City, South Dakota plant is subject to much greater swings in winter conditions than in southern regions. Any such weather condition in the areas in which we operate could adversely affect our business, results of operations and financial condition, especially in the event that they occur with unusual intensity, during abnormal periods, for periods lasting longer than usual or during peak periods of construction activity.

Disruptions to our distribution network could have a material adverse effect on our business, results of operations and financial condition.

Within Mexico, we sell approximately 43% of the volume of cement that we sell to third parties in Mexico in bags and distribute principally through independent distributors within the state of Chihuahua and our distributor subsidiary, Construcentro. Within the United States, we distribute bulk cement by rail on our leased railcars to our distribution centers located throughout the states in which we operate. Damage or disruption to our distribution capabilities or those of our third-party distributors due to weather, natural disaster, floods, fire, electricity shortages, terrorism, other service interruptions, pandemics, labor strikes, and disputes with, or the financial and/or instability of key distributors and warehousing, could impair our ability to distribute our products. To the extent that we are unable, or it is financially unfeasible, to mitigate disruptions to our distribution chain, there could be adverse effects on our business, results of operations and financial condition, and substantial additional resources could be required to restore our distribution network. In addition, a shortage of inventory at any of our terminals could cause us to miss deliveries and breach our contracts, thereby damaging our relationships with our customers and exposing us to claims for damages. In Mexico, and to a lesser extent in the United States, we also distribute some of our products by truck, using our private fleet. In addition to all of the risks described above, significant capital outlays may be required to repair or replace aging or damaged vehicles. As our fleet ages, operation and maintenance costs also increase. For example, insurance rates and the costs of compliance with governmental regulations, safety or other equipment standards increase as the trucks age. We cannot assure you that, as our trucks age, market conditions will justify those expenditures or enable us to operate our trucks profitably during the remainder of their useful lives. A shortage of trucks would require us to outsource our distribution operations, resulting in higher costs, which could adversely affect our business, results of operations and financial condition.

Our Tijeras, New Mexico plant is not serviced by rail, and all distribution is made by third-party or customer trucks. If any issues, including labor strikes, disputes or truck breakdowns, arise, we would be dependent on other third-party trucks for delivery. We cannot assure you that third-party trucks will be available for distribution from our Tijeras, New Mexico plant on terms that are acceptable to us, or that higher costs associated with contracting other third-party distributors will not affect our business and results of operations.

Labor unrest, failure to maintain our relationships with labor unions and labor-related costs may have adverse effects on our business, results of operations and financial condition.

As of September 30, 2012, we had 2,567 employees. Approximately 25% of our employees are unionized. Approximately 580 of the employees at our Mexican operations are members of the Confederation of Mexican Workers (*Confederación de Trabajadores de México*). Each of our cement plants, ready-mix concrete facilities and transportation operations in Mexico has its own collective bargaining agreement in place with its unionized workers. These agreements are reviewed every two years for performance and certain benefits, and yearly for wages, with the next two renegotiations impacting 224 workers in our ready-mix concrete operations in connection with collective bargaining agreements scheduled to expire by the end of February 2013. Negotiations are scheduled to take place in February 2013. Some of our workers in our Rapid City, South Dakota plant are affiliated with the United Steelworkers Union. Our collective bargaining agreement with employees in this plant, which is renegotiated every five years and was last renewed in 2012, has a no strike clause. We believe we maintain a positive and cooperative relationship with our unions and our other employees, and we work towards developing and improving the quality of life of our personnel. Although we believe that our relationship with all the labor organizations that represent our workers are satisfactory, labor-related disputes may arise. Labor-related disputes that result in strikes or other disruptions could cause increases in operating costs, which could damage our relationship with our customers and adversely affect our business, results of operations and financial condition.

In addition, our business, results of operations and financial condition may be materially and adversely impacted as a result of increases in labor costs, including under our pension and benefits plans. In recent years, our selling and administrative expenses have been adversely impacted by rising health insurance costs. Despite measures to mitigate these and other expenses, including by promoting wellness programs and imposing salary and bonus freezes, we may be unable to do so successfully, which could have a material adverse effect on our business, results of operations and financial condition.

The loss or consolidation of any one of our top customers or late payments by these or other customers could reduce our net sales and have an adverse effect on our business, results of operations and financial condition.

For the years ended December 31, 2011, 2010 and 2009, our top ten customers accounted for 13.0%, 14.2% and 14.2% of our net sales, respectively. Our top two customers, Jobe Materials LP and CTS Cement Manufacturing Company, together accounted for approximately 4.0% of our net sales during 2011. Sales to CEMEX, which is a related party, accounted for 0.7% of our net sales during 2011. The loss, or consolidation of one or more of these customers or a significant decrease in business from one or more of these customers could harm our business, results of operations and financial condition. We record an allowance for doubtful accounts receivable where collection risks are anticipated, and we request, when applicable, guarantees and collateral. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Allowance for Doubtful Accounts." We cannot assure you that we will not experience late payments by these or other customers, and any late payments in the future may be material, which could have an adverse effect on our business, results of operations and financial condition.

Our industry is highly competitive, and if we are unable to compete effectively with existing competitors, or with new entrants, our business and financial results could be materially adversely affected.

We compete on a global basis with producers and importers of cement and with local ready-mix concrete producers. Our business faces significant competition from a number of global industry participants and several regional competitors. In the United States, we compete with Holcim Ltd. ("Holcim"), CEMEX, Eagle Materials, Inc. ("Eagle Materials"), Lafarge SA ("Lafarge"), Lehigh Cement Company LLC ("Lehigh Cement Company") and Ash Grove Cement Co. ("Ash Grove Cement"), all of which have revenues and capital resources exceeding ours, which they may use to develop market share or leverage their distribution networks. In Mexico, we compete with Holcim Apasco, S.A. de C.V. ("Holcim Apasco"), Corporación Moctezuma, S.A.B. de C.V. ("Moctezuma"), Agregados y Concretos de Chihuahua, S.A. de C.V. ("Agregados y Concretos de Chihuahua") and, to a lesser extent, GEXIQ, S.A. de C.V. ("GEXIQ"), Materiales Américas, S.A. de C.V. ("Materiales Américas") and Cooperativa Cruz Azul, S.C.L. ("Cruz Azul"), all of which have sufficient revenues and capital resources to develop market share or leverage their distribution networks.

In addition, new competitors and alliances may and do emerge from time to time and may and do take market share away from us. In 2010, Holcim commissioned the largest U.S. cement plant near the Mississippi River, and in 2011, Holcim Apasco and Drake Cement LLC each began operating new cement plants in the states of Sonora, Mexico and Arizona, United States, respectively. Because the cement industry was already operating at an average of approximately 61% capacity, these two regions now have even greater excess capacity, thereby creating competitive pressure, which has and may continue to adversely affect our profit margins and results of operations. Even where the ready-mix concrete production capacity is in balance, the oversupply of cement creates excessive price pressure on the ready-mix concrete markets and opportunities for new entrants, which in some cases are financed by cement producers. Our competitive position in the markets in which we operate depends upon the relative strength of these competitors in these markets and the relative resources they devote to competing in those markets, as well as our ability to offer competitive prices, value-added services, specialty products and maintain our relationships with our customers. We also face competition from substitute products, particularly for certain of our prefabricated products. All of these factors could cause us to experience reduced sales and loss of market share, which could have a material adverse effect on our business and financial results. See "Our Business—Business Overview."

We may not be able to keep up with competitive changes affecting our industry, which could have a material adverse effect on our business, results of operations and financial condition.

The cement market is characterized by evolving industry and end-market standards, changing regulation, frequent enhancements to existing products, services and technologies, introduction of new products and services and changing customer demand, all of which could result in unpredictable product transitions. The success of our new products and services depends on their initial and continued acceptance by our customers. We also believe we enjoy a competitive advantage tied to our product innovations. If we are unable to anticipate changes or develop and introduce new and enhanced products, services and innovations that are accepted by our customers on a timely basis, our ability to remain competitive and enjoy our competitive advantage may be adversely affected. Any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

Legal and Regulatory Risks

Our business, results of operations and financial condition may be materially adversely affected by a successful challenge to our sale of SOBOCE.

On August 18, 2011, we sold our 47.02% interest in SOBOCE, to Consorcio, a subsidiary of Grupo Gloria based in Peru, for U.S.$75 million in cash. The proceeds obtained from the transaction have been principally used to reduce our debt. With the sale of SOBOCE, we ceased operations in Bolivia. On July 11, 2012, Compañía Inversiones Mercantiles, S.A. ("CIMSA"), SOBOCE's majority shareholder, filed a request for arbitration before the Inter-American Commercial Arbitration Commission ("IACAC"). CIMSA is claiming (1) the nullification of our share purchase and sale agreement with Consorcio, the restoration of CIMSA's right of first refusal over the purchase of shares of SOBOCE and the payment of any resulting damages suffered by CIMSA, or, alternatively, (2) the breach of our shareholder's agreement with CIMSA and the payment of any damages suffered by CIMSA resulting from the difference between the sale price of the SOBOCE shares and the current value of the shares according to CIMSA, as well as the lost value of the shares CIMSA currently holds due to the fact that CIMSA does not own all of the shares of SOBOCE. The amount currently claimed by CIMSA is in excess of the sale price of the shares of SOBOCE.

Our answer and counterclaim was filed on September 3, 2012, alleging that CIMSA did not exercise its right of first refusal and that CIMSA did not comply with a 2010 commitment to acquire SOBOCE's shares. In addition, we claimed that the share purchase and sale agreement with Consorcio cannot be invalidated in accordance with Bolivian law. The deadline for us to submit our brief is February 12, 2013, and the initial hearing has been scheduled by the tribunal to be between February 25 and March 1, 2013.

If CIMSA is successful, the IACAC could render a decision invalidating the share purchase and sale agreement with Consorcio and restoring CIMSA's right of first refusal over the shares. In this case, if CIMSA exerts its right of first refusal, it is expected that CIMSA will be obligated to pay GCC Latinoamerica, S.A. de C.V. ("GCC Latinoamerica") U.S.$75 million for the shares, which GCC would pay to Consorcio for the return of the shares. Alternatively, the IACAC could determine that GCC and GCC Latinoamerica breached their shareholders' agreement with CIMSA, in which case GCC and GCC Latinoamerica would be liable for the damages suffered by CIMSA. Although we believe that damages awarded, if any, should be limited to damages resulting from any negligence that we are found to have proximately and directly caused, damages awarded could nonetheless be material. In both cases, CIMSA, if successful, may also be entitled to attorneys' fees if GCC or GCC Latinoamerica is found liable.

In addition, if the tribunal awards damages against us and if we are ultimately unsuccessful in challenging the enforcement of the arbitration award, we may, depending on the amount awarded, not have sufficient cash on hand to satisfy the payment and may be required to sell a substantial portion of our assets to satisfy the award. Alternatively, we may be required to finance all or part of the amount due. Our ability to obtain financing is subject to various factors, including general market conditions, our financial condition and results of operations and the fact that we have pledged certain of our assets under outstanding indebtedness. Accordingly, we may not be able to obtain financing in a timely manner, or on acceptable terms, or at all. If we incur additional indebtedness or we are unable to obtain financing when needed, our liquidity and financial condition may be materially and adversely affected.

Our agreement with Consorcio contains certain indemnification rights that are intended to cover some or all of the damages for which we may be held liable pursuant to this arbitration with CIMSA. However, we cannot assure you that Consorcio will not challenge the enforceability or validity of this indemnification or delay payment of any indemnification to which we are otherwise entitled pursuant to our agreement with Consorcio, all or any of which could have a material adverse effect our business, results of operations, liquidity and financial condition as described above.

Because litigation and other legal proceedings are inherently unpredictable, we cannot predict the outcome of the arbitration or the final amount of any award, which could be material. As of the date of this offering memorandum, we have not established any reserves in connection with this matter because we do not believe that a loss is considered probable and estimable in accordance with applicable accounting principles. A prolonged arbitration could result in significant legal expenses or a substantial settlement amount, and result in the distraction of management. We cannot assure you that this or other legal proceedings will not materially affect our business, results of operations, liquidity and financial condition. See "Our Business—Legal Proceedings—Sale of SOBOCE."

We are subject to litigation proceedings, including antitrust proceedings, which could increase our expenses and have a material adverse effect on our business, results of operations and financial condition.

From time to time, we may become involved in litigation and other legal proceedings relating to claims arising from our operations in the normal course of business, including antitrust-related proceedings, environmental damage and remediation, employee-related matters and insurance coverage. As described in "Our Business—Legal Proceedings," we are currently subject to legal proceedings, including commercial arbitration in Bolivia, which could individually or in the aggregate have a material adverse effect on our business, results of operations and financial condition. We have also been involved in antitrust-related proceedings and litigation in the United States, which has resulted in monetary fines, related civil litigation and suspension and the threat of debarment from conducting business with the U.S. Federal Highway Administration ("FHA"). See "Our Business—Legal Proceedings—Antitrust Proceedings—Alliance Concrete." We cannot assure you that this proceeding will not result in an unfavorable outcome, which could have a material adverse effect on our business in the United States.

Litigation and other proceedings are subject to inherent uncertainties and unfavorable rulings may occur. Any claim could be decided against us, which could have a material adverse effect on our business, results of operations and financial condition, including as a result of monetary penalties or the debarment from conducting business with the U.S. or Mexican government. Similarly, the costs associated with defending claims could dramatically increase our expenses, as litigation is often very expensive, divert management's attention and impact our profitability. If we become involved in significant litigation, we may be forced to direct significant additional resources and our management's attention to defending or prosecuting the claims, which in turn could have a material adverse effect on our business, results of operations and financial condition. We cannot assure you that these or other legal proceedings will not materially affect our ability to conduct our business in the manner that we expect or otherwise adversely affect us should an unfavorable ruling occur.

Compliance with environmental, health and safety laws and regulations could result in significant costs and liabilities, which could have a material adverse effect on our business, results of operations and financial condition.

Our operations are subject to strict laws and regulations governing environmental protection, health and safety in the United States and Mexico. These environmental, health and safety laws and regulations generally require us to obtain and comply with various permits, licenses, registrations and other approvals as well as incur capital expenditures in connection with our compliance efforts. Even though we continuously strive to comply with environmental, health and safety laws and regulations, and related permit and other requirements, there can be no assurance that our operations will at all times be in compliance with them. The enactment of new environmental, health and safety laws and regulations, the more stringent interpretation or enforcement of existing requirements or the imposition of liabilities under such laws and regulations, could force us to incur costs for compliance, capital upgrades or liabilities relating to damage claims or limit our current or planned operations, any of which could have a material adverse effect on our business, results of operations and financial condition.

In particular, over the next several years we expect that our industry will become subject to a series of new and more stringent environmental requirements in the United States, including the EPA's final Portland Cement NESHAP, which was published in September 2010, the EPA's final New Source Performance Standard for Portland Cement Plants ("Portland Cement NSPS"), which also was published in September 2010, the EPA's final emissions standards for commercial and industrial solid waste incinerators ("CISWI"), which were published in March 2011, the EPA's proposed regulation of Coal Combustion Residuals ("CCRs"), which were published for public comment in June 2010, more stringent Clean Air Act permit requirements, and efforts to address climate change through federal and state laws and regulations and regional initiatives in the United States, as well as through international agreements and the laws and regulations of other countries, to reduce the emissions of greenhouse gases ("GHGs"). See "Our Business—Environmental, Health and Safety Matters—United States" for a description of these rules. Because of the inherent uncertainty in the implementation and application of the new requirements, we cannot fully predict the impact of their compliance costs on us. We also cannot predict whether we will be able to comply with the new requirements by the required deadlines, which could subject us to penalties. The environmental requirements of the United States and Mexico described above and under "Our Business—Environmental, Health and Safety Matters," whether already in effect or upon their implementation, individually or in the aggregate, could negatively affect our operations and have a material adverse effect on our business, results of operations and financial condition.

Under certain environmental, health and safety laws and regulations, we also could be held responsible for liabilities and obligations arising out of past or future releases of hazardous materials, human exposure to these hazardous materials and other environmental damage, in some cases, without regard to fault. As of the date of this offering memorandum, we are not subject to any proceeding under environmental, health or safety laws or regulations that could have an adverse material effect on our business or financial results. A number of our facilities, however, have been in industrial use for many years, including prior to our ownership. It is possible that some of these facilities may have contamination. As such, obligations to investigate or remediate contamination or related liabilities may be imposed on us in the future, such as in the event of the discovery of contamination at any of our current or former sites or in the event of a change at a facility such as its closure or sale. In addition, private parties may have the right to pursue legal action to enforce compliance as well as to seek damages for violations of such laws and regulations or for personal injury or property damage. Our insurance may not cover all environmental, health and safety risks and costs or may not provide complete coverage in the event of an environmental, health or safety claim against us. Any such obligations, liabilities or actions could have a material adverse effect on our business, results of operations and financial condition.

In addition to the risks identified above arising from actual or potential statutory and regulatory controls, severe weather, rising seas, higher temperatures and other effects that may be attributable to climate change may impact any manufacturing sector in terms of direct costs (e.g., property damage and disruption to operations) and indirect costs (e.g., disruption to customers and suppliers and higher insurance premiums). To the extent that such conditions negatively affect our operations, they could have a material adverse effect on our business, results of operations and financial condition. See "—Risks Related to our Business and Operations—Our operations could be adversely affected by weather conditions."

We may be assessed environmental fines or penalties, which, if substantial, could have a material adverse effect on our business, results of operations and financial condition.

In recent years, by means of a Section 114 information request under the Clean Air Act, the U.S. Environmental Protection Agency ("EPA") imposed multi-million dollar penalties on several companies operating cement plants in the United States. Most of these penalties were for various violations of Prevention of Significant Deterioration ("PSD") permitting requirements, focused on emissions of sulfur dioxide and nitrogen oxides. The EPA issued two Section 114 information requests for our Rapid City, South Dakota plant in June 2009 and August 2009 and one Section 114 information request for our Tijeras, New Mexico plant in February 2011. Although we received communication from the EPA that no PSD violations were discovered from any of these investigations, the EPA assessed a penalty of U.S.$70,000 for other violations at our Rapid City, South Dakota plant.

In addition, the EPA or other environmental regulatory authorities have assessed approximately ten penalties against us since 2006. These assessed penalties were all less than U.S.$100,000 each. We cannot predict if we will be subject to additional fines and, if so, whether such fines will be material.

It may be difficult to enforce civil liabilities against us or our directors, controlling persons or subsidiaries, or to enforce in Mexican courts judgments obtained against us in the United States.

We are a publicly listed variable capital stock corporation (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico and some of the Guarantors are companies organized and existing under the laws of Mexico. Substantially all of our directors and officers and some of the persons named in this offering memorandum reside in Mexico and all or a significant portion of the assets of those persons may be, and the majority of our assets are, located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or against us in U.S. courts, judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

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

Risks Related to our Indebtedness, the Notes and the Guarantees

We may not be able to generate sufficient cash to service the notes or our other indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations, including the notes and the amortization payments under the Term Loan Facility, depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on the notes or our other indebtedness, including the amortization payments under the Term Loan Facility.

If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, including the notes, sell assets, reduce or delay capital investments, or seek to raise additional capital. The global equity and credit markets in the last few years have experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective and outstanding debt financings to widen considerably. This volatility and illiquidity has materially and adversely affected a broad range of fixed income securities. As a result, the market for fixed income securities has experienced decreased liquidity, increased price volatility, credit downgrade events and increased defaults. Global equity markets have also been experiencing heightened volatility and turmoil, with issuers exposed to the credit markets being most seriously affected. The disruptions in the financial and credit markets may continue to adversely affect our credit rating and the market value of our common stock. If the current pressures on credit continue or worsen, and alternative sources of financing continue to be limited, we may be dependent on the issuance of equity as a source to repay our existing indebtedness.

Conditions in the capital markets have been such that traditional sources of capital, including equity capital, from time to time have not been available to us on reasonable terms or at all. As a result, we cannot guarantee that we would be able to successfully raise additional debt or equity capital at all or on terms that are favorable to us. We may also be dependent on asset sales and divestitures, although we currently have no such plans. However, disruptions in the financial and credit markets may continue to adversely affect the ability of potential buyers, including us, to obtain adequate financing in a timely manner or at all. If the global recession deepens and our operating results worsen significantly, if we were unable to complete debt or equity offerings or if any planned divestitures and/or our cash flow or capital resources prove inadequate, we could face liquidity problems and may not be able to comply with the schedule of amortization payments under the Term Loan Facility, or refinance our indebtedness.

In the past, we have been unable to comply with the restrictions and covenants in our Existing Credit Facility and our Privately Placed Notes and have in some instances obtained waivers, but we nonetheless have prepared our financial statements on the basis that we will be able to continue as a going concern.

On April 27, 2010, we agreed with our bank and bond creditors to restructure our then outstanding debt instruments following our inability to comply with certain financial covenants as of the end of 2008 and with respect to subsequent periods, in part due to the strong devaluation of the Mexican peso against the U.S. dollar at the end of 2008. Because of the depreciation of the Mexican peso, the carrying amount of our U.S. dollar-denominated debt in our financial statements increased to reflect the additional Mexican pesos required to fund the debt. In connection with the renegotiation of our debt, we agreed to amend and restate our then outstanding debt instruments, to provide a pledge of equity of certain of our subsidiaries as collateral and to agree to certain operating restrictions and mandatory prepayment obligations, and the maturity date on all our outstanding indebtedness was reset to May 27, 2015.

On September 30, 2011, we agreed to amendments with our lenders to our Existing Credit Facility, including with respect to certain financial covenants for the fiscal quarters ended December 31, 2011, March 31, 2012 and June 30, 2012. On June 29, 2012, our bank and bond creditors waived our obligation to comply with certain financial covenants under our Existing Credit Facility and the Privately Placed Notes with respect to the fiscal quarters ended on June 30, 2012 and September 30, 2012. Given that the waiver does not extend to any period subsequent to September 30, 2012 and that there can be no assurance that we will be in compliance with those financial covenants after such date, we have classified such borrowings as current in the statement of financial position as of September 30, 2012, which raises significant doubt about our ability to continue as a going concern.

There is a material uncertainty regarding whether external events will affect, and there can be no assurance that external events will not affect, our ability to comply with our covenants or cause a default under the terms of our debt instruments, including the notes, or that our bank or bond creditors will waive such obligations or defaults in the future. In addition, if we are unable to obtain the appropriate financing, including the offering of the notes and the Term Loan Facility, we may not be able to comply with the debt obligations in our existing debt instruments and as a result we could be in default thereunder. See "—The indenture governing the notes, the Term Loan Facility and the instruments governing our other debt contain cross-payment and cross-acceleration provisions that may cause substantially all of the debt we have issued or incurred to become immediately due and payable as a result of a default under any one of our debt instruments."

Our financial statements nonetheless have been prepared on the basis that we will be able to continue as a going concern. As a result, our interim consolidated financial statements do not include any adjustment relating to the recoverability and classification of asset carrying amounts or the amounts and classification of liabilities that might result should we be unable to continue as a going concern. See note 7(x) to our interim consolidated financial statements.

The indenture governing the notes, the Term Loan Facility and the instruments governing our other debt contain cross-payment and cross-acceleration provisions that may cause substantially all of the debt we have issued or incurred to become immediately due and payable as a result of a default under any one of our debt instruments.

The indenture governing the notes, the Term Loan Facility and the instruments governing our other debt will contain certain affirmative and negative covenants. The failure to comply with the obligations contained in our existing or future debt instruments could result in an event of default under those agreements. An event of default under any of our debt instruments described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Indebtedness," could permit the acceleration of that debt and require us to pay any outstanding amounts to the holders of such debt prior to scheduled maturity. An event of default under any of our debt instruments, including the notes, may result in a default under any future debt agreements that contain cross-acceleration or cross-default provisions. In such case, we may not have sufficient funds to repay all or part of any such indebtedness, including the notes, that is accelerated, or be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

Our ability to service our debt, including the notes, may be materially and adversely affected by a devaluation or depreciation in the value of the Mexican peso compared to the U.S. dollar.

As of September 30, 2012, after giving *pro forma* effect to the issuance of the notes and the Term Loan Facility and the application of the proceeds therefrom, we would have had U.S.$509.6 million of debt outstanding. Although the acquisition of Alliance Transportation and The Bosshart Company, Inc. ("Bosshart") in 2008 increased our U.S. assets substantially, we nonetheless continue to rely on our non-U.S. assets to generate revenues to service our U.S. dollar-denominated debt. In the first nine months of 2012, approximately 70% of our net sales were generated in the United States. To the extent the amount of net sales generated in U.S. dollars is not sufficient to cover the cost of our indebtedness, we must use a portion of cash derived from our Mexican peso net sales to cover our financing costs. Any significant devaluation or depreciation of the Mexican peso could limit our ability to convert our currency into U.S. dollars to make timely principal and interest payments and therefore adversely affect our ability to service our debt. During the first nine months of 2012, the Mexican peso appreciated approximately 8.6% against the U.S. dollar. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risk—Exchange Rate Risk." In addition, in the event of a depreciation of the Mexican peso, the carrying amount of our U.S. dollar-denominated debt in our financial statements will increase to reflect the additional Mexican pesos required to fund the liabilities. For example, the end of 2008 saw a strong devaluation of the Mexican peso against the U.S. dollar, which led to our defaulting on certain financial covenants that we were required to maintain under the agreements governing our interest-bearing indebtedness and forced us to restructure our debt. If our U.S. dollar-denominated sales continue to be insufficient to cover our amortization and interest payments under our U.S. dollar-denominated debt, we will continue to be adversely affected by any devaluation of the Mexican peso against the U.S. dollar, which could have a material adverse effect on our ability to make these payments, including payments under the notes, when due.

Our indebtedness could adversely affect our financial condition, our ability to fulfill our obligations under the notes and our ability to capitalize on business opportunities.

In the years following this offering, we will have to use a substantial portion of our cash flow to service our debt, including the notes and the amortization payments under the Term Loan Facility, which could affect our ability to make acquisitions and capital investments and to effectively compete with our competitors, as well as increase our vulnerability when faced with adverse economic and industry-specific conditions, including increased interest rates, increases in the price of raw materials, fluctuations of foreign currency exchange rates, market volatility and decreases in sales. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources." These events could adversely affect our ability to fulfill our obligations under the notes.

A significant portion of our indebtedness bears interest at a floating rate, which could have a significant adverse effect on our liquidity and ability to pay principal or interest with respect to our debt, including the notes.

Our indebtedness under our Existing Credit Facility bears, and our indebtedness under the Term Loan Facility will bear, interest by reference to the London Interbank Offered Rate ("LIBOR"). As a result, any increase in LIBOR directly affects our comprehensive financing cost under MFRS or result from financial activities under IFRS, by increasing our financing costs and the amount of interest payable. We have not hedged this exposure. Any material increase in LIBOR could have a significant adverse effect on our liquidity and ability to service our debt, including the notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risk—Interest Rate Risk."

Uncertainty in the value of LIBOR or the development of a market view that LIBOR has been or is being manipulated could adversely affect the market value, liquidity and secondary market value of the Notes.

Regulators and law-enforcement agencies from a number of governments, including entities in the United States, Japan, Canada and the United Kingdom, are conducting civil and criminal investigations into whether the banks that contribute to the British Bankers' Association (the "BBA") in connection with the calculation of LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR. Actions by the BBA, regulators or law-enforcement agencies may affect LIBOR (and/or the determination thereof) in unknown ways, including, among others by changing the methodology of setting LIBOR. Any of such actions or other effects from such investigations could adversely affect the liquidity and value of the notes. For example, any uncertainty in the value of LIBOR or the development of a market view that LIBOR has been or is being manipulated by BBA member banks could adversely affect the market value of the notes and their liquidity and secondary market value.

The indenture and the terms of our other indebtedness impose significant operating and financial restrictions, which may prevent us from capitalizing on business opportunities and may impede our ability to refinance our indebtedness.

The indenture governing the notes and the Term Loan Facility will impose significant operating and financial restrictions on us. These restrictions limit our ability, among other things, to:

- incur debt;
- guarantee indebtedness;
- pay dividends on stock;
- redeem stock or redeem subordinated debt;
- make investments and capital expenditures;
- sell assets, including capital stock of subsidiaries;
- enter into agreements that restrict dividends or other distributions from restricted subsidiaries;

- enter into transactions with affiliates, except for transactions on an arm's-length basis;
- create or assume liens;
- engage in mergers or consolidations;
- make prepayments and modifications of indebtedness; and
- enter into a sale of all or substantially all of our assets.

These covenants are subject to a number of important limitations and exceptions. See "Description of Notes—Covenants." In particular, although the indenture governing the notes will contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of important qualifications and exceptions, and the debt incurred in compliance with these restrictions could be substantial.

In the event of a default under the indenture, the holders of the notes could seek to declare all amounts outstanding under the notes, together with accrued and unpaid interest, if any, to be immediately due and payable. In addition, our indebtedness contains cross-payment and cross-acceleration provisions. If the indebtedness under the notes or certain other existing debt obligations were to be accelerated, we can offer no assurance that our assets would be sufficient to repay in full that indebtedness and our other indebtedness.

These restrictions could limit our ability to seize attractive growth opportunities for our businesses, particularly if we are prohibited from obtaining financing or making investments that are necessary to take advantage of such opportunities. These restrictions may also significantly impede our ability, and the ability of our subsidiaries, to develop and implement refinancing plans in respect of our debt or the debt of our subsidiaries. We cannot guarantee that we will be capable of complying with all the obligations and limitations under the instruments governing our indebtedness, including under the indenture. The failure to fulfill any such obligations and limitations could result in an event of default, including under the indenture, which could adversely and materially affect our business, results of operations and financial condition, as well as the ability to fulfill our obligations under the notes.

We are also subject to certain events of default, including those triggered by:

- breaches of our affirmative and negative covenants;
- cross-defaults under our other debt instruments;
- the payment by us of monetary obligations pursuant to judicial or arbitral resolutions;
- certain government expropriations of our assets;
- the initiation of bankruptcy proceedings; and
- the occurrence of a change of control.

In addition, a default under the indenture could result in the notes and debt issued under other instruments becoming immediately due and payable. See "—The Indenture governing the notes, the Term Loan Facility and the instruments governing our other debt contain cross-payment and cross-acceleration provisions that may cause substantially all of the debt we have issued or incurred to become immediately due and payable as a result of a default under any one of our debt instruments." In that event, we would need to raise funds from alternative sources, which may not be available to us on favorable terms, on a timely basis or at all. Alternatively, such a default could require us to sell all or substantially all of our assets and/or otherwise divest from our operations in order to pay our creditors.

In addition, in connection with the entry into any new financings or amendments to existing financing arrangements, our and our subsidiaries' financial and operational flexibility may be further reduced as a result of more restrictive covenants, requirements for security and other terms that are often imposed on sub-investment grade entities.

The guarantees of the notes may not be enforceable under Mexican insolvency law and their enforceability may be uncertain under U.S. bankruptcy law.

The guarantees provide a basis for a direct claim against the Guarantors; however, it is possible that guarantees may not be enforceable under Mexican law. Although Mexican law does not explicitly prohibit the giving of guarantees, whether a particular guarantee is valid, binding and enforceable against a guarantor may depend on the solvency of such Guarantor under Mexican Insolvency Law (*Ley de Concursos Mercantiles*). For example, in the event that any Guarantor becomes subject to a reorganization proceeding (*concurso mercantil*) or to bankruptcy (*quiebra*), its guarantee may be deemed to have been a fraudulent transfer and declared void if such Guarantor is deemed not to have received fair consideration in exchange for the granting of such guarantee. Furthermore, pursuant to Mexican Insolvency Law, if either the Company or any of the Guarantors is declared insolvent (*en concurso mercantil*) or bankrupt (*en quiebra*), certain claims, such as labor claims, claims of tax authorities for unpaid taxes, social security quotas, workers' housing fund quotas, retirement fund quotas, litigation costs, fees and expenses related to the administration of the bankruptcy estate, as well as claims from secured creditors or creditors with specific privileges against the Company or the Guarantors in Mexico will have priority over claims of the holders of the notes.

If the Company or GCC of America were to become the subject of a case under title 11 of the United States Code, we cannot predict whether any distribution in respect of the notes or the guarantees, as applicable, would be made or how long such distribution, if any, might be delayed.

Our obligations under the notes would be converted in the event of bankruptcy.

Under Mexico's Insolvency Law (*Ley de Concursos Mercantiles*), if we or any of the Guarantors are declared bankrupt or in *concurso mercantil*, our obligations and the obligations of such Guarantor under the notes, respectively:

- would be converted into Mexican pesos and then from Mexican pesos into inflation-adjusted units, or *unidades de inversion* (known as UDIs);
- would be satisfied at the time claims of all our creditors are satisfied;
- would be subject to the outcome of, and priorities recognized in, the relevant proceedings, which differ from those in other jurisdictions such as the United States, including with respect to the treatment of intercompany debt;
- would cease to accrue interest from the date the *concurso mercantil* is declared;
- would not be adjusted to take into account any depreciation of the Mexican peso against the U.S. dollar occurring after such declaration; and
- would be subject to certain statutory preferences, including tax, social security and labor claims, and claims of secured creditors (up to the value of the collateral provided to such creditors).

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

Fraudulent transfer laws permit a court to void the notes offered hereby and the guarantees, and, if that occurs, you may not receive any payments on the notes or may be required to return payments you have received on the notes.

The issuance of the notes and the guarantees may be subject to review under fraudulent transfer and conveyance statutes, or similar laws, if a bankruptcy, liquidation or reorganization case or a lawsuit (including under circumstances in which bankruptcy is not involved) were commenced at some future date by us, by the Guarantors or on behalf of our unpaid creditors or the unpaid creditors of a Guarantor. While the relevant laws may vary from jurisdiction to jurisdiction, under such laws the issuance of the notes or the guarantees offered hereby may be considered a fraudulent conveyance if (1) the consideration was paid with the intent of hindering, delaying or defrauding creditors or (2) we or any of the Guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for issuing the notes or a guarantee, and, in the case of (2) only, one of the following is also true:

- we or any of the Guarantors were or was insolvent or rendered insolvent by reason of issuing the notes or the guarantees;
- payment of the consideration left us or any of the Guarantors with an unreasonably small amount of capital to carry on our or its business; or
- we or any of the Guarantors intended to, or believed that we or it would, incur debts beyond our or its ability to pay as they mature.

If a court were to find that the issuance of the notes or a guarantee was a fraudulent conveyance, the court could void the payment obligations under the notes or the guarantees or further subordinate the notes or such guarantees to existing and future indebtedness of ours or such Guarantor, or require the holders of the notes to repay any amounts received with respect to the notes or such guarantees. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the notes or the guarantees. Further, the voidance of the notes could result in an event of payment with respect to our other debt and that of the Guarantors that could result in acceleration of such debt. See "—The indenture governing the notes, the Term Loan Facility and the instruments governing our other debt contain cross-payment and cross-acceleration provisions that may cause substantially all of the debt we have issued or incurred to become immediately due and payable as a result of a default under any one of our debt instruments." The measures of insolvency for purposes of fraudulent conveyance laws vary depending upon the law of the jurisdiction that is being applied. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts and other liabilities, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

We cannot be certain as to the standards a court would use to determine whether or not we or the Guarantors were solvent at the relevant time, or regardless of the standard that a court uses, that the issuance of the notes and the guarantees would not be subordinated to our or any Guarantors' other debt.

If the guarantees were legally challenged, any guarantee could also be subject to the claim that, since the guarantee was incurred for our benefit, and only indirectly for the benefit of the Guarantor, the obligations of the applicable Guarantor were incurred for less than fair consideration. A court could thus void the obligations under the guarantees, subordinate them to the applicable Guarantor's other debt or take other action detrimental to the holders of the notes.

Payment of judgments against us and the Guarantors on the notes may not be in U.S. dollars.

If proceedings are brought in Mexico seeking to enforce our or the Guarantors' obligations in respect of the notes, we or the Guarantors would not be required under Mexican law to discharge those obligations in a currency other than Mexican currency. Under the Monetary Law of the United Mexican States (*Ley Monetaria de los Estados Unidos*

Mexicanos), an obligation, whether resulting from the enforcement of a judgment, a judgment arising from an initial action or by agreement, denominated in a currency other than Mexican currency, that is payable in Mexico, may be satisfied in Mexican currency at the rate of exchange in effect on the date of payment. That rate currently is determined by *Banco de México* every banking day and published in the Federal Official Gazette of Mexico (*Diario Oficial de la Federación)*. The amount paid by us or the Guarantors in Mexican pesos to holders of the notes may not be readily convertible into the amount of U.S. dollars we or the Guarantors are obligated to pay under the indenture or may not result in an amount of U.S. dollars equal to the amount owed by us or the Guarantors due to exchange losses. Although we have agreed to certain provisions in the indenture to indemnify holders of the notes against exchange losses, that indemnity may be unenforceable in Mexico, and no separate action exists or is enforceable in Mexico for compensation for any such shortfall.

New York laws may not be recognized in a judicial proceeding in Mexico.

Although the choice of New York law as the governing law for the notes would be recognized by courts in Mexico in the case of a dispute before a court in Mexico, the Mexican court would only recognize the substantive laws of New York and would apply the laws of Mexico with respect to procedural matters. For example, the application of any foreign law in Mexico is subject to Mexican procedural rules of evidence. In addition, a Mexican court may refuse to apply or enforce provisions governed by New York law if it determines that such provisions are contrary to the public policy of Mexico.

The notes will be structurally subordinated to the obligations of our non-Guarantor subsidiaries.

We are a holding company that conducts all of our operations through our subsidiaries. At issuance, the notes will only be guaranteed by the Guarantors and, therefore, are effectively subordinated to all existing and future liabilities of our non-Guarantor subsidiaries. As of September 30, 2012, after giving *pro forma* effect to the issuance of the notes, the Term Loan Facility, and the application of the proceeds therefrom, our non-Guarantor subsidiaries taken together would have had Ps.3.6 million (U.S.$0.3 million) of consolidated total indebtedness. Our non-Guarantor subsidiaries accounted for Ps.0.0 million (U.S.$0.0 million), or 0.0%, of our revenues, and reduced EBITDA by Ps.(144.0) million (U.S.$(11.0) million), in each case for the nine months ended September 30, 2012. In addition, our non-Guarantor subsidiaries had net assets of Ps.604.0 million (U.S.$47.0 million), or 3.0% of our net assets, and liabilities of Ps.459.0 million (U.S.$36.0 million), or 5.0% of our total liabilities, in each case as of September 30, 2012. Our non-Guarantor subsidiaries are separate legal entities and have no obligation, contingent or otherwise, to pay amounts due under the notes or to make any funds available for such purpose. In addition, any right that we or the Guarantors have to receive assets of any of the non-Guarantor subsidiaries upon a liquidation or reorganization of any such subsidiary, and therefore the rights of holders of notes to realize proceeds from the sale of any such subsidiary's assets, will be effectively subordinated to the claims of any such subsidiary's creditors, including trade creditors and holders of debt of that subsidiary. In addition, payments to us by our subsidiaries may be subject to legal restrictions on the repatriation of earnings or currency exchange.

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

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

We may not be able to repurchase the notes upon a change of control.

Under the indenture, if a change of control (as defined in the indenture) occurs, we must offer to repurchase all outstanding notes for a price equal to 101% of the principal amount of the notes, plus any accrued and unpaid interest. However, we may not have sufficient funds available to us to make any required repurchases of the notes upon a change of control. We may require additional financing from third parties to fund any such repurchase, and we may not be able to obtain additional financing on favorable terms, on a timely basis or at all. In addition, other instruments governing our indebtedness may contain similar provisions or provisions under which the exercise of a right to require us to repurchase the notes upon a change of control may cause an event of default under such instruments even if the change of control itself does not. Accordingly, we may not be able to satisfy our obligations to repurchase the notes unless we are able to refinance or obtain waivers under such other debt instruments. In order to avoid the obligation to repurchase the notes, certain events of default and potential breaches under the Term Loan Facility, we may have to avoid certain change of control transactions that would otherwise be beneficial to us. A change of control transaction may also result in an event of default under the

Term Loan Facility and agreements governing any future indebtedness, which may result in the acceleration of such indebtedness.

The periodic reporting requirements required under the indenture governing the notes will be different and less burdensome than the ones that would apply to us if we had agreed to register the notes.

We do not presently file periodic reports and other information with the SEC, and the indenture governing the notes will not require us to file such reports or other information. Instead, we will be required to provide holders of the notes and the trustee with annual and quarterly reports, including English translations, which will be more limited in certain significant respects than the periodic reporting requirements that apply to public companies under the Exchange Act. In addition, our interim consolidated financial statements, annual consolidated financial statements and the other financial data included in this offering memorandum and in any annual or periodic reports we make available to holders in the future differ from U.S. GAAP and the regulations published by the SEC. See "Presentation of Financial and Other Information."

Our credit ratings do not reflect all risks associated with investing in the notes.

Our credit ratings constitute the rating agencies' assessment of our ability to meet our payment obligations as they become due. Therefore, actual or expected changes to our credit agencies will generally affect the market value of the notes. The credit ratings, which may be revised or withdrawn at any time, do not represent a recommendation to buy, sell or hold the notes. Each rating agency's credit rating should be evaluated independently of credit ratings issued by other rating agencies.

The ability of holders to transfer the notes will be limited.

We are relying upon an exemption from registration under the Securities Act and applicable U.S. state securities laws to offer the notes. We have not and do not intend to register the notes under the Securities Act or any applicable U.S. state securities laws, and we have not undertaken to conduct any registered exchange offer for the notes. Therefore, the notes may not be transferred or resold except pursuant to an exemption from the registration requirements of the Securities Act and applicable U.S. state securities laws or pursuant to an effective registration statement. See "Transfer Restrictions; Notice to Investors" for an explanation of these restrictions.

There may not be a liquid trading market for the notes.

The notes are new securities with no established trading market. We will apply to list the notes on the Official List of the Irish Stock Exchange and for trading on the GEM. However, we cannot assure you that the listing application will be approved. Even if admission to listing is obtained, we will not be required to maintain it. If an active market for the notes were to develop, the notes may trade at a discount from their initial offering price, depending upon many factors, including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition. In addition, the initial purchasers have advised us that they intend to make a market in the notes, but the initial purchasers will not be obligated to do so and may discontinue any market-making in the notes, at any time, in their sole discretion. Accordingly, we cannot assure you as to the development or liquidity of any trading market for the notes. If a market for any of the notes does develop, the price of the notes may fluctuate and liquidity may be limited. If a market for any of the notes does not develop, purchasers may be unable to resell such notes for an extended period of time, if at all. If an active market for the notes does not develop or is interrupted, the market price and liquidity of the notes may be adversely affected.

In addition, trading or resale of the notes (or beneficial interests therein) may be negatively affected by other factors described in this offering memorandum arising from this transaction or the market for securities of Mexican issuers generally.

Risks Related to the Collateral

The Collateral will be shared on an equal and ratable basis among certain senior creditors of the company and its value may not be sufficient to satisfy our obligations under the notes.

The notes will be secured by first-priority liens on the Collateral (as defined under "Description of Notes—Security Interest") and the holders of the notes will share a security interest in the Collateral on an equal and ratable basis with the lenders under the Term Loan Facility. In the event of a foreclosure on the Collateral, we would be required to pay certain fees and other amounts prior to distribution of any amount in respect of the notes and the other obligations secured by the Collateral, which amounts would then be shared on a *pro rata* basis among the notes and the obligations under the Term Loan Facility. We can provide no assurance as to the amount that would be distributed in respect of the notes upon any foreclosure or otherwise, or that the proceeds from the sale of the Collateral would be sufficient to satisfy our obligations under the notes.

The value of the Collateral and any amount to be received at foreclosure will depend upon many factors including, among others, changes in our industry, the ability to sell the Collateral in an orderly sale, the availability of buyers, the flexibility given by the Mexican courts to sell the Collateral, our ability to create and perfect first-priority liens on our existing and future real estate or other existing and future Collateral after the closing of this offering, the condition of the Mexican and U.S. economies and exchange rates. No appraisal of any portion of the Collateral has been prepared by us or on our behalf in connection with the offering and sale of the notes or is expected to be prepared while the notes are outstanding. Given our competitive position in the Mexican market, there may be no buyers who are willing and able to purchase a significant portion of our assets in the event of a foreclosure sale of the Collateral. Each of these factors could reduce the likelihood of a foreclosure as well as reduce the amount of any proceeds in the event of foreclosure and thus cash available to holders of the notes.

The rights of holders of the notes will be governed, and materially limited, by the Intercreditor and Collateral Agency Agreement. Holders of the notes will not be entitled to direct the foreclosure on, or foreclose on, the Collateral.

The rights of the holders of the notes with respect to the Collateral securing the notes will be materially limited pursuant to the terms of the Intercreditor and Collateral Agency Agreement. The Collateral Agent may foreclose on the Collateral if (i) a "Significant Event" (as defined under "Description of Notes"), which includes acceleration by any group of secured creditors, certain bankruptcy events, commencement of certain enforcement actions relating to the Collateral and sale of all or substantially all assets) has occurred and is continuing and creditors have delivered a notice to the Collateral Agent requesting that the creditors initiate a vote with respect to any enforcement action proposed to be taken in respect of the Collateral and (ii) eligible lenders representing 50% or more of the principal amount then outstanding under the Term Loan Facility have determined to enforce the security interest. As long as the obligations under the Term Loan Facility (or any refinancing thereof with bank refinancing indebtedness that is permitted to be incurred under the indenture and the Term Loan Facility) remain outstanding, neither the holders of the notes nor the trustee have any rights to initiate or in respect of any action to foreclose on, or otherwise exercise remedies with respect to, the Collateral or otherwise have any enforcement rights with respect to the Collateral, even if the rights of the notes are adversely affected.

Subject to the terms of the Intercreditor and Collateral Agency Agreement, the required holders of the notes would be entitled to take action with respect to the Collateral only in the event that the obligations under the Term Loan Facility are repaid in full and so long as such obligations have not been refinanced with bank refinancing indebtedness that is permitted to be incurred under the indenture and the Term Loan Facility. In such event, eligible holders of the notes and other permitted refinancing creditors representing 50% or more of the principal amount of senior debt obligations then outstanding may direct the Collateral Agent to enforce the security interest.

In addition, the rights of the eligible creditors under the Intercreditor and Collateral Agency Agreement to foreclose upon and sell the Collateral upon the occurrence of Significant Event also would be subject to limitations under applicable insolvency (*concurso mercantil*) or bankruptcy laws if the Company or any of its subsidiaries become subject to an insolvency (*concurso mercantil*) or bankruptcy proceeding.

Under the terms of Intercreditor and Collateral Agency Agreement, once all obligations under the Term Loan Facility have been repaid in full, the holders of the notes will only benefit from the Intercompany Trust Agreement, which governs the voting and other treatment of our intercompany indebtedness in the event of a *concurso mercantil*, as long as we have not achieved an Investment Grade Rating from two of the Rating Agencies. Once we have obtained an Investment Grade Rating from two of the Rating Agencies, the Intercompany Trust Agreement will terminate and the holders of the notes will no longer benefit from the Intercompany Trust. See “Description of Notes—Intercompany Trust Agreement

Impediments exist to any foreclosure on the Collateral, which may adversely affect the proceeds of any foreclosure.

Some of the documents that create liens on the Collateral for the benefit of the notes will be governed by the laws of Mexico, and a significant portion of the Collateral is located in Mexico. Any foreclosure would therefore need to comply with Mexican legal and procedural requirements, which require that foreclosure only be permitted upon receipt of a judicial order, or after the extrajudicial procedure contemplated in a guarantee trust is completed, and differ substantially from those in the United States. In particular, except in foreclosure proceedings related to assets held by a guarantee trust, Mexican law does not allow for self-executing mechanisms or expedited foreclosure proceedings with respect to the types of liens that are contemplated to exist on the Collateral. Any proceeding against the Collateral not held in a guarantee trust in Mexico would need to be initiated in a Mexican court and could involve significant delays. A Mexican court is likely to require a judgment regarding the existence of an event of default under the indenture from a U.S. court prior to any foreclosure. We may also have defenses available to us under Mexican law to foreclosure proceedings that are not available under U.S. law. In addition, foreclosure proceedings would need to be brought under U.S. law with respect to certain of the Collateral. These delays could result in a decrease in the value of the Collateral that would otherwise be realizable upon foreclosure. During this period, the cash proceeds from any sales of assets that we are not required to hold in a segregated account with the Collateral agent, if any, may become commingled with our other cash assets and therefore may not be identifiable.

Rights of holders of the notes in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Applicable law requires that a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens on the Collateral may not be perfected with respect to the claims of the holders of the notes if the Collateral Agent does not take the actions necessary to perfect these liens. Neither the trustee nor the Collateral Agent has an obligation to monitor the perfection of any security interest. Such failure may result in the loss of the security interest in favor of the notes in the Collateral or the priority of the security interest in favor of the notes against third parties.

There are circumstances other than repayment or discharge of the notes under which the Collateral securing the notes will be released automatically without your consent or the consent of the trustee.

The notes will cease to be secured in accordance with the provisions of the Intercreditor and Collateral Agency Agreement, which provides that the Collateral will be released if our consolidated leverage ratio is below 2.75 to 1.00 for the two most recently ended consecutive fiscal quarters. The liens on the Collateral will be subject to reinstatement if our consolidated leverage ratio is equal to or greater than 2.75 to 1.00 for any fiscal quarter thereafter. As a result, we cannot assure holders of the notes that the notes will continue to be secured by the Collateral. Holders of the notes will have no recourse to the Collateral in the event that it is released, unless the Collateral has been reinstated in accordance with the terms of the Intercreditor and Collateral Agency Agreement. See “Description of Notes—Security Interest.”

EXCHANGE RATES

The following table sets forth, for the periods indicated, the high, low, average and period-end noon buying rate in New York City for cable transfers in Mexican pesos published by the Federal Reserve Bank of New York, expressed in Mexican pesos per U.S. dollar. The average annual rates presented in the following tables were calculated by using the average of the exchange rates on the last day of each month during the relevant period and the average monthly rates were calculated by using the average of the exchange rates on each day during the relevant period. We make no representation that the peso amounts referred to in this offering memorandum could have been or could be converted into U.S. dollars at any particular rate or at all.

For convenience purposes, we have translated U.S. dollar amounts for the year ended December 31, 2011 and the nine months ended September 30, 2012 in this offering memorandum at the exchange rate of Ps.13.9510 to U.S.$1.00 and Ps.12.8630 to U.S.$1.00, respectively, which were the prevailing noon buying exchange rates for cable transfers in foreign currencies as certified for customs purposes by the U.S. Federal Reserve, expressed in pesos per U.S. dollar on December 31, 2011 and September 28, 2012 (the last business day of the month being September 28, 2012), respectively. Exchange rates that we use for convenience purposes differ from the exchange rates we use in preparing our financial statements. See note 4(c) to our annual consolidated financial statements and note 7(c) to our interim consolidated financial statements for a description of the calculation of the average weighted exchange rate used in preparing our financial statements.

Period	High	Low	Average	Period End
2007	11.2692	10.6670	10.9253	10.9169
2008	13.9350	9.9166	11.2124	13.8320
2009	15.4060	12.6318	13.5777	13.0576
2010	13.1940	12.1556	12.6352	12.3825
2011	14.2542	11.5050	12.4638	13.9510
2012:				
January to September	14.3650	12.6250	13.2238	12.8630
July	13.7200	13.1066	13.3638	13.2669
August	13.3959	13.0597	13.1793	13.2401
September	13.1781	12.7409	12.9235	12.8630
October	12.7054	13.0925	12.8941	13.0877
November	13.2531	12.9171	13.0639	12.9171
December	13.0125	12.7202	12.8599	12.9880
2013:				
January (through January 18)	12.7891	12.5857	12.6942	12.6568

On January 18, 2013, the noon buying rate published by the Federal Reserve Bank of New York was Ps.12.6568 to U.S.$1.00.

USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting the initial purchasers' fees and commissions and other estimated expenses payable in connection with this offering will be approximately U.S.$250 million.

We intend to use the net proceeds from this offering, together with borrowings under the Term Loan Facility, (1) to repay in full all outstanding loans, obligations, interest, fees and costs and expenses of the Company and any other obligor under our Existing Credit Facility originally issued in the amount of U.S.$454.5 million and of which U.S.$214.5 million remains outstanding as of the date of this offering memorandum, (2) to redeem in full our U.S.$283.65 million principal amount of Privately Placed Notes pursuant to a notice of redemption to be given substantially simultaneously with the closing of this offering, (3) for all fees and costs and expenses in connection with the Term Loan Facility and (4) to the extent there is any excess of net proceeds after application under clauses (1) - (3) above, for general corporate purposes.

Affiliates of the initial purchasers are lenders under the Existing Credit Facility and as such are entitled to be repaid with the proceeds that are used to repay the Existing Credit Facility and will receive their portion of such payment. See "Plan of Distribution—Conflicts of Interest."

CAPITALIZATION

The following table sets forth our consolidated capitalization and indebtedness under IFRS as of September 30, 2012, on an actual basis and as adjusted to give effect to (i) the issuance of the notes, (ii) the execution of the Term Loan Facility and (iii) the application of the net proceeds from the offering of the notes and the borrowings under the Term Loan Facility as described in "Use of Proceeds."

U.S. dollar amounts in the table are translated from the Mexican peso amounts at a rate of Ps.12.9170 per U.S.$1.00 in accordance with the procedures for the presentation of the Company's reporting currency in the interim consolidated financial statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations and Financial Condition—Effects of Foreign Currency Exchange Rate Fluctuations on Results of Operations" and note 7(c) to the interim consolidated financial statements.

You should read this table in conjunction with "Use of Proceeds," "Selected Consolidated Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our annual consolidated financial statements and interim consolidated financial statements and the notes thereto.

	As of September 30, 2012			
	Actual		As adjusted	
	(in accordance with IFRS) (unaudited) (in millions)			
	Ps.	U.S.$	Ps.	U.S.$
Short-term debt				
Secured				
Existing Credit Facility	3,029.0	234.5[1]	—	—
Privately Placed Notes	3,663.9	283.6	—	—
Term Loan Facility[2][3]	—	—	48.6	3.8
Unsecured				
Loans	3.6	0.3	3.6	0.3
Total short-term debt	6,696.5	518.4	52.2	4.1
Long-term debt				
Secured				
Term Loan Facility[2][3]	—	—	3,171.4	245.5
Notes offered hereby[4]	—	—	3,358.4	260.0
Total long-term debt	—	—	6,529.8	505.5
Total debt	6,696.5	518.4	6,582.0	509.6
Equity				
Non-controlling interests	3.6	0.3	3.6	0.3
Equity attributable to equity holders of the parent	12,476.1	969.9	12,476.1	969.9
Total equity	12,479.7	970.2	12,479.7	970.2
Total capitalization	19,176.2	1,488.6	19,061.7	1,479.8

(1) As of the date of this offering memorandum, U.S.$214.5 million remains outstanding. The "As Adjusted" column reflects the repayment of U.S.$214.5 million.

(2) The Term Loan Facility will consist of a single syndicated term facility consisting of (1) a U.S. dollar-denominated tranche in an aggregate principal amount of U.S.$205 million and (2) a Mexican peso-denominated tranche in an aggregate principal amount

equivalent to U.S.$45 million using the exchange rate specified in the Term Loan Facility, which is the U.S. dollar / Mexican peso exchange rate published by the *Banco de México* three days before disbursement. The Mexican peso tranche presented in this table is equivalent to approximately Ps.572.1 million using the *Banco de México* exchange rate for January 31, 2013. Such amount is included for informational purposes only. The actual amount of the Mexican peso-denominated tranche in Mexican pesos will only be determined using the exchange rate specified in the Term Loan Facility and may be higher or lower than the amount presented herein due to the fluctuation of the Mexican peso against the U.S. dollar. For a description of the Term Loan Facility, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Indebtedness—Concurrent Transaction."

(3) The "As Adjusted" column reflects the short-term portion of the Term Loan Facility consisting of the amortized amount due during the first 12 months after draw down of the Term Loan Facility, which is planned to be on or about the settlement of the notes. The remainder is the long-term portion of the Term Loan Facility.

(4) Represents the aggregate principal amount of the notes and does not reflect the initial purchasers' discounts and commissions or original issue discount on the notes, if any.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables present our selected consolidated financial information and other data as of the dates and for each of the periods indicated. This information should be read in conjunction with, and is qualified in its entirety by reference to, our audited and unaudited consolidated financial statements, including the notes thereto. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Presentation of Financial and Other Information."

The selected consolidated financial information as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 has been derived from our annual consolidated financial statements contained elsewhere in this offering memorandum, which have been audited by Mancera S.C., a member practice of Ernst & Young Global, independent auditors. The selected consolidated financial information as of December 31, 2009, has been derived from our audited consolidated financial statements not included in this offering memorandum, which have been audited by Mancera S.C., a member practice of Ernst & Young Global, independent auditors.

The selected consolidated financial information as of September 30, 2012, December 31, 2011 and January 1, 2011 and for the nine months ended September 30, 2012 and 2011 has been derived from our interim consolidated financial statements, contained elsewhere in this offering memorandum. In our opinion, our interim consolidated financial statements include all adjustments necessary to present fairly in all material respects our financial condition and results of operations as of the dates and for the periods presented. The results of operations for the nine months ended September 30, 2012 are not necessarily indicative of the results to be expected for the year ending December 31, 2012 or for any other period.

Our annual consolidated financial statements have been prepared in accordance with MFRS and our interim consolidated financial statements have been prepared in accordance with IFRS, both of which are presented in Mexican pesos. The financial statements of our non-Mexican subsidiaries have been adjusted to conform to MFRS or IFRS, as the case may be, and translated into Mexican pesos. See note 4(b) to our annual consolidated financial statements.

MFRS differ in certain significant respects from IFRS. As a result, our interim consolidated financial statements and the other financial information contained in this offering memorandum prepared under IFRS are not directly comparable to our annual consolidated financial statements and the other financial information contained elsewhere in this offering memorandum prepared under MFRS. For a description of the principal differences between IFRS and MFRS as they relate to us and the nature and principal effects of adjustments arising from our adoption of IFRS, see note 30 to our interim consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations —Adoption of IFRS."

MFRS and IFRS both differ in certain respects from U.S. GAAP. We have not prepared a quantitative reconciliation of our annual consolidated financial statements and interim consolidated financial statements or other financial information to U.S. GAAP. Any such reconciliation could reveal material differences, which may be positive or negative, in our results of operations and financial condition from the annual consolidated financial statements and interim consolidated financial statements and other financial information contained in this offering memorandum. See "Summary of Differences between MFRS and U.S. GAAP" and "Risk Factors—Risks Related to Our Company—Our consolidated financial statements are prepared in accordance with MFRS and IFRS, which differ in significant respects from U.S. GAAP" for a description of the principal differences between MFRS and U.S. GAAP as they relate to us.

For convenience purposes, U.S. dollar amounts for the year ended December 31, 2011 and the nine months ended September 30, 2012 have been translated at the exchange rate of Ps.13.9510 to U.S.$1.00 and Ps.12.8630 to U.S.$1.00, respectively, which were the prevailing noon buying exchange rates for cable transfers in foreign currencies as certified for customs purposes by the U.S. Federal Reserve, expressed in pesos per U.S. dollar on December 31, 2011 and September 28, 2012 (the last business day of the month being September 28, 2012), respectively, solely for the convenience of the reader. Exchange rates that we use for convenience purposes differ from the exchange rates we use in preparing our financial statements. See note 4(c) to our annual consolidated financial statements and note 7(c) to our interim consolidated financial statements for a description of the calculation of the average weighted exchange rate used in preparing our financial statements.

	Year Ended December 31,			
	2011	2011	2010	2009
		(in accordance with MFRS) (in millions)		
	U.S.$ Convenience Translation	Ps.	Ps.	Ps.
Income Statement Data:				
Net sales	515.9	7,197.4	6,859.3	7,573.0
Cost of goods sold	426.3	5,947.1	5,537.1	5,744.4
Gross profit	89.6	1,250.3	1,322.2	1,828.6
Selling and administrative expenses	58.6	818.2	757.4	767.8
Operating income	31.0	432.1	564.8	1,060.8
Other expenses, net	(6.2)	(86.4)	(77.0)	(70.0)
Comprehensive financing cost:				
Financial expenses, net	(33.5)	(467.6)	(507.2)	(781.4)
Exchange gain (loss), net	2.2	30.8	4.9	(11.7)
Other financial expenses	(14.8)	(206.7)	(134.2)	—
Comprehensive financing cost	(46.1)	(643.4)	(636.4)	(793.1)
Income (loss) before taxes and discontinued operations	(21.3)	(297.7)	(148.6)	197.8
Income tax	45.7	637.3	33.7	25.6
Income (loss) before discontinued operations	24.3	339.7	(114.9)	223.4
Income (loss) from discontinued operations, net of income taxes[1]	(17.8)	(248.5)	198.2	229.9
Consolidated net income	6.5	91.2	83.3	453.3
Net income attributable to:				
Controlling interest	6.5	90.8	35.2	369.0
Non-controlling interest	0.0	0.4	48.1	84.3
Consolidated net income	6.5	91.2	83.3	453.3

	As of December 31,			
	2011	2011	2010	2009
		(in accordance with MFRS) (in millions)		
	U.S.$ Convenience Translation	Ps.	Ps.	Ps.
Balance Sheet Data:				
Cash and cash equivalents	84.7	1,181.5	1,021.6	1,537.2
Property, plant and equipment, net	918.3	12,810.9	12,668.1	13,793.4
Total assets	1,693.3	23,623.0	24,217.0	26,343.1
Current portion of long-term debt	37.4	521.8	934.9	1,756.6
Long-term debt	499.8	6,972.3	7,275.2	7,293.4
Total liabilities	791.3	11,039.0	12,366.0	13,736.7
Total shareholders' equity	902.0	12,584.0	11,851.0	12,606.4

	Year Ended December 31,			
	2011	2011	2010	2009
		(in accordance with MFRS) (in millions)		
	U.S.$ Convenience Translation	Ps.	Ps.	Ps.
Other Financial Data:				
EBITDA[2]	95.1	1,327.3	1,502.4	2,005.1
Total debt/EBITDA[3]	5.65	5.65	5.46	4.51

(Footnotes presented on following page)

	Nine Months Ended September 30,		
	2012	2012	2011
	(in accordance with IFRS) (unaudited) (in millions)		
	U.S.$ Convenience Translation	Ps.	Ps.
Income Statement Data:			.
Net sales	493.9	6,353.5	5,230.7
Cost of sales	393.3	5,058.5	4,190.3
Gross profit	100.7	1,294.9	1,040.4
Administrative and selling expenses	58.7	754.8	785.1
Operating income	42.0	540.1	255.3
Other expenses	0.0	0.7	2.0
Result from financial activities:			
Financial expenses	(30.5)	(392.7)	(401.7)
Financial income	1.9	25.0	25.2
Exchange gain (loss), net	(1.5)	(19.4)	25.8
Total	(30.1)	(387.1)	(350.7)
Income (loss) before taxes	11.9	152.3	(97.3)
Income taxes	11.8	151.1	(49.0)
Net consolidated income (loss) from continuing operations	23.6	303.5	(146.4)
Discontinued operations, net of income taxes[(4)]	—	—	(306.6)
Consolidated net income (loss)	23.6	303.5	(453.0)
Consolidated income (loss) related to:			
Equity holders of the parent	23.6	303.5	(452.7)
Non-controlling interests	—	—	(0.3)

	As of September 30,		As of December 31,	As of January 1,
	2012	2012	2011	2011
	(in accordance with IFRS) (unaudited) (in millions)			
	U.S.$ Convenience Translation	Ps.	Ps.	Ps.
Statement of Financial Position:				
Cash and cash equivalents	72.7	934.7	1,163.1	959.0
Property, plant and equipment, net	955.6	12,291.5	13,208.9	12,954.0
Total assets	1,666.6	21,437.6	22,742.6	22,531.3
Short-term liabilities	608.7	7,829.9	1,809.2	1,835.6
Long-term liabilities	87.7	1,128.0	8,266.2	8,841.0
Total liabilities	696.4	8,957.8	10,075.4	10,676.6
Total equity	970.2	12,479.7	12,667.2	11,854.7

	Nine Months Ended September 30,		
	2012	2012	2011
	U.S.$ Convenience Translation	Ps.	Ps.
Other Financial Data:			
EBITDA[(2)]	90.5	1,164.0	922.8

(1) Under MFRS, our consolidated financial statements through July 31, 2011 reflected the proportional consolidation of our 47.02% interest in SOBOCE, because we shared joint administrative and operational control over it. Effective September 1, 2010, the Government of Bolivia passed a presidential decree pursuant to which SOBOCE's 33.34% stake in FANCESA, was expropriated in favor of the Autonomous Departmental Government of Chuquisaca. On August 18, 2011, we sold our 47.02% interest in SOBOCE to Consorcio. See "Our Business—Legal Proceedings—Sale of SOBOCE." Our annual consolidated financial statements and all other financial and statistical data included in this offering

memorandum as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 have been restated to reflect SOBOCE as a discontinued operation in accordance with MFRS. Therefore, SOBOCE's results are reflected in the line item entitled "Income (loss) from discontinued operations, net of income taxes" in our consolidated statements of income. Our consolidated balance sheet has been restated to present the assets of SOBOCE as a discontinued operation in the line items entitled "Current assets of discontinued operations" and "Non-current assets of discontinued operations" and the liabilities of SOBOCE in the line items entitled "Current liabilities of discontinued operations" and "Long-term liabilities of discontinued operations." Consequently, the financial statements for each of the periods presented herein may differ from financial statements we previously have issued.

(2) EBITDA consists of consolidated net income (loss) after adding back or subtracting, as the case may be: (1) depreciation and amortization; (2) comprehensive financing cost (which includes financial expenses, financial income, foreign exchange loss (gain), net, effect and other financial expenses) under MFRS or result from financial activities (which includes financial expenses, financial income and exchange gain (loss), net under IFRS; (3) other expenses, net (which typically consists of non-recurring items under MFRS and non-operating items under IFRS); (4) provision (benefit) for income tax; and (5) discontinued operations, in each case as determined in accordance with MFRS or IFRS, as the case may be. In managing our business, we rely on EBITDA as a means of assessing our operating performance. We believe that EBITDA enhances the understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness as well as to fund capital expenditures and working capital requirements. We also believe EBITDA is a useful basis of comparing our results with those of other companies because it presents results of operations on a basis unaffected by capital structure and taxes. EBITDA, however, is not a measure of financial performance under MFRS, IFRS or U.S. GAAP and should not be considered as an alternative to net income (loss) as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of our overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses, income taxes, depreciation, amortization and the impact of foreign exchange loss (gain). Our calculation of EBITDA may not be comparable to other companies' calculation of similarly titled measures.

The following is a reconciliation of EBITDA to consolidated net income for the periods presented:

	Year Ended December 31,			
	2011	2011	2010	2009
		(in accordance with MFRS) (in millions)		
	U.S.$ (convenience translation)	Ps.	Ps.	Ps.
EBITDA	95.1	1,327.3	1,502.4	2,005.1
Less:				
Depreciation and amortization	64.2	895.1	937.6	944.2
Comprehensive financing cost	46.1	643.4	636.4	793.1
Other expenses, net	6.2	86.4	77.0	70.0
Income taxes	(45.7)	(637.3)	(33.7)	(25.6)
Income (loss) from discontinued operations, net of income taxes[1]	17.8	248.5	(198.2)	(229.9)
Consolidated net income	**6.5**	**91.2**	**83.3**	**453.3**

	Nine Months Ended September 30,		
	2012	2012	2011
		(in accordance with IFRS) (unaudited) (in millions)	
	U.S.$ (convenience translation)	Ps.	Ps.
EBITDA	90.5	1,164.0	922.8
Less:			
Depreciation and amortization	48.5	623.9	667.5
Result from financial activities	30.1	387.1	350.7
Other expenses, net	0.0	0.7	2.0
Income taxes	(11.8)	(151.1)	49.0
Discontinued operations, net of income taxes[4]	0.0	0.0	306.6
Consolidated net income (loss)	23.6	303.5	(453.0)

(3) Ratio is calculated based on the total debt in pesos and on the definition of EBITDA presented in footnote (2) above.

(4) Under IFRS, our interim consolidated financial statements through July 31, 2011 reflected our 47.02% interest in SOBOCE under the equity method of accounting because we shared joint administrative and operational control over it. Effective September 1, 2010, the Government of Bolivia passed a presidential decree pursuant to which SOBOCE's 33.34% stake in FANCESA, was expropriated in favor of the Autonomous Departmental Government of Chuquisaca. On August 18, 2011, we sold our 47.02% interest in SOBOCE to Consorcio. See "Our Business—Legal Proceedings—Sale of SOBOCE." Our interim consolidated financial statements and all other financial and statistical data included in this offering

memorandum for purposes of IFRS for the nine months ended September 30, 2011 has been presented to reflect SOBOCE as a discontinued operation in accordance with IFRS. As a result, SOBOCE's results are reflected in the line item entitled "Discontinued operations, net of income taxes" in our interim consolidated statements of income. However, our consolidated statement of financial position as of January 1, 2011 does not present our investment in SOBOCE as a discontinued operation as it was not classified as held for sale as of such date under IFRS.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with, and is qualified in its entirety by reference to, our annual consolidated financial statements and interim consolidated financial statements, including the notes thereto, and with the information under "Presentation of Financial and Other Information," "Summary Consolidated Financial Information" and "Selected Consolidated Financial Information," as well as other financial information included elsewhere in this offering memorandum. Our annual consolidated financial statements have been prepared in accordance with MFRS. Our interim consolidated financial statements have been prepared in accordance with IFRS. For a description of the principal differences between IFRS and MFRS as they relate to us and the nature and principal effects of adjustments arising from our adoption of IFRS, see note 30 to our interim consolidated financial statements. See also "Summary of Differences between MFRS and U.S. GAAP" and "Risk Factors—Risks Related to Our Company—Our consolidated financial statements are prepared in accordance with MFRS, which differ in significant respects from U.S. GAAP" for a description of the principal differences between MFRS and U.S. GAAP as they relate to us.

We present below information that is more detailed than the information included in our annual consolidated financial statements and interim consolidated financial statements. The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those discussed in the forward-looking statements as a result of various factors, including, but not limited to, those set forth in the sections "Cautionary Statement Regarding Forward-looking Statements" and "Risk Factors."

Our annual consolidated financial statements and interim consolidated financial statements are presented in Mexican pesos. Certain financial information as of and for the year ended December 31, 2011 and as of and for the nine months ended September 30, 2012, included in this offering memorandum is presented in U.S. dollars for the convenience of the reader, translated at the exchange rate of Ps.13.9510 to U.S.$1.00 and Ps.12.8630 to U.S.$1.00, respectively, which were the prevailing noon buying exchange rates for cable transfers in foreign currencies as certified for customs purposes by the U.S. Federal Reserve, expressed in pesos per U.S. dollar on December 31, 2011 and September 28, 2012 (the last business day of the month being September 28, 2012), respectively. Exchange rates that we use for convenience purposes differ from the exchange rates we use in preparing our financial statements. See note 4(c) to our annual consolidated financial statements and note 7(c) to our interim consolidated financial statements for a description of the calculation of the average weighted exchange rate used in preparing our financial statements. Certain tables may not add due to rounding.

Overview

We are a holding company operating in Mexico and the United States through subsidiaries. We are involved principally in the production, distribution, marketing and sale of cement and mortar, ready-mix concrete and aggregates. We also offer other products and services, including coal, concrete blocks, prefabricated products, transportation and developed land in Mexico. We have been in the cement business for over 70 years.

In the United States, we operate in the corridor from Texas to North Dakota. We have three cement plants with an annual production capacity of approximately 2.69 million tons in Tijeras, New Mexico, Rapid City, South Dakota and Pueblo, Colorado. We have 88 mobile ready-mix concrete plants and a fleet of 400 ready-mix concrete mixer trucks. We also have an underground coal mine in Colorado, with an estimated annual production of capacity of 800,000 STPY, which supplies coal to our plants in Mexico, Tijeras, New Mexico and Pueblo, Colorado. According to the PCA, the United States Geological Survey and our estimates, we believe we are a leading producer and supplier of cement in many of the markets in which we operate. Additionally, according to the PCA, we supply a significant percentage of the total consumption of ready-mix concrete in the states of South Dakota, Minnesota, Iowa, Oklahoma, Missouri and Arkansas, making us one of the leading producers of ready-mix concrete in the United States.

In Mexico, we operate in the state of Chihuahua, where we have three cement plants with a total annual production capacity of approximately 2.25 million tons in the cities of Chihuahua and Juarez and in the town of Samalayuca. In order to serve our ready-mix customers, we own a ready-mix concrete transportation fleet, which consists of 207 mixer trucks and 32 pumps. Additionally, we own 31 ready-mix concrete plants, of which 27 are mobile and four are stationary. In the state of Chihuahua, according to our estimates, we are a leader in each of the markets in which we participate (cement and mortar, ready-mix concrete and concrete blocks) in terms of net sales.

We sell a substantial majority of our products under the various brands that we own. We believe that many of our customers are loyal to our brand names. As of September 30, 2012, we had 2,567 employees, including our executives, sales force, and administrative, technical and operations personnel.

Under IFRS, our operations are divided into geographical segments where we operate (United States and Mexico) and by product (cement, ready-mix concrete and others). See notes 7(z) and 29 to our interim consolidated financial statements. Under MFRS, our operations are divided into geographical segments where we operate (United States and Mexico) and by product (cement, ready-mix concrete, aggregates and others). See notes 4(z) and 21 to our annual consolidated financial statements.

For the nine months ended September 30, 2012, we had net sales of Ps.6,353.5 million (U.S.$493.9 million), of which 30% was generated by our Mexican operations and 70% by our U.S. operations. Our EBITDA for the same period was Ps.1,164.0 million (U.S.$90.5 million), of which 43% was generated by our Mexican operations and 57% by our U.S. operations. For the year ended December 31, 2011, we had net sales of Ps.7,197.4 million (U.S.$515.9 million), of which 36% was generated by our Mexican operations and 64% by our U.S. operations. Our EBITDA for the same period was Ps.1,327.3 million (U.S.$95.1 million), of which 51% was generated by our Mexican operations and 49% by our U.S. operations. For a reconciliation of EBITDA to consolidated net income (loss) under IFRS for the nine months ended September 30, 2012 and 2011 and under MFRS for the years ended December 31, 2011, 2010 and 2009, see "Summary Consolidated Financial Information."

We sell a portion of certain of our products to our subsidiaries in the United States and Mexico, and the remainder to third-party customers. The following volume sales numbers have been prepared based on unaudited internal financial models that do not conform to MFRS or IFRS:

- For the nine months ended September 30, 2012 and the year ended December 31, 2011 (in each case, before eliminations from consolidation), we sold 48% and 42%, respectively, of our total cement and mortar volume produced in Mexico to our subsidiaries in Mexico for the production of ready-mix concrete and 23% and 17%, respectively, to our subsidiaries in the United States for the production of ready-mix concrete, with the remainder to third-party customers.

- For the nine months ended September 30, 2012 and the year ended December 31, 2011 (in each case, before eliminations from consolidation), our total sales volume of aggregates from our Mexican operations was approximately 2.4 and 2.9 million tons, respectively, of which approximately 45% was used for our own consumption to produce ready-mix concrete or other products and the remaining 55% was sold to third-party customers.

- For the nine months ended September 30, 2012 and the year ended December 31, 2011 (in each case, before eliminations from consolidation), we sold 9% of our total cement and mortar volume produced in the United States to our ready-mix concrete subsidiaries in the United States, and the remainder to third-party customers.

- For the nine months ended September 30, 2012 and the year ended December 31, 2011 (before eliminations from consolidation), we sold 14% and 23%, respectively, of our sales volume of coal to our Mexican operations and 21% of our sales volume of coal to our U.S. operations, and the remainder to third-party customers.

On April 27, 2010, we agreed with our bank and bond creditors to restructure our then outstanding debt instruments following our inability to comply with certain financial covenants as of the end of 2008 and with respect to subsequent periods, in part due to the strong devaluation of the Mexican peso against the U.S. dollar at the end of 2008. Because of the depreciation of the Mexican peso, the carrying amount of our U.S. dollar-denominated debt in our financial statements increased to reflect the additional Mexican pesos required to fund the debt. In connection with the renegotiation of our debt, we agreed to amend and restate our then outstanding debt instruments, to provide a pledge of equity of certain of our subsidiaries as collateral and to agree to certain operating restrictions and mandatory prepayment obligations, and the maturity date on all our outstanding indebtedness was reset to May 27, 2015.

On September 30, 2011, we agreed to amendments with our lenders to our Existing Credit Facility, including with respect to certain financial covenants for the fiscal quarters ended December 31, 2011, March 31, 2012 and June 30, 2012. On June 29, 2012, our bank and bond creditors waived our obligation to comply with certain financial covenants under our Existing Credit Facility and the Privately Placed Notes with respect to the fiscal quarters ended on June 30, 2012 and September 30, 2012. Given that the waiver does not extend to any period subsequent to September 30, 2012 and that there can be no assurance that we will be in compliance with those financial covenants after such date, we have classified such borrowings as current in the statement of financial position as of September 30, 2012.

Our financial statements nonetheless have been prepared on the basis that we will be able to continue as a going concern. As a result, our interim consolidated financial statements do not include any adjustment relating to the recoverability and classification of asset carrying amounts or the amounts and classification of liabilities that might result should we be unable to continue as a going concern. See "Risk Factors—Risks Related to our Indebtedness, the Notes and the Guarantees—In the past, we have been unable to comply with the restrictions and covenants in our Existing Credit Facility and our Privately Placed Notes and have in some instances obtained waivers, but we nonetheless have prepared our financial statements on the basis that we will able to continue as a going concern."

Concurrently with this offering of the notes, we plan to enter into the Term Loan Facility on or prior to the settlement of the notes and draw down the Term Loan Facility on or about the settlement of the notes. The Term Loan Facility will consist of a single syndicated term facility consisting of (1) a U.S. dollar-denominated tranche in an aggregate principal amount of U.S.$205 million and (2) a Mexican peso-denominated tranche in an aggregate principal amount equivalent to U.S.$45 million using the exchange rate specified in the Term Loan Facility, which is the U.S. dollar / Mexican peso exchange rate published by the *Banco de México* three days before disbursement, in each case at an initial interest rate of LIBOR plus a margin of 4.50% and will mature in 2017, subject to amortization. The margin will change in accordance with our consolidated leverage ratio as specified in the Term Loan Facility and could increase to LIBOR plus a margin of 5.00% in the event that our consolidated leverage ratio exceeds 4.50 to 1.00. See "—Our Indebtedness—Concurrent Transaction."

As of the date of this offering memorandum, U.S.$214.5 million remained outstanding under our Existing Credit Facility, and U.S.$283.65 million principal amount of Privately Placed Notes is outstanding. We intend to use the net proceeds from this offering, together with borrowings under the Term Loan Facility, to repay in full all outstanding loans, obligations, interest, fees and costs and expenses of the Company and any other obligor under our Existing Credit Facility and to redeem in full our Privately Placed Notes.

Operating Environment

Our business is closely tied to general economic conditions in the United States and Mexico, with 70% and 30% of our net sales generated in each country, respectively, for the nine months ended September 30, 2012. Consumption of our main products, cement and ready-mix concrete, as well as other construction materials, is closely linked to global economic conditions because it is highly dependent on construction expenditures and the construction industry as a whole, which largely fluctuate according to market cycles.

United States

According to the IMF World Economic Outlook, real GDP in the United States increased 1.8%, increased 2.4% and decreased 3.1% in 2011, 2010 and 2009, respectively, compared to the prior year. Despite the modest improvements in 2010 and 2011, the recent global financial crisis, widely perceived to be the worst financial crisis since the Great Depression of the 1930s, severely and adversely affected the economy and growth of the United States, resulted in the collapse of large financial institutions and the correlative bailout of banks by national governments and triggered downturns in stock markets around the world. In many areas, the housing market also suffered drastically, resulting in numerous evictions, foreclosures and prolonged vacancies. The crisis contributed to the failure of key businesses, a decrease in consumer wealth estimated in the trillions of dollars and a significant decline in economic activity. Although the recovery of the U.S. economy generally has been slow and is expected to remain slow with GDP anticipated to grow by 2.2% in

2012 and 2.1% in 2013 according to the IMF World Economic Outlook, there has been positive momentum in new residential construction in the United States which suggests an optimistic outlook for the construction market.

According to the U.S. Census Bureau, construction spending peaked in 2006-2007, reaching approximately U.S$1.1 trillion in each of those years, followed by a sharp decrease to a low of approximately U.S.$805 billion in 2010. The industry has begun to recover with spending reaching approximately U.S.$866 billion for the 12 months ended November 30, 2012.

Reduced tax revenue at the state level, credit tightening and high levels of unemployment also adversely affect the construction sector. According to the most recent U.S. Bureau of Labor Statistics data, the unemployment rate has improved from 9.9% in 2009 to 7.8% as of December 2012, and expectations for job creation are positive. Higher construction expenditures, and in particular cement sales, including for infrastructure projects and in the industrial, commercial and residential segments, are positively correlated to higher rates of employment. In turn, this increased spending and employment leads to higher taxes, which are then reinvested by states and the national government, triggering more economic activity, generally, including increased public spending on public infrastructure and related construction projects.

According to the most recent data from the U.S. Census Bureau, housing starts, the primary driver of cement demand in the residential sector, reached their lowest point in recent history in 2009 at an annualized rate of 554,000, but increased to an annualized rate of 861,000 in November 2012. According to a 2012 PCA report, the PCA expects housing starts to reach an annualized rate of 857,000 in 2013 and more than 1,000,000 units annually during 2014-2017. According to the PCA, single and multi-family building permits have increased and double-digit gains are expected through 2014. Existing home sales reached a two-year high in August 2012 signaling a stronger housing market in the second half of 2012, driven in part by favorable interest rates and mortgage rates which are, and are expected to continue to remain, at an all time low. Confidence among U.S. homebuilders climbed in August 2012 to the highest level in more than five years, affirming the improvement in residential construction. According to the National Association of Realtors, total existing-home sales rose 5.9% to a seasonally adjusted annual rate of 5.04 million in November 2012 from 4.76 million in October 2012, and were 14.5% higher than the adjusted annual rate of 4.40 million in November 2011. Sales in November 2012 were at the highest level since November 2009 when the adjusted annual rate spiked at 5.44 million.

According to the PCA, although non-residential construction was expected to grow in 2012, led by manufacturing and utilities, a meaningful commercial recovery is not expected to begin until 2013, and nonresidential construction is expected to be a larger contributor to cement consumption growth in the following years. Non-residential construction, particularly for retail and offices, often follows nearby residential construction.

Public construction spending, the most cement-intensive sector, has been down in recent years as well, resulting primarily from public spending cuts and conservatism displayed by state budget officials, and is expected to remain down through 2013. According to the PCA, public spending is not expected to recover until 2014 or 2015 when budget surpluses could occur at the state level. On the federal level, stimulus spending had little impact on the construction sector. Of the U.S.$85 billion for infrastructure spending provided by the American Recovery and Reinvestment Act of 2009 ("ARRA"), according to estimates by the U.S. Congressional Budget Office, almost half of the budgeted spending under the ARRA had occurred in 2010, more than 90% of ARRA's budget had been spent by the end of December 2011, but with little impact on the construction sector, with the remaining amount spent by the end of 2012. The Moving Ahead for Progress in the 21st Century Act ("MAP-21") has authorized total spending on federal highway systems through September 2014 of U.S.$82 billion to be spent in fiscal years 2013 and 2014. It is expected that a new highway bill may be passed by Congress to authorize additional spending through 2019. Despite lower overall public sector spending, public sector spending has nevertheless been more stable during the past three years, helping to offset declines in the residential and non-residential construction segments.

According to the PCA, approximately 70 million tons of cement were sold in the United States in each of 2010 and 2011, a substantial decrease from the approximately 128 million tons sold in 2005. A significant portion of the decline in cement sales since the recession began in 2008 is estimated to have been attributable to a decline in construction starts, as the majority of building projects that utilize cement do so for foundations. The PCA estimates, as of its most recently available report from the fourth quarter of 2012, that consumption will increase to 77 million tons for 2012, an increase of 7.4% compared to the prior year. Consumption increased 10.6% in the first three quarters of 2012 compared to the comparable period in the prior year, primarily due to a mild winter which fostered increased construction activity, particularly in states with a higher proportion of construction in the energy sector.

The cement market is comprised primarily of ready-mix concrete, with the rest of sales related to paving products, concrete blocks and prefabricated materials. The National Ready Mixed Concrete Association ("NRMCA"), estimates that in 2012, the ready-mix concrete industry generated approximately $30 billion in revenue from the production of 289.7 million cubic yards of concrete.

The ready-mix cement industry in the United States is highly fragmented, with a number of large, vertically integrated manufacturers of cement, aggregates and ready-mix concrete producers, operating over 5,500 plants throughout the United States. The top five ready-mix concrete manufacturers account for less than 20% of the U.S. market, although 75% of installed clinker manufacturing capacity is concentrated in nine cement groups. Due to the recession, cement manufacturers attempted to manage demand and supply to maintain stable pricing, with plant closures and idling beginning in 2008. At least ten plants were closed permanently and eight were idled indefinitely. The PCA does not expect these plants to reopen until an 80% utilization rate can be realized. The cement industry has recently been operating at an average of approximately 61% capacity. Our capacity utilization at our Pueblo, Colorado, Tijeras, New Mexico and Rapid City, South Dakota plants for the twelve-month period ending September 30, 2012 was 71%, 53% and 68%, respectively.

According to the PCA, certain states have demonstrated a greater potential for recovery and, with the exception of New Mexico, we believe the states in which we operate show average and above average growth potential, primarily due to the strong development in the energy sector and high commodity prices in crops, leading to increased investments by farmers. We expect U.S. cement average prices to grow in line with inflation.

The U.S. cement market is expected to be particularly impacted by new environmental regulatory requirements over the next several years, including the EPA's final Portland Cement NESHAP, the EPA's final Portland Cement NSPS, the EPA's final CISWI emissions standards, the EPA's proposed CCR regulations, more stringent Clean Air Act permit requirements, and efforts to address climate change through domestic federal, state and regional laws and regulations, as well as through international agreements and the laws and regulations of other countries, to reduce the emissions of GHGs. See "Our Business—Environmental, Health and Safety Matters" for a description of these rules and regulations. With respect to the Portland Cement NESHAP, in August 2011 the PCA estimated that it could require closure of 18 U.S. cement plants, representing approximately 10-15% of U.S. production. Seven plants have already been fully or partially closed, and another five are at high risk for closure. In addition to further downsizing domestic manufacturing capacity, the PCA believes that the Portland Cement NESHAP could require approximately U.S.$3.4 billion in capital investment over a three-year period for an industry that currently generates slightly more than $6.5 billion in annual revenue. See "Risk Factors—Legal and Regulatory Risks—Compliance with environmental, health and safety laws and regulations could result in significant costs and liabilities, which could have a material adverse effect on our business, results of operations and financial condition."

Mexico

The Mexican economy is directly linked to the performance of the U.S. economy as a result of (1) its exports, approximately 78% of which are bound for the United States, according to the most recently available INEGI report from August 2012; (2) remittances from the United States, which are the second largest source of foreign currency in Mexico; (3) foreign investment, approximately 50% of which comes from the United States according to the Mexican Ministry of the Economy (*Secretaría de Economía*); and (4) its financial markets, which are closely tied to the U.S financial markets. In addition, the correlation between economic conditions in Mexico and the United States has sharpened in recent years because of the NAFTA and increased economic activity between the two countries. Since the 1995 currency and banking crisis, Mexico's GDP has grown at an average real rate of 3.5% per year, according to the IMF World Economic Outlook despite certain periods of contraction. In 2006, GDP grew at a rate of 5.2%, supported by exports of manufactured goods and strong foreign direct investment. Economic conditions began deteriorating in 2007, due mainly to the lower growth in domestic consumer demand, influenced by weaker wages and lower remittances from the United States, which negatively affected domestic consumption and caused Mexico's GDP growth rate to slow. Therefore, any downturn in the economic outlook in the United States may hinder economic growth in Mexico. Negative economic conditions in the United States have a greater impact on the state of Chihuahua than other Mexican states and regions due to its proximity to the United States.

The Mexican economy has also been significantly and adversely affected by the global financial crisis, experiencing a significant deterioration in 2008. Foreign consumer demand declined significantly, particularly in the manufacturing sector, which also affected domestic consumer demand, resulting in lower investment and consumption. The Mexican peso was also adversely impacted by the economic downturn, and from September 2008 through the first quarter of 2009, the Mexican peso devalued significantly. During 2009, Mexico suffered the sharpest decline in GDP since 1932, declining by 6.0%, Mexican exports fell drastically as a result of a sharp decline in foreign consumer demand, and inflation reached 3.6%. During 2008, the Mexican peso depreciated by 20.3% against the U.S. dollar. During 2009 and 2010, the Mexican peso had a mild recovery, appreciating by approximately 4.6% and 5.9%, respectively, against the U.S. dollar. During 2011, the Mexican peso depreciated by approximately 11.5%, while in the first nine months of 2012, the Mexican peso appreciated 8.6%, against the U.S. dollar.

In contrast to the sluggish recovery of the U.S. economy, however, the Mexican economy has recovered considerably, with external demand and exports of manufactured goods helping to drive a recovery in GDP growth. According to *Forbes*, current projections point not only to Mexico showing one of the strongest levels of population growth among major economies, but also the greatest fall in the dependency ratio, which measures the proportion of young/old relative to the working age population, suggesting a greater relative increase in resources and potentially stronger GDP growth. According to the IMF World Economic Outlook, in 2010 and 2011, Mexico's GDP increased by 5.6% and 3.9% compared to the comparable period in the prior years, and Mexican GDP was expected to grow 3.8% in 2012 and by 3.5% in 2013. According to *The Economist*, Mexico is predicted to be one of, if not the strongest, economy in Latin America in the medium-term.

Growth in the construction sector in Mexico is primarily fueled by investment in public infrastructure and in the residential and non-residential construction sectors. According to BBVA Research, in the first quarter of 2012, these segments were the two largest markets in the Mexican construction industry, accounting for 90% of all construction activity. According to the Mexican Chamber of the Construction Industry (*Cámara Mexicana de la Industria de la Construcción*, or "CMIC"), the Mexican construction industry grew 4.8% during the period from January to September 2012 and 4.6% during 2011. This growth was supported by significant private investments and public expenditures by federal, state and local governments in infrastructure, residential, commercial and industrial construction projects, including final investments under the 2007-2012 National Infrastructure Plan. The Mexican Association of Civil Engineers has identified 1,115 projects which the new governing administration may implement. Total investments of approximately U.S.$416 billion may be required to complete these projects, an increase compared to the estimated U.S.$202 billion expended for the 2007-2012 National Infrastructure Program. In addition, outside of the five large cities in the state of Chihuahua, the mining industry has been one of the key propellers of the construction industry for small cities and towns located across the mountain ranges. According to the most recent BBVA Research report, total construction investment was expected to increase 3.9% in 2012 compared to a 3.8% increase during 2011 and a decrease of 0.1% and 6.3% in 2010 and 2009, respectively.

Furthermore, the Mexican government's continued fiscal and monetary policy has not provided the flexibility necessary to support Mexico's continued economic improvement. Reforms regarding fiscal policies, oil, gas, electricity and social security have historically not been approved due to strong opposition to Mexican presidents. As a result, the growth in new investments and aggregate purchasing power has been marginal. Nonetheless, the Mexican government has also announced several fiscal and monetary measures to stimulate the economy, including increased public infrastructure spending, which is expected to be initiated in 2013 and is anticipated to provide more employment opportunities, which is positively correlated with growth in the construction sector. In addition, INFONAVIT, which serves as the main government housing assistance agency, has launched several initiatives intended to support housing construction, including increasing mortgage loans issued by state-owned housing lenders.

In 2011, the most recent period for which information is available, the Mexican cement industry produced approximately 35 million tons of cement at 34 plants. There are six cement groups of companies operating in Mexico, of which three are Mexican. In Mexico, 80% of the cement is sold through distributors, while the remainder is sold through ready-mix concrete producers, manufacturers of concrete products and contractors. In the state of Chihuahua, 45% of cement is purchased directly by consumers in cement bags to address personal construction needs while 55% is sold as bulk cement. The ready-mix and concrete products industry in Mexico is fragmented, and virtually all major cement producers are vertically integrated.

There has been continued weakness in the Mexican cement market, affected by low volumes and pricing pressure. Minimal pricing increases have been realized in 2012, which we believe is linked to weak housing starts that have been declining 3.2% on an annual basis since 2007.

Despite some of the positive growth trends in the rest of Mexico, in the state of Chihuahua, the effects of the recession have been amplified by a significant increase in violence related to drug trafficking as well as the more severe impact of the economic conditions in the United States. In particular, in the city of Juarez, the largest city in the state of Chihuahua, according to INEGI, private construction largely has been deferred as a result of such violence, with public construction only partially offsetting the effects. Before the economic recession, the residential segment in the state of Chihuahua had one of the highest growth rates in Mexico, and many homebuilders increased their inventory levels, which remained high through 2011. We believe the ready-mix concrete market has been similarly affected, although opportunities for growth are expected for ready-mix concrete in Mexico, as they are in most developing countries. We expect Mexican cement average prices to grow in line with inflation.

Adoption of IFRS

The CNBV announced that beginning in 2012, all public companies listed in Mexico must report their financial information in accordance with IFRS. We will present full-year financial statements under IFRS for the first time in our consolidated financial statements as of and for the year ended December 31, 2012, which will include comparative consolidated financial statements as of and for the year ended December 31, 2011. The financial information presented under IFRS as of and for the year ended December 31, 2011 will not be comparable to the financial information as of and for the same period currently presented under MFRS. IFRS 1 requires that an entity develop accounting policies based on the standards and related interpretations effective at the reporting date of its first annual consolidated financial statements reported under IFRS. IFRS 1 also requires that those policies be applied as of the date of transition to IFRS, which is January 1, 2011, and throughout all periods presented in the first annual consolidated financial statements reported under IFRS.

The interim consolidated financial statements included in this offering memorandum have been prepared in accordance with IASB standards and IFRS Interpretations Committee interpretations issued and effective, or issued and early adopted, at September 30, 2012. The IASB standards and IFRS Interpretations Committee interpretations that will be applicable at December 31, 2012, including those that will be applicable on a voluntary basis, were not known with certainty at the time of preparation of the interim consolidated financial statements. As a result, the accounting policies used to prepare the interim consolidated financial statements are subject to change up to the reporting date of our first annual consolidated financial statements prepared under IFRS.

In preparing the opening statement of financial position under IFRS, we have adjusted the amounts previously reported under MFRS. Note 30 to our interim consolidated financial statements also provides the optional exemptions to the retroactive application of IFRS. Note 30 to our interim consolidated financial statements also provides a description of the impact of the transition from MFRS to IFRS on our equity and comprehensive income. The areas of most significant impact are as follows:

- *Property, Plant and Equipment.* In accordance with the exemption provided by IFRS 1, we elected to recognize certain items of our property, plant and equipment at fair value. Compared to MFRS, this resulted in an increase of Ps.398.2 million at January 1, 2011 and Ps.398.0 million at December 31, 2011, and it resulted in a decrease of Ps.0.5 million in accumulated depreciation of property, plant and equipment and an increase in the effect of accumulated depreciation in the restoration provisions of Ps.0.6 million for the year ended December 31, 2011. It also resulted in an adjustment in our deferred income tax balances.

- *Restoration Provisions.* We identified constructive or legal obligations to restore some of our rock quarries and estimated the present value of the expected costs to be incurred to settle the related obligation. Compared to MFRS, this resulted in a decrease in the amount of Ps.8.5 million as of December 31, 2011.

- *Investment in SOBOCE.* We presented SOBOCE as an investment in associates in accordance with the equity method within our IFRS statement of financial position, as it was not classified as held for sale as of the transition date under IFRS, whereas under MFRS it was presented as a discontinued operation. This reclassification does not affect our equity at the opening statement of financial position under IFRS. However, both our IFRS and MFRS income statements reflect the results of SOBOCE as a discontinued operation as required by their respective standards.

- *Debt Issuance Costs.* Under MFRS, costs associated with our debt issuance are classified as prepayments if they will be amortized within 12 months and as non-current assets if they will be amortized over a longer period. Under IFRS, such debt issuance costs were accounted for together with the cancellation of the original liability and the issuance of new debt and were therefore recognized directly in the statement of income. The effect of this difference was a decrease in prepayments of approximately Ps.203.6 million and non-current assets of approximately Ps.567.4 million, with the corresponding impact to retained earnings as of the opening statement of financial position.

- *Cumulative Inflation.* Under MFRS, we recognized the effects of inflation through 2007 using general and specific price indexes. Since 2008, MFRS has required that the effects of inflation be recognized for those periods when cumulative inflation exceeded 26% in any three-year period. The last hyperinflationary period for the Mexican peso was during 1998. Accordingly, under IFRS, we eliminated the effects of cumulative inflation that were recognized in intangible assets, common stock, additional paid-in capital, and capital contributed in connection with restructuring and legal reserves for the years 1999 through 2007, with the result that those items, taken together, decreased by approximately Ps.2,284.9 million and equity increased by a corresponding amount.

- *Deferred Taxes.* The effect on our deferred tax liabilities of adopting IFRS was a decrease of approximately Ps.569.9 million, with a corresponding increase in equity. The effects principally are attributable to the recalculation using the book values of assets and liabilities as adjusted according to IFRS as of the transition date.

- *Cumulative Effect of Foreign Currency Translation.* We elected to use the exemption permitted by IFRS 1 that allows us to reset the conversion effects previously recognized under MFRS (associated with converting our foreign subsidiaries' local currencies into Mexican pesos) at the date of transition and therefore we reclassified Ps.688.7 million from the currency translation account to retained earnings, which was a reclassification within equity.

- *Employee Benefits.* Under MFRS, we recognized a provision for termination payments to employees. Under IFRS this provision is only recognized when we have evidence of a commitment to terminate the labor relationship or of having made an offer for voluntary retirement, which gives an employee the right to receive a termination payment. Additionally, we applied the employee benefits exemption and recognized actuarial gains and losses accumulated under MFRS in retained earnings as of the date of transition. The impact of the adjustment represents a net increase on the net labor obligation of Ps.115.6 million.

Critical Accounting Policies

We adopted IFRS as of January 1, 2012. Therefore, our annual consolidated financial statements and our interim consolidated financial statements differ on the basis of their presentation. This section highlights critical accounting policies for both MFRS and IFRS.

We prepared our annual consolidated financial statements under MFRS and our interim consolidated financial statements under IFRS based on certain management estimates and assumptions that affect our reported assets, liabilities, net sales and expenses, and other related amounts during the periods covered by the financial statements.

Management routinely makes judgments and estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the future resolution of the uncertainties increases, these judgments become more subjective and complex. We disclose our significant accounting policies in the notes accompanying our interim consolidated financial statements and our annual consolidated financial statements. See note 8 to our interim consolidated financial statements and note 4 to our annual consolidated financial statements. The critical accounting policies used in the preparation of our interim consolidated financial statements and our annual consolidated financial statements are those that are important both to the presentation of results of operations and financial condition and those that require significant judgment with regard to estimates used.

In applying accounting policies, management applies judgments, estimates and assumptions on certain amounts of assets and liabilities in our annual consolidated financial statements and interim consolidated financial statements under MFRS and IFRS, respectively. The associated estimates and assumptions are based on our experience and other factors deemed relevant. Actual results may differ from such estimates. Underlying estimates and assumptions are reviewed by us regularly. Any changes resulting from this review of accounting estimates are recognized in the current period and future periods if the change in estimate affects both the current and subsequent periods. The critical accounting judgments and key sources of uncertainty in our annual consolidated financial statements and interim consolidated financial statements that have a significant risk of resulting in an adjustment to the carrying values of the assets and liabilities are as follows:

Going concern analysis

We assess material uncertainties related to events and conditions that may cast significant doubt on our ability to continue as a going concern. International Accounting Standard 1: Presentation of Financial Statements (IAS 1) indicates that our assessment of our ability to continue as a going concern depends on the facts and circumstances. In assessing whether the going concern assumption is appropriate, we take into account all available information about the future, which is at least twelve months from the balance sheet date. The degree of consideration depends on the facts in each case. The facts we analyze are related to history of profitable operations and access to financial resources to refinance our debt.

Allowance for doubtful accounts

We use estimates to determine the allowance for doubtful accounts. The factors that we consider to estimate doubtful accounts are principally the customer's financial situation risk, unsecured accounts and considerable delays in collection according to the credit limits established.

Useful life of property, plant and equipment

We review the estimated useful life of our property, plant and equipment at the end of each annual period. The degree of uncertainty related to the estimated useful lives is related to the changes in the market and the use of such assets associated with their production volumes and technological development or obsolescence.

Impairment of non-financial assets, including goodwill

We review the carrying amounts of our tangible and intangible assets in order to determine whether there are indicators of impairment. If there is an indicator of impairment, the asset recoverable amount is calculated in order to determine, if applicable, the impairment loss. We undertake impairment tests for asset groups that constitute CGUs. Intangible assets with indefinite useful life are subject to impairment tests on an annual basis or earlier when there is an indicator of impairment.

The recoverable amount is the higher of fair value less its disposal cost and value in use. In assessing value in use, estimated future prices of different products are used to determine estimated cash flows, discount rates and perpetuity growth. Estimated future cash flows are discounted to their fair value using a pre-tax discount rate that reflects market conditions and the risks specific to each asset for which estimated future cash flows have not been adjusted.

If the recoverable amount of a CGU is estimated to be less than its carrying amount, the CGU's carrying amount is reduced to its recoverable amount. Impairment losses are recognized in the statement of comprehensive income, unless the asset is recorded at its recoverable amount.

If an impairment loss is subsequently reversed, the CGU's carrying amount is increased and its estimated value is revised to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined if an impairment loss for such CGU had not been recognized in prior years.

Goodwill is deemed to have an indefinite life; therefore, it is not amortizable. However, goodwill is subject to impairment tests on an annual basis or earlier, in case there are indicators of impairment, pursuant to which we adjust, if applicable, the carrying amount thereof for the impairment loss that is determined. To apply impairment tests, goodwill is assigned to CGUs, which are defined on the basis of geographic markets, taking into consideration the synergies in business combinations that have been made.

If the recoverable amount of the CGU, which is determined based on value in use, is less than the CGU's carrying amount, the impairment loss is first assigned to reduce the carrying amount of the goodwill assigned to the CGU, and then to the other CGU's assets in a proportional manner, taking into account the carrying amount of each asset. The impairment loss of goodwill is recognized in the statement of comprehensive income and is not reversed in subsequent periods.

Value in use is determined using projected discounted future cash flows to present value using an appropriate discount rate. On disposing of a subsidiary, associate or joint venture, the amount attributable to goodwill is included in the determination of the gain or loss in the disposal.

The economic and competition trends in the markets where we operate has a significant impact on the assessment of goodwill impairment and the determination of recovery values of CGUs. Likewise, the discount rates used have a significant effect on impairment evaluations. The total goodwill balance recorded in our annual consolidated financial statements and interim consolidated financial statements arose from business combinations in the United States.

The following factors are considered in assessing the recovery value of CGUs:

- GCC's market share and expected price levels,
- the size of the market where GCC operates,
- the movements in the costs of raw materials and other inputs and expenses,
- the specific discount rate of the country where GCC operates, based on the weighted capital cost and variables of market conditions as of the measurement date, and
- the estimated perpetuity growth rate.

Employee benefits

Management uses assumptions to determine the best estimate for employee benefits. Such estimates and related assumptions are established with the assistance of independent actuaries. An actuarial valuation involves several assumptions, which can differ from actual future events. These assumptions include demographic variables (such as employee turnover and mortality) and financial variables (such as future increases in salaries, changes in medical costs and changes in certain state benefits). Although we believe that the assumptions used for the calculation of employee benefits are reasonable, any significant change thereto may affect the value of the employee benefits liability.

Contingencies

We are subject to contingent transactions or events for which we use professional judgment in the development of estimates of the probability of occurrence. The factors considered in these estimates are whether (i) we have a present obligation (legal or constructive) as a result of a past event, (ii) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and (iii) the amount of the obligation can be reliably estimated.

Restoration provisions

In certain jurisdictions where we operate, we are subject to either legal or constructive obligations to restore and/or remediate our rock quarries and as a result estimate the present value of the expected costs to be incurred to settle such obligations. Such costs are initially capitalized as part of the associated asset and appreciated over its useful life.

Adjustments of the obligation in subsequent periods resulting from changes in the expected remediation costs are added to, or deducted from, the cost of the related asset. See note 22(b) to our interim consolidated financial statements.

Deferred income taxes

GCC and its Mexican subsidiaries are subject to both Mexican income tax (*Impuesto Sobre la Renta*) and the flat rate business tax (*Impuesto Empresarial a Tasa Única*), both of which are considered to be income taxes, and must pay the higher of the two taxes as part of their year-end Mexican tax provision. As a result, we prepare financial projections, which are updated as of each financial period reporting date on an individual entity basis, to determine the income tax to which our subsidiaries will be subject in subsequent periods when their book to tax differences are expected to reverse for purposes of determining our deferred income taxes according to the appropriate rate we expect will apply (either the income tax rate or the flat rate business tax rate and related tax basis).

Deferred tax assets

Deferred tax assets are recognized for our tax loss carryforwards to the extent management believes the tax loss carryforwards are recoverable through the generation of future taxable income to which they can be applied. Management periodically evaluates the possibility of recovering deferred tax assets and creates, when applicable, a valuation allowance for those assets that do not have a high probability of being realized.

Key Factors Affecting our Results of Operations and Financial Condition

Net Sales

Our net sales consist principally of revenue generated from sales of our products and are a function of sales volumes, price and product mix. We sell a portion of certain of our products to our subsidiaries in the United States and Mexico, and the remainder to third-party customers. See "—Overview." Net sales to our subsidiaries in the United States and Mexico are eliminated in consolidation.

The principal drivers of sales volumes of our products include:

- available production capacity, including through the acquisition of new production facilities or the expansion or modernization of existing plants (see "—Effect of Acquisitions, Dispositions and Capacity Expansion");
- our operating rate and the existence or absence of operational disruptions;
- demand in Mexico and the United States for our products, particularly cement and ready-mix concrete, as well as economic growth or contraction in Mexico and the United States; and
- regional market conditions, the regional supply and demand balance for our products, and global trends regarding supply and demand for our products.

We report sales of mortar together with those of cement. Mortar represents approximately 2.3% of our total cement sales.

The principal factors affecting the price of our products include:

- changes in raw material prices and other price escalators (e.g., energy, inflation, labor and freight costs), which, in accordance with industry pricing practices, are reflected in our prices;
- the proximity of our plants to our raw materials and the proximity of our plants to our customers; and
- regional market conditions, the regional supply and demand balance for our products and global trends regarding supply and demand for our products.

In light of high transport costs, beginning in 2010, we have attempted to mitigate swings in diesel prices with an invoice line item, which is accounted for under net sales, for fuel surcharge that we pass to customers in the United States for sales of our ready-mix concrete, a practice we believe is being or has been tried by our competitors and others in the transportation business in the United States with varying degrees of success. The surcharge is adjusted every week based on diesel prices in the region in which we do business.

Cost of Goods Sold (MFRS) / Cost of Sales (IFRS)

Our cost of goods sold consists primarily of variable costs and fixed production costs. Our primary variable costs include raw materials (particularly limestone, clay and gypsum), fuel and energy (natural gas, fuel oil, diesel, coal and electricity), other catalysts and minor raw materials used in the production processes, labor costs of workers involved in production and transportation costs for the transport of raw materials and other inputs to our facilities and of our products to our customers, except as otherwise described under "—Net Sales." Our fixed production costs include depreciation and amortization of our plant and equipment, most maintenance expenses and labor costs of certain non-unionized workers. The principal factors that affect our cost of goods sold include:

- raw material and fuel prices, which, in the case of our fuel costs, are closely related to the price of fuel oil and natural gas for our transportation needs;
- high start-up costs associated with new production facilities, and expansion or modernization of existing plants; and
- our ability to streamline or create efficiencies in production processes.

If natural gas, fuel oil, diesel, coal or electricity costs increase, our margins may be adversely affected because fuel and energy costs are important components of our cost structure (representing approximately 45% of total cost of sales in Mexico in 2011). In particular, because coal costs for our Mexican operations are denominated in U.S. dollars, as coal is sourced from our Colorado coal mine, we are subject not only to volatility as a result of price changes, but also to the extent the Mexican peso depreciates against the dollar.

To reduce volatility in our cost of sales, our installed capacity for cement production has the option of using coal as fuel, sourced from our Colorado coal mine, which supplies coal to all of our plants (except the Rapid City, South Dakota plant, for which we have a supplier of coal in Wyoming) and which we estimate has sufficient coal reserves to supply our cement plants and sales to third parties for approximately the next 28 years. See "Our Business—Description of Our Raw Materials Sourcing and Reserves." We believe this provides us with the flexibility to use the least expensive fuel for our cement operations, which we believe has resulted in significant cost savings since 2002, when we converted our cement plants in Chihuahua and Samalayuca to coal and began sourcing our plants in Mexico, Tijeras, New Mexico and Pueblo, Colorado with coal from our Colorado coal mine.

Selling and Administrative Expenses (MFRS) / Administrative and Selling Expenses (IFRS)

Our selling and administrative expenses include the cost of salaries and related expenses for certain of our employees, including our executives, sales force and administrative, technical and operations personnel, but not our labor force directly involved in production. The principal factors affecting our selling and administrative expenses are labor costs (particularly increasing health insurance costs), professional and legal services, accounting and audit fees, legal expenses, travel, and advertising and promotion. In addition to promoting wellness programs throughout the Company, we have taken a number of steps to help control selling and administrative expenses, including a freeze on salary increases in our U.S operations for 2010 and 2011, and not making bonus payments from 2008 through 2012.

Comprehensive Financing Cost (MFRS) / Result from Financial Activities (IFRS)

Financing costs measure the real cost (gain) of an entity's financing, net of the foreign currency fluctuations and the inflationary effects on monetary assets and liabilities. In periods of high inflation or currency depreciation, significant volatility may arise and is reflected under this item. Financing costs include:

- financial or interest expenses on borrowed funds;
- financial income from cash and temporary investments;
- amortization of debt issuance costs (under MFRS only); and
- foreign exchange gains or losses associated with monetary assets and liabilities denominated in foreign currencies.

In May 2010, as a result of the negotiations with the holders of our Privately Placed Notes, the "make-whole" component of the Privately Placed Notes was capitalized in an amount of U.S.$46.15 million and the weighted interest rate of the notes decreased from 6.8% to 5.0% for the first year, with an annual increase of 1.0% each year thereafter. As of the date of this offering memorandum, U.S.$283.65 million principal amount of Privately Placed Notes is outstanding. See "—Our Indebtedness" below, as well as "Use of Proceeds" and "Capitalization" elsewhere in this offering memorandum, which describe the refinancing of the Privately Placed Notes using the proceeds of this offering.

In connection with the restructuring of our indebtedness in 2010, we incurred costs and expenses in an amount equal to Ps.294.1 million, which are being amortized over the term of the debt. Under MFRS, the restructuring of our indebtedness is treated as the incurrence of new indebtedness, and therefore approximately Ps.22.3 million of costs and expenses associated with the old indebtedness were recognized directly in our results as other expenses for the year ended December 31, 2010. See note 14 to our annual consolidated financial statements and "—Our Indebtedness," below. Under IFRS, such debt issuance costs were accounted for together with the cancellation of the original liability and the issuance of new debt and were therefore recognized directly in the statement of income.

As of September 30, 2012, 100% of our indebtedness is denominated in U.S. dollars. Foreign currency transactions are recorded at the applicable exchange rate with reference to the rates published by Banco de México in effect at the transaction date. Exchange differences between that date and their collection or payment date, and those arising from the translation of balances in foreign currencies at the exchange rate in effect at the balance sheet date are recorded as a component of financing cost. Exchange rates that we use for convenience purposes in this offering memorandum differ from the exchange rates we use in preparing our financial statements. See note 4(c) to our annual consolidated financial statements and note 7(c) to our interim consolidated financial statements for a description of the calculation of the average weighted exchange rate used in preparing our financial statements.

Although the acquisition of Alliance Transportation and Bosshart in 2008 increased our U.S. assets substantially, we nonetheless continue to rely on our non-U.S. assets to generate revenues to service our U.S. dollar-denominated debt. In the first nine months of 2012, approximately 70% of our net sales were generated in the United States. To the extent the amount of net sales generated in U.S. dollars is not sufficient to cover the cost of our indebtedness, we must use a portion of cash derived from our Mexican peso net sales to cover our financing costs. As a result, a devaluation or depreciation of the Mexican peso compared to the U.S. dollar could adversely affect our ability to service our debt, as well as adversely affect our results of operations. See note 14 to our annual consolidated financial statements, note 20 to our interim consolidated financial statements and "—Our Indebtedness," below.

Controlling and Non-Controlling Interest Net Income (Loss)

Controlling interest net income (loss) represents the difference between our consolidated net income (loss) and non-controlling interest net income (loss), which is the portion of our consolidated net income (loss) attributable to our subsidiaries in which unrelated third parties hold interests, namely GCC Cemento and Cementos de Chihuahua and, prior to its sale, SOBOCE. Changes in non-controlling interest net income (loss) in any period reflect changes in the percentage of the stock of our subsidiaries held by unrelated third parties as of the end of each month during the relevant period and the consolidated net income (loss) attributable to those subsidiaries.

Effect of Acquisitions, Dispositions and Capacity Expansion

Our results of operations for the periods under review were significantly affected by acquisitions, dispositions and capacity expansion and plant modernization. See "Our Business—Business Overview" and "—Effect of Discontinued Operations."

Effect of Discontinued Operations

Under MFRS, our consolidated financial statements through July 31, 2011 reflected the proportional consolidation of our 47.02% interest in SOBOCE, because we shared joint administrative and operational control over it. Effective September 1, 2010, the Government of Bolivia passed a presidential decree pursuant to which SOBOCE's 33.34% stake in FANCESA, the second largest cement producer in Bolivia, was expropriated in favor of the Autonomous Departmental Government of Chuquisaca. On August 18, 2011, we sold our 47.02% interest in SOBOCE to Consorcio for U.S.$75 million in cash. See "Our Business—Legal Proceedings—Sale of SOBOCE."

Our annual consolidated financial statements and all other financial and statistical data included in this offering memorandum as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 have been restated to reflect SOBOCE as a discontinued operation in accordance with MFRS. Therefore, SOBOCE's results are reflected in the line item entitled "Income (loss) from discontinued operations, net of income taxes" in our consolidated statements of income. Our consolidated balance sheet has been restated to present the assets of SOBOCE as a discontinued operation in the line items entitled "Current assets of discontinued operations" and "Non-current assets of discontinued operations" and the liabilities of SOBOCE in the line items entitled "Current liabilities of discontinued operations" and "Long-term liabilities of discontinued operations." Consequently, the financial statements for each of the periods presented herein may differ from financial statements we previously have issued.

Under IFRS, our interim consolidated financial statements and all other financial and statistical data included in this offering memorandum for purposes of IFRS for the nine months ended September 30, 2011 has been presented to reflect SOBOCE as a discontinued operation in accordance with IFRS. As a result, SOBOCE's results are reflected in the line item entitled "Discontinued operations, net of income taxes" in our interim consolidated statements of income. However, our consolidated statement of financial position as of January 1, 2011 does not present our investment in SOBOCE as a discontinued operation as it was not classified as held for sale as of such date under IFRS.

Effects of Foreign Currency Exchange Rate Fluctuations on Results of Operations

Changes in the relative value of the Mexican peso to the U.S. dollar have an effect on our results of operations reported in Mexican pesos. Our export sales to the United States and coal from our Colorado coal mine for use in our Mexican plants are denominated in U.S. dollars. Similarly, a substantial majority of our costs of sales and other selling and administrative expenses are either denominated in or linked to the value of the U.S. dollar, including our purchases of several raw materials and the costs of our operations in the United States. As a result, when the Mexican peso depreciates against the U.S. dollar, the same level of U.S. dollar net sales or expenses in a prior period will result in higher reported net sales or expenses in Mexican peso terms in the most recent period. Conversely, when the Mexican peso appreciates against the U.S. dollar, the same level of U.S. dollar net sales or expenses in a prior period will result in lower reported net sales or expenses in Mexican peso terms in the most recent period.

The U.S. dollar is our functional currency, both under MFRS and IFRS, for our operations conducted in the United States and the Mexican peso is our functional currency for our Mexican subsidiaries. Because the Mexican peso is the reporting currency we use to present our financial statements, in accordance with our legal and tax obligations as a Mexican company, the financial statements of our non-Mexican subsidiaries have been translated into Mexican pesos. The translation of the functional currency into the reporting currency was performed as follows: assets and liabilities are translated at the closing exchange rate on the balance sheet date and items in the statement of comprehensive income are translated at a weighted average exchange rate during the period unless such rates fluctuate significantly during the period, in which case the items are translated at the exchange rate prevailing at the dates of each statement of financial position. See note 4(c) to our annual consolidated financial statements and note 7(c) of our interim financial statements.

For the nine months ended September 30, 2012, compared to the same period in the prior year, the Mexican peso experienced an average weighted depreciation against the U.S. dollar. For the year ended December 31, 2011, compared to the year ended December 31, 2010, the Mexican peso experienced an average weighted appreciation against the U.S. dollar. For the year ended December 31, 2010, compared to the year ended December 31, 2009, the Mexican peso experienced an average weighted depreciation against the U.S. dollar

Income Taxes

We and our Mexican subsidiaries are currently subject to a 30% corporate income tax (28% for 2009, 30% for the years 2010 to 2013) or the 17.5% flat rate business tax. The flat rate business tax is an alternative minimum tax, and it replaced the asset tax that previously applied to corporations and other taxpayers in Mexico. Taxable income or loss with respect to the flat rate business tax is generally calculated by netting the following inflows of: (i) cash collected from the sale of assets, including inventory and other assets; (ii) cash collected from independent services; (iii) cash collected from rental of property, and the following outflows: (a) cash payments for purchases of assets; (b) cash payments for services; and (c) cash payments for the rental of property. The rate is 17.5% and against that amount certain credits related to salaries and wages paid are applied. Dividends, capital gains and losses from the sale or transfer of shares and interest inflows and outflows are excluded from the computation of taxable income or loss with respect to the flat rate business tax taxable income or loss. No depreciation or amortization is deductible from the flat rate business tax base. Royalties received from, or paid to, related parties are excluded from the flat rate business tax calculation. When the outflows are greater than the inflows, taxpayers can take a credit on the difference multiplied by the statutory rate that can be carried forward to reduce the flat rate business tax for the following ten years.

The flat rate business tax is not subject to consolidation and is calculated with respect to each legal entity on an unconsolidated basis. Corporate income tax payable in the same year can be credited against the flat rate business tax; therefore the flat rate business tax is only paid when it exceeds the amount of the income tax generated by any particular entity. During the first nine months of 2012, we generated Ps.19.6 million of flat rate business tax. We paid Ps.14.0 million in 2011 and Ps.14.8 million in 2010 as the flat rate business tax. We did not pay any flat rate business tax in 2009.

During 2009, the Mexican Congress approved a general tax reform that became effective as of January 1, 2010. This tax reform requires us to retroactively pay Consolidation Taxes at current rates on certain previously exempt intercompany dividends, certain other special tax items and operating losses generated by members of the consolidated tax group not recovered by the individual company generating such losses during the 10-year period beginning in 1999, which may have an adverse effect on our business, results of operations and financial condition. The Consolidation Taxes must be paid over a five-year period starting in the sixth year after such taxes were generated and will be increased by inflation adjustments as required by the Mexican Income Tax Law. In addition, the tax reform temporarily increased the statutory income tax rate from 28% to 30% for the years 2010 to 2012, which 30% rate was extended to 2013 by the Mexican Income Tax Law for 2013.

For the 2010 fiscal year, we paid Ps.21.5 million (U.S.$1.7 million), which represents 25% of the Consolidation Taxes for the period between 1999 and 2004, at a 30% tax rate as required by the law. For the 2011 and 2012 fiscal years, we paid Ps.27.3 million (U.S.$2.0 million) and Ps.30.0 million (U.S.$2.3 million), respectively, according to the new calculations, both at a tax rate of 30%. Our estimated payment schedule of remaining taxes payable resulting from changes in the tax consolidation regime is as follows: approximately Ps.26.6 million (U.S.$2.1 million) in 2013, approximately Ps.137.8 million (U.S.$10.7 million) in 2014, approximately Ps.176.5 million (U.S.$13.7 million) in 2015, approximately Ps.200.2 million (U.S.$15.6 million) in 2016, approximately Ps.230.4 million (U.S.$17.9 million) in 2017, approximately Ps.200.9 million (U.S.$15.6 million) in 2018 and approximately Ps.200.3 million (U.S.$15.6 million) in 2019 and thereafter. Consolidation Taxes are recorded as a deferred tax liability in the applicable year.

We challenged the imposition of such taxes based on (1) the retroactivity of the reform that obligates us to pay income taxes for income earned prior to the reform's effectiveness and (2) the violation of the constitutional principles of proportionality, equity and legality. If successful, we would recover the amount of Consolidation Taxes actually paid through the judgment date (Ps.78.8 million as of September 30, 2012), and we would not be required to pay future Consolidation Taxes. However, we cannot assure you that we will be successful or, even if we are, whether we will recover the full amount of the refund. For additional detail, see note 24 to our interim consolidated financial statements and note 20 to our annual consolidated financial statements, "Risk Factors—Risks Related to Our Company—The Mexican tax consolidation regime reform may have an adverse effect on our business, results of operations and financial condition" and "Our Business— Legal Proceedings—Tax Matters."

Deferred tax assets are recognized for tax loss carry-forwards to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The criteria for recognizing deferred tax assets arising from unused tax loss carry-forwards and tax credits are the same as the criteria for recognizing deferred tax assets arising from deductible temporary differences. However, the existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, when an entity has a history of recent losses, the entity recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity.

We have not recorded a full valuation allowance as of September 30, 2012, against our tax loss carry-forwards as we believe that the amounts will be recovered through (i) sufficient taxable temporary differences, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilized before they expire (estimated to be Ps.905.0 million) and (ii) tax planning opportunities that are expected to create taxable profit in the period in which the unused tax losses or unused tax credits can be utilized (estimated to be Ps.429.0 million).

Seasonality

Construction activity and, consequently, demand for our products, decreases significantly during long periods of cold temperatures, snow or strong or sustained rain. Accordingly, first quarter net sales and, to a lesser extent, fourth quarter net sales typically are lower than during the remainder of the year. For example, our first quarter 2011 results were particularly adversely affected by the worst winter in Chihuahua in the last 50 years. Sales typically peak during the third quarter. See "Risk Factors—Risks Related to our Business and Operations—Our operations could be adversely affected by weather conditions."

Results of Operations

	Year Ended December 31,			
	2011	2011	2010	2009
		(in accordance with MFRS) (in millions)		
	U.S.$ Convenience Translation	Ps.	Ps.	Ps.
Income Statement Data:				
Net sales	515.9	7,197.4	6,859.3	7,573.0
Cost of goods sold	426.3	5,947.1	5,537.1	5,744.4
Gross profit	89.6	1,250.3	1,322.2	1,828.6
Selling and administrative expenses	58.6	818.2	757.4	767.8
Operating income	31.0	432.1	564.8	1,060.8
Other expenses, net	(6.2)	(86.4)	(77.0)	(70.0)
Comprehensive financing cost:				
Financial expenses, net	(33.5)	(467.6)	(507.2)	(781.4)
Exchange gain (loss), net	2.2	30.8	4.9	(11.7)
Other financial expenses	(14.8)	(206.7)	(134.2)	—
Comprehensive financing cost	(46.1)	(643.4)	(636.4)	(793.1)
Income (loss) before taxes and discontinued operations	(21.3)	(297.7)	(148.6)	197.8
Income tax	45.7	637.3	33.7	25.6
Income (loss) before discontinued operations	24.3	339.7	(114.9)	223.4
Income (loss) from discontinued operations, net of income taxes[(1)]	(17.8)	(248.5)	198.2	229.9
Consolidated net income	6.5	91.2	83.3	453.3
Net income attributable to:				
Controlling interest	6.5	90.8	35.2	369.0
Non-controlling interest	0.0	0.4	48.1	84.3
Consolidated net income	6.5	91.2	83.3	453.3

	Nine Months Ended September 30,		
	2012	2012	2011
		(in accordance with IFRS) (unaudited) (in millions)	
	U.S.$ Convenience Translation	Ps.	Ps.
Income Statement Data:			.
Net sales	493.9	6,353.5	5,230.7
Cost of sales	393.3	5,058.5	4,190.3
Gross profit	100.7	1,294.9	1,040.4
Administrative and selling expenses	58.7	754.8	785.1
Operating income	42.0	540.1	255.3
Other expenses	0.0	0.7	2.0
Result from financial activities:			
Financial expenses	(30.5)	(392.7)	(401.7)
Financial income	1.9	25.0	25.2
Exchange gain (loss), net	(1.5)	(19.4)	25.8
Total	(30.1)	(387.1)	(350.7)
Income (loss) before taxes	11.9	152.3	(97.3)
Income taxes	11.8	151.1	(49.0)
Net consolidated income (loss) from continuing operations	23.6	303.5	(146.4)
Discontinued operations, net of income taxes[(2)]	—	—	(306.6)
Consolidated net income (loss)	23.6	303.5	(453.0)
Consolidated income (loss) related to:			
Equity holders of the parent	23.6	303.5	(452.7)
Non-controlling interests	—	—	(0.3)

(1) Under MFRS, our consolidated financial statements through July 31, 2011 reflected the proportional consolidation of our 47.02% interest in SOBOCE, because we shared joint administrative and operational control over it. Effective September 1, 2010, the Government of Bolivia passed a presidential decree pursuant to which SOBOCE's 33.34% stake in FANCESA, was expropriated in favor of the Autonomous Departmental Government of Chuquisaca. On August 18, 2011, we sold our 47.02% interest in SOBOCE to Consorcio. See "Our Business—Legal Proceedings—Sale of SOBOCE." Our annual consolidated financial statements and all other financial and statistical data included in this offering memorandum as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 have been restated to reflect SOBOCE as a discontinued operation in accordance with MFRS. Therefore, SOBOCE's results are reflected in the line item entitled "Income (loss) from discontinued operations, net of income taxes" in our consolidated statements of income. Our consolidated balance sheet has been restated to present the assets of SOBOCE as a discontinued operation in the line items entitled "Current assets of discontinued operations" and "Non-current assets of discontinued operations" and the liabilities of SOBOCE in the line items entitled "Current liabilities of discontinued operations" and "Long-term liabilities of discontinued operations." Consequently, the financial statements for each of the periods presented herein may differ from financial statements we previously have issued.

(2) Under IFRS, our interim consolidated financial statements through July 31, 2011 reflected our 47.02% interest in SOBOCE under the equity method of accounting, because we shared joint administrative and operational control over it. Effective September 1, 2010, the Government of Bolivia passed a presidential decree pursuant to which SOBOCE's 33.34% stake in FANCESA, was expropriated in favor of the Autonomous Departmental Government of Chuquisaca. On August 18, 2011, we sold our 47.02% interest in SOBOCE to Consorcio. See "Our Business—Legal Proceedings—Sale of SOBOCE." Our interim consolidated financial statements and all other financial and statistical data included in this offering memorandum for purposes of IFRS for the nine months ended September 30, 2011 has been presented to reflect SOBOCE as a discontinued operation in accordance with IFRS. As a result, SOBOCE's results are reflected in the line item entitled "Discontinued operations, net of income taxes" in our interim consolidated statements of income. However, our consolidated statement of financial position as of January 1, 2011 does not present our investment in SOBOCE as a discontinued operation as it was not classified as held for sale as of such date under IFRS.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011 (figures presented under IFRS – unaudited)

Net Sales

Summarized in the table below are our net sales by product and by country for the nine months ended September 30, 2012 and 2011.

	Nine Months Ended September 30, 2012				
Geographic Segment	**Cement**	**Ready-mix Concrete**	**Other[(1)]**	**Eliminations**	**Consolidated**
			(in millions of pesos)		
Mexico	1,321.5	585.5	589.8	(568.6)	1,928.2
United States	2,939.4	1,538.8	679.3	(732.3)	4,425.3
Total	4,260.9	2,124.2	1,269.1	(1,300.8)	6,353.5

	Nine Months Ended September 30, 2011				
Geographic Segment	**Cement**	**Ready-mix Concrete**	**Other[(1)]**	**Eliminations**	**Consolidated**
			(in millions of pesos)		
Mexico	1,302.0	492.6	588.6	(513.3)	1,869.8
United States	2,083.7	1,230.4	691.5	(644.6)	3,360.9
Total	3,385.7	1,723.0	1,280.0	(1,157.9)	5,230.7

(1) Other principally includes aggregates, coal, concrete blocks, prefabricated products, transportation, developed land in Mexico and other materials for construction.

Our consolidated net sales increased 21.5% to Ps.6,353.5 million for the nine months ended September 30, 2012 from Ps.5,230.7 million for the same period in the prior year. On a consolidated basis before intercompany eliminations, our cement net sales increased 25.8% to Ps.4,260.9 million for the nine-months ended September 30, 2012 from Ps.3,385.7 million for the same period in the prior year, our ready-mix concrete net sales increased 23.3% to Ps.2,124.2 million as of September 30, 2012 from Ps.1,723.0 million for the same period in the prior year, and our other net sales decreased 0.9% to Ps.1,269.1 million for the nine months ended September 30, 2012 from Ps.1,280.0 million for the same period in the prior year. The increase in net sales was primarily attributable to higher sales volumes from both our Mexican and U.S. operations due to increases in public infrastructure construction in Mexico, increases in construction activity in the private sector in the United States, and the weighted average depreciation of the Mexican peso against the U.S. dollar.

Set forth below is a quantitative and qualitative analysis of the effects of the various factors affecting our net sales on a geographic segment basis. The discussion of volume data below is presented on a consolidated basis. The discussion of net sales information below is presented before intercompany eliminations resulting from consolidation, unless otherwise stated. See note 29 to our interim consolidated financial statements. For a discussion of intercompany sales, see "—Overview."

Mexico

In Mexico, our consolidated net sales increased 3.1% to Ps.1,928.2 million for the nine months ended September 30, 2012 from Ps.1,869.8 million for the same period in the prior year. Our Mexican operations represented 30.3% of our consolidated net sales for the nine months ended September 30, 2012. For the nine months ended September 30, 2012, cement represented 52.9%, ready-mix concrete represented 23.5% and our other businesses represented approximately 23.6% of our Mexican operations' consolidated net sales before intercompany eliminations.

Our Mexican operations' net sales increased primarily as a result of an increase of 1.5% in cement net sales and an increase of approximately 18.9% in ready-mix concrete net sales. The increase in our cement net sales was driven by a 1.5% increase in the weighted average cement sales price, partially offset by a 1.4% decrease in domestic Mexican cement sales volumes and a 12.7% decrease in cement export volumes to the United States. The increase in our ready-mix concrete net sales was driven by a 12.2% increase of ready-mix concrete sales volumes and an increase of 5.7% in the weighted average ready-mix concrete sales price. The increases in cement and ready-mix concrete net sales were primarily attributable to increases in public infrastructure (including the construction of a thermoelectric plant in the state of Chihuahua by the Mexican federal government and certain paving projects) and demand from the mining sector, offset by the construction slowdown from the continuing violence and security concerns in the state of Chihuahua. Other net sales remained flat for the nine months ended September 30, 2012, with net sales principally derived from increases in sales volumes in aggregates and concrete blocks which increased 18.4% and 11.5%, respectively, offset by a decrease in prefabricated product sales in Mexico due to the completion of several bridges (which used prefabricated panels) in the state of Chihuahua in 2011.

United States

In the United States, our consolidated net sales increased 31.7% to Ps.4,425.3 million for the nine months ended September 30, 2012 from Ps.3,360.9 million for the same period in the prior year. Our U.S. operations represented 69.7% of our consolidated net sales for the nine months ended September 30, 2012. For the nine months ended September 30, 2012, cement represented 57.0%, ready-mix concrete represented 29.8% and our other businesses represented 13.2% of our U.S. operations' consolidated net sales before intercompany eliminations.

Our U.S. operations' net sales in Mexican peso terms increased primarily as a result of a 41.1% increase in cement net sales and an increase of 25.1% in ready-mix concrete net sales. The increase in our cement net sales was driven by a 22.1% increase in cement sales volumes, an increase of 8.9% in the weighted average cement sales price in U.S. dollar terms and the weighted average depreciation of the Mexican peso against the U.S. dollar. The increase in our ready-mix concrete net sales was driven by a 9.0% increase in ready-mix concrete sales volumes, an increase of 3.1% in the weighted average sales price of ready-mix concrete in U.S. dollar terms and the weighted average depreciation of the Mexican peso against the U.S. dollar. The increases in cement and ready-mix concrete net sales resulted from increased construction activity in the private sector, primarily from the residential sector, as well as the industrial and commercial sectors. Other net sales remained flat for the nine months ended September 30, 2012, as compared to the nine months ended September 30, 2011. Net sales from our U.S. operations in U.S. dollar terms increased 18.4% for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011 for the reasons described above.

Cost of Sales

Our cost of sales increased 20.7% to Ps.5,058.5 million for the nine months ended September 30, 2012 from Ps.4,190.3 million for the same period in the prior year, primarily due to increased sales as described above and the weighted average depreciation of the Mexican peso against the U.S. dollar.

In Mexico, as a percentage of net sales, our variable costs remained stable for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011, primarily due to our use of natural gas as fuel for our plants instead of coal due to better prices. Our fixed production costs in Mexico increased 7.2% during the same period, primarily due to a 14.0% increase in maintenance costs for our cement and aggregates production because of higher capacity utilization at our Samalayuca plant and a 5.8% increase in salaries and benefits for our employees associated with negotiated annual increases.

In the United States, as a percentage of net sales, our variable costs increased 1.6% in U.S. dollar terms for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011, primarily due to increases in freight costs associated with the shipment of cement to our Northern markets (South Dakota, Iowa and Minnesota) from our Pueblo, Colorado cement plant to cover sales from our cement plant in Rapid City, South Dakota, which sold cement beyond its capacity. Our fixed production costs in the United States increased 11.6% in U.S. dollar terms during the same period, primarily due to an 8.6% increase in salaries and benefits for our employees associated with higher health insurance costs, higher overtime pay at our Pueblo, Colorado plant due to a shorter shutdown maintenance period, and increased headcount at our Colorado coal mine due to the expansion of the mine, as well as a 16.8% increase in operating expenses, primarily due to higher capacity utilization at our cement plants and increased maintenance requirements.

Gross Profit

Gross profit increased 24.4% to Ps.1,294.9 million for the nine months ended September 30, 2012 from Ps.1,040.4 million for the same period in the prior year for the reasons described above.

Administrative and Selling Expenses

Our administrative and selling expenses decreased 3.9% to Ps.754.8 million for the nine months ended September 30, 2012 from Ps.785.1 million for the same period in the prior year. Administrative and selling expenses increased 1.3% in Mexico and decreased 11.4% in the United States. In Mexico, the increase was primarily due to an increase in professional services from third parties relating to the restructuring of our debt. In the United States, the decrease was primarily due to a decrease in non-recurring settlement and legal expenses associated with the antitrust litigation, which we settled in 2011. See "Our Business—Legal Proceedings—Antitrust Proceedings."

Result from Financial Activities

Our financial activities for the nine months ended September 30, 2012 and 2011 are as follows:

	Nine Months Ended September 30,			
	2012		2011	
	(in millions of pesos)			
Financial expenses	Ps.	(392.7)	Ps.	(401.7)
Financial income		25.0		25.2
Exchange gain (loss), net		(19.4)		25.8
Result from financial activities[1]	Ps.	(387.1)	Ps.	(350.7)

(1) Under IFRS, debt issuance costs were accounted for together with the cancellation of the original liability and the issuance of new debt and were therefore recognized directly in the statement of income.

The result from financial activities increased 10.4% to Ps.387.1 million for the nine months ended September 30, 2012 from Ps.350.7 million for the same period in the prior year. The components of the change are shown above. Our financial expenses decreased 2.2% to Ps.392.7 for the nine months ended September 30, 2012 from Ps.401.7 for the same period in the prior year, primarily due to a 6.3% decrease in our debt interest expenses for the nine months ended September 30, 2012, mainly due a lower level of debt resulting from U.S. dollar prepayments made in connection with our Existing Credit Facility, partially offset by the weighted average depreciation of the Mexican peso against the U.S. dollar. See "—Liquidity and Capital Resources." Our financial income remained flat for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011. Our net foreign exchange result was a loss of Ps.(19.4) for the nine months ended September 30, 2012 from a gain of 25.8 for the same period in the prior year due to the effect of the depreciation of the Mexican peso against the U.S. dollar, which increased our U.S. dollar-denominated liabilities more than our U.S. dollar-denominated assets, translated at the closing exchange rate on the balance sheet date. See note 28 to our interim consolidated financial statements.

Income (Loss) Before Taxes

Income (loss) before taxes increased to income of Ps.152.3 million for the nine months ended September 30, 2012 from a loss of Ps.(97.3) million for the same period in the prior year for the reasons described above.

Income Taxes

Our income tax effect was a tax credit of Ps.151.1 million for the nine months ended September 30, 2012 compared to taxes owed of Ps.(49.0) million for the same period in the prior year, mainly attributable to an increase in the accumulation of net operating losses. See note 24 to our interim consolidated financial statements.

An analysis of our income taxes charged for the nine months ended September 30, 2012 and 2011 is as follows:

	Nine months ended September 30,			
	2012		2011	
	(in millions of pesos)			
Current year income tax	Ps.	57.2	Ps.	(140.9)
Flat rate business tax		(19.6)		(30.5)
Deferred flat rate business tax		6.3		(13.3)
Deferred income tax		107.2		135.6
Total income tax	Ps.	151.1	Ps.	(49.0)

Discontinued Operations, Net of Income Taxes

There were no discontinued operations for the nine months ended September 30, 2012 compared to Ps.(306.6) million for the same period in the prior year resulting from the sale of SOBOCE, which took place in August 2011. See note 2 to our interim consolidated financial statements.

Consolidated Net Income (Loss)

For the reasons described above, consolidated net income (loss) increased to net income of Ps.303.5 for the nine months ended September 30, 2012 from a net loss of Ps.(453.0) million for the same period in the prior year.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010 (figures presented under MFRS)

Net Sales

Summarized in the table below are our net sales by product and by country for the years ended December 31, 2011 and 2010.

	Year Ended December 31, 2011[1]					
Geographic Segment	Cement	Ready-mix Concrete	Aggregates	Other[2]	Eliminations	Consolidated
			(in millions of pesos)			
Mexico	1,599.2	744.8	181.2	763.5	(733.3)	2,555.3
United States	2,836.3	1,728.2	—	849.0	(771.4)	4,642.1
Total	4,435.5	2,473.0	181.2	1,612.5	(1,504.7)	7,197.4

	Year Ended December 31, 2010[3]					
Geographic Segment	Cement	Ready-mix Concrete	Aggregates	Other[2]	Eliminations	Consolidated
			(in millions of pesos)			
Mexico	1,369.3	675.4	150.4	753.8	(512.6)	2,436.3
United States	2,715.5	1,818.4	30.4	786.8	(928.1)	4,423.0
Total	4,084.8	2,493.8	180.8	1,540.6	(1,440.7)	6,859.3

(1) In 2011, we opened three additional distribution centers in the United States (Atlantic, IA; Great Bend, KS; and Holcomb, KS).
(2) Other principally includes coal, concrete blocks, prefabricated products, transportation, developed land in Mexico and other materials for construction.
(3) In 2010, we opened four additional distribution centers in the United States (Hawarden, IA; Lakeville, MN; Elida, NM; and Woodward, OK).

Our consolidated net sales increased 4.9% to Ps.7,197.4 million in 2011 from Ps.6,859.3 million in 2010. On a consolidated basis before intercompany eliminations, our cement net sales increased 8.6% to Ps.4,435.5 million in 2011 from Ps.4,084.8 million in 2010, our ready-mix concrete net sales decreased 0.8% to Ps.2,473.0 million in 2011 from Ps.2,493.8 million in 2010, our aggregates net sales remained flat in 2011 compared to 2010 and our other net sales increased 4.7% to Ps.1,612.5 million in 2011 from Ps.1,540.6 million in 2010. The increase in net sales was primarily attributable to higher sales volumes from both our Mexican and U.S. operations due to the increase in the construction sector in both countries beginning in the second quarter of 2011, resulting from public infrastructure projects and increased mining activity in Mexico, as well as from highway construction, public infrastructure and petroleum company deposit exploration in the United States, partially offset by the weighted average appreciation of the Mexican peso against the U.S. dollar.

Set forth below is a quantitative and qualitative analysis of the effects of the various factors affecting our net sales on a geographic segment basis. The discussion of volume data below is presented on a consolidated basis. The discussion of net sales information below is presented before intercompany eliminations resulting from consolidation, unless otherwise stated. See note 21 to our annual consolidated financial statements. For a discussion of intercompany sales, see "—Overview."

Mexico

In Mexico, our consolidated net sales increased by 4.9% to Ps.2,555.3 million in 2011 from Ps.2,436.3 million in 2010. Our Mexican operations represented 35.5% of our consolidated net sales in 2011. For the year ended December 31, 2011, cement represented 48.6%, ready-mix concrete represented 22.6% and our aggregates and other businesses represented 28.7% of our Mexican operations' consolidated net sales before intercompany eliminations.

Our Mexican operations' net sales increased primarily as a result of an increase of 16.8% in cement net sales and an increase of 10.3% in ready-mix concrete net sales. The increase in our cement net sales was driven by a 7.0% increase of domestic Mexican cement sales volumes, a 31.8% increase in cement export volumes to the United States, and an increase of 4.7% in the weighted average cement sales price. The increase in our ready-mix concrete net sales was driven by an 8.7% increase of ready-mix concrete sales volumes and an increase of 1.6% in the weighted average sales price of ready-mix concrete. The increases in cement and ready-mix concrete net sales were primarily attributable to an increase in public infrastructure projects and demand from the mining sector, partially offset by significant declines in net sales in the first quarter of 2011 due to the worst winter in Chihuahua in the last 50 years and the construction slowdown from the continuing violence and security concerns in the state of Chihuahua. Other net sales remained flat for the year ended December 31, 2011 compared to 2010.

United States

In the United States, our consolidated net sales increased 5.0%, to Ps.4,642.1 million from Ps.4,423.0 million in 2010. Our U.S. operations represented 64.5% of our consolidated net sales in 2011. For the year ended December 31, 2011, cement represented 52.4%, ready-mix concrete represented 31.9% and others represented 15.7% of our U.S. operations' consolidated net sales before intercompany eliminations. We did not sell any aggregates, a minor business, in the United States in 2011.

Our U.S. operations' net sales in Mexican peso terms increased primarily as a result of a 4.4% increase in cement net sales and a 7.9% increase of others, principally coal, partially offset by a 5.0% decrease in ready-mix concrete net sales. The increase in our cement net sales was driven by a 4.2% increase in cement sales volumes, partially offset by a 3.0% decrease in the weighted average cement sales price in U.S. dollar terms and the weighted average appreciation of the Mexican peso against the U.S. dollar. The increase in our other net sales was driven by a 15.5% increase of coal sales volumes. The decrease in our ready-mix concrete net sales was driven by a decrease of 1.9% in the weighted average sales price of ready-mix concrete in U.S. dollar terms and the weighted average appreciation of the Mexican peso against the U.S. dollar with stable ready-mix concrete sales volumes. The decreases in the weighted average sales price of cement and ready-mix concrete in U.S. dollar terms was due to competitive pricing arrangements for certain new clients served by our new distribution centers and volume and other contractual considerations. The increase in cement sales volumes resulted principally from increases in the construction sector, primarily highway construction, public infrastructure and petroleum company deposit exploration. We also opened three additional distribution centers in 2011 in the United States (Atlantic, IA; Great Bend, KS; and Holcomb, KS), which increased our distribution reach, allowed us to bring products to new customers, and contributed additional cement sales of U.S.$4.3 million for the year ended December 31, 2011 and sales volumes of 39.7 thousand tons. Net sales from our U.S. operations in U.S. dollar terms increased 6.4% in 2011 compared to 2010 for the reasons described above.

Cost of Goods Sold

Our cost of goods sold increased 7.4% to Ps.5,947.1 million in 2011 from Ps.5,537.1 million in 2010, primarily due to increases in freight costs, raw materials and electricity costs, partially offset by lower fixed production costs and the weighted average appreciation of the Mexican peso against the U.S. dollar.

In Mexico, as a percentage of net sales, our variable costs increased 2.2% in 2011 compared to 2010, primarily due to price increases of 3.7% for fuel and 8.2% for electricity, increases in the amount of raw materials purchased from third parties as a result of our increased net sales, an increase in our freight costs associated with our ready-mix concrete operations which served mines situated in remote locations and special infrastructure projects located at further distances along roads with poor conditions. Our fixed production costs in Mexico decreased 4.9% during the same period, primarily due to our cost-savings efforts, which lowered maintenance costs by 13.7% at our cement plants.

In the United States, as a percentage of net sales, our variable costs increased 6.2% in U.S. dollar terms in 2011 compared to 2010, primarily due to an increase in freight costs associated with the 26.7% increase in the volume of cement shipped to our Northern markets (South Dakota, Iowa and Minnesota) from our Pueblo, Colorado cement plant to cover sales from our cement plant in Rapid City, South Dakota, and an increase of 4.5% in fuel and energy costs, primarily higher coal and electricity costs, at our cement plants. Our fixed production costs in the United States decreased 2.5% during the same period, primarily due to cost savings efforts in areas such as equipment rental, equipment repair and insurance.

Gross Profit

Gross profit decreased 5.4% to Ps.1,250.3 million in 2011 from Ps.1,322.2 million in 2010 for the reasons described above.

Selling and Administrative Expenses

Our selling and administrative expenses increased 8.0% to Ps.818.2 million in 2011 from Ps.757.4 million in 2010. Selling and administrative expenses decreased 1.7% in Mexico and increased 17.0% in the United States. In Mexico, the decrease was primarily due to efforts implemented to reduce costs, including through the consolidation in 2011 of our shared services center. In the United States, the increase was primarily due to a non-recurring settlement and legal expenses associated with the antitrust litigation in the United States, which we settled in 2011, partially offset by the weighted average appreciation of the Mexican peso against the U.S. dollar and by efforts implemented to reduce costs, including through the consolidation in 2011 of our shared services center. See "Our Business—Legal Proceedings—Antitrust Proceedings."

Other Expenses, Net

Our other expenses, net increased 12.2% to Ps.86.4 million in 2011 from Ps.77.0 million in 2010, primarily due to an increase in withholding of non-creditable taxes, partially offset by a decrease in employee profit sharing and others. The items included in this line item for the years ended December 31, 2011 and 2010 are as follows:

	Year Ended December 31,			
	2011		**2010**	
	(in millions of pesos)			
Gain on disposal of fixed assets	Ps.	13.1	Ps.	20.7
Withholding of non-creditable taxes		(25.1)		(12.5)
Employee profit sharing and others		(74.4)		(85.1)
Total	Ps.	(86.4)	Ps.	(77.0)

Comprehensive Financing Cost

Our comprehensive financing cost for the years ended December 31, 2011 and 2010 are as follows:

	Year Ended December 31,			
	2011		**2010**	
	(in millions of pesos)			
Financial income	Ps.	34.8	Ps.	33.1
Financial expenses		(502.3)		(540.2)
Amortization of debt issuance cost(1)		(206.7)		(134.2)
Exchange gain (loss), net		30.8		4.9
Comprehensive financing cost	Ps.	(643.4)	Ps.	(636.4)

(1) The capitalization of debt issuance expenses and interest is amortized over the term of the loan.

Our comprehensive financing cost increased 1.1% to Ps.643.4 million in 2011 from Ps.636.4 million in 2010. The components of the change are shown above. Our financial expenses decreased 7.0% to Ps.502.3 million in 2011 from Ps.540.2 million in 2010, primarily due to lower indebtedness and lower interest rates as a result of our debt restructuring, offset by Ps.206.7 million in amortization costs we recognized in 2011 associated with our debt restructuring. See "—Liquidity and Capital Resources." Our net foreign exchange result improved to a gain of Ps.30.8 million in 2011 from a gain of Ps.4.9 million in 2010, primarily due to the effect of the depreciation of the Mexican peso against the U.S. dollar on our U.S. dollar-denominated indebtedness, which increased by less than our U.S. dollar-denominated assets, translated at the closing exchange rate on the balance sheet date. See note 18 to our annual consolidated financial statements.

Loss before Taxes and Discontinued Operations

Loss before taxes and discontinued operations increased 100.3% to a loss of Ps.(297.7) million in 2011 from a loss of Ps.(148.6) million in 2010 for the reasons described above.

Income Tax

Our income tax effect was a tax credit of Ps.637.3 million in 2011 compared to a tax credit of Ps.33.7 million in 2010, mainly attributable to the increase in the accumulation of net operating losses due to a change in the valuation allowance resulting from management's conclusion as of December 31, 2011 that it was probable that such carry-forwards would be available to be used against future taxable profits, the effect of the change in tax rates and the restatement of fixed assets and other items. See note 20 to our annual consolidated financial statements and "—Key Factors Affecting Our Results of Operations and Financial Condition—Income Taxes."

An analysis of income taxes for the years ended December 31, 2011 and 2010 is as follows:

	Year Ended December 31,	
	2011	2010
	(in millions)	
Current year income tax	Ps. (254.5)	Ps. 48.5
Current flat rate business tax	(14.0)	(14.9)
Deferred flat rate business tax	(17.7)	(16.5)
Deferred income tax	923.6	16.6
Total income tax	Ps. 637.3	Ps. 33.7

Income (Loss) from Discontinued Operations, net of Income Taxes

Income (loss) from discontinued operations, net of income taxes was a loss of to Ps.(248.5) million in 2011 compared to income of Ps.198.2 million in 2010, primarily due the sale of SOBOCE in August 2011. See note 2 to our annual consolidated financial statements.

Consolidated Net Income

For the reasons described above, consolidated net income increased 9.5% to Ps.91.2 million in 2011 from Ps.83.3 million in 2010. Consolidated net income represented 1.3% and 1.2% of net sales in 2011 and 2010, respectively.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009 (figures presented under MFRS)

Net Sales

Summarized in the table below are our net sales by product and by country for the years ended December 31, 2010 and 2009.

	Year Ended December 31, 2010[1]					
Geographic Segment	**Cement**	**Ready-mix Concrete**	**Aggregates**	**Other[2]**	**Eliminations**	**Consolidated**
			(in millions of pesos)			
Mexico	1,369.3	675.4	150.4	753.8	(512.6)	2,436.3
United States	2,715.5	1,818.4	30.4	786.8	(928.1)	4,423.0
Total	4,084.8	2,493.8	180.8	1,540.6	(1,440.7)	6,859.3

	Year Ended December 31, 2009					
Geographic Segment	**Cement**	**Ready-mix Concrete**	**Aggregates**	**Other[2]**	**Eliminations**	**Consolidated**
			(in millions of pesos)			
Mexico	1,404.6[3]	766.8	204.5	641.9[4]	(606.8)	2,411.1
United States	3,138.4	1,976.9	42.1	895.1	(890.5)	5,161.9
Total	4,543.0	2,743.7	246.6	1,537.0	(1,497.3)	7,573.0

(1) In 2010, we opened four additional distribution centers in the United States (Hawarden, IA; Lakeville, MN; Elida, NM; and Woodward, OK).
(2) Other principally includes coal, concrete blocks, prefabricated products, transportation, developed land in Mexico and other materials for construction.
(3) In 2009, we completed the modernization of our Chihuahua plant, which allowed for an increased production capacity of cement grinding, while reducing costs.
(4) In 2009, we began producing prefabricated concrete panels and dry mixes in Samalayuca, Chihuahua, which increased net sales for our other products in Mexico. As a result of this expansion, we were able to increase our portfolio of products in order to meet increasing demand by our customers.

Our consolidated net sales decreased 9.4% to Ps.6,859.3 million in 2010 from Ps.7,573.0 million in 2009. On a consolidated basis before intercompany eliminations, our cement net sales decreased 10.1% to Ps.4,084.8 million in 2010 from Ps.4,543.0 million in 2009, our ready-mix concrete net sales decreased 9.1% to Ps.2,493.8 million in 2010 from Ps.2,743.7 million in 2009, our aggregates net sales decreased 26.7% to Ps.180.8 million in 2010 compared to Ps.246.6 million in 2009, and our other net sales remained flat in 2010 compared to 2009. The decrease in net sales was primarily attributable to lower average weighted sales prices, mainly in our U.S. operations and lower cement and ready-mix concrete sales volumes mainly within Mexico primarily due to lower demand in the infrastructure and residential sectors, which was partially offset by the weighted average depreciation of the Mexican peso against the U.S. dollar.

Set forth below is a quantitative and qualitative analysis of the effects of the various factors affecting our net sales on a geographic segment basis. The discussion of volume data below is presented on a consolidated basis. The discussion of net sales information below is presented before intercompany eliminations resulting from consolidation, unless otherwise stated. See note 21 to our annual consolidated financial statements. For a discussion of intercompany sales, see "—Overview."

Mexico

In Mexico, our consolidated net sales increased by 1.0% to Ps.2,436.3 million in 2010 from Ps.2,411.1 million in 2009. Our Mexican operations represented 35.5% of our consolidated net sales in 2010. For the year ended December 31, 2010, cement represented 46.4%, ready-mix concrete represented 22.9% and our aggregates and other businesses represented 30.7% of our Mexican operations' consolidated net sales before intercompany eliminations.

Our Mexican operations' net sales increased slightly primarily as a result of an increase of 17.4% in other net sales, partially offset by a decrease of 2.5% in cement net sales, a decrease of 11.9% in ready-mix concrete net sales and a decrease of 26.5% in aggregates net sales. The decrease in our cement net sales was driven by a 0.2% decrease in domestic

Mexican cement sales volumes and a decrease of 2.4% in the weighted average cement sales price, partially offset by an 6.3% increase in cement export volumes to the United States. The decrease in our ready-mix concrete net sales was driven by a 13.9% decrease of ready-mix concrete sales volumes, partially offset by an increase of 2.4% in the weighted average sales price of ready-mix concrete. The decreases in cement and ready-mix concrete net sales were primarily attributable to a modest decline in demand from the residential construction sector and the self-construction sector, as well a 13.9% decrease in demand from the industrial and commercial sectors, including primarily sales to small retail businesses, largely as a result of increased violence and security concerns in the state of Chihuahua, which led to slow starts or delays in construction projects primarily in the area around the city of Juarez. In addition, investment in cement-intensive special precast infrastructure projects decreased by 18.2% in 2010 compared to 2009 because the transition to new elected officials following state and local government elections in October 2010 caused a slowdown in public infrastructure projects. Other net sales increased primarily because of increased sales of prefabricated panels for public infrastructure projects, including a prison, a university expansion in Juarez and construction of elementary schools.

United States

In the United States, our consolidated net sales decreased 14.3%, to Ps.4,423.0 million in 2010 from Ps.5,161.9 million in 2009. Our U.S. operations represented 64.5% of our consolidated net sales in 2010. For the year ended December 31, 2010, cement represented 50.7%, ready-mix concrete represented 34.0% and our aggregates and others represented 15.3% of our U.S. operations' consolidated net sales before intercompany eliminations.

Our U.S. operations' net sales in Mexican peso terms decreased primarily as a result of a decrease of 13.5% of cement net sales, a decrease of 8.0% in ready-mix concrete net sales, a decrease of 27.8% in aggregates net sales and a decrease of 12.1% in other net sales. The decrease in our cement net sales was driven by a 3.2% decrease in the weighted average cement sales price in U.S. dollar terms, partially offset by a 1.4% increase in cement sales volumes and the average weighted depreciation of the Mexican peso against the U.S. dollar. The decrease in our ready-mix net sales was driven by a 7.8% decrease in the weighted average ready-mix concrete sales price in U.S. dollar terms, partially offset by a 6.0% increase of ready-mix concrete sales volumes in 2011 and the average weighted depreciation of the Mexican peso against the U.S. dollar. The decrease in our aggregates and others net sales was driven by the closing of a minor business in the beginning of 2010 originally acquired as part of an acquisition in 2006, which represented a decrease of approximately U.S.$5.1 million in revenues for the year ended December 31, 2010.The decrease in average weighted prices resulted from a slow economic recovery, slower job creation, reduced consumer confidence and weaker infrastructure spending. In addition, although we opened four additional distribution centers in the United States (Hawarden, IA; Lakeville, MN; Elida, NM; and Woodward, OK), which contributed additional cement sales of U.S.$11 million for the year ended December 31, 2011 and sales volumes of 99.6 thousand tons, the industrial and commercial construction sector activity remained depressed. Net sales from our U.S. operations in U.S. dollar terms decreased 8.6% in 2010 compared to 2009 for the reasons described above.

Cost of Goods Sold

Our cost of goods sold decreased 3.6% to Ps.5,537.1 million in 2010 from Ps.5,744.4 million in 2009, primarily due to lower fixed production costs mainly related to maintenance and overhead expenses, partially offset by the average weighted depreciation of the Mexican peso against the U.S. dollar.

In Mexico as a percentage of net sales, our variable costs increased 0.9% in 2010 compared to 2009, primarily due to an increase of 10.7% in the prices for the fuel we use in our cement plants and an increase of 8.5% in our total energy costs, primarily for cement production. Our fixed production costs in Mexico increased 1.2% during the same period, primarily due to slightly higher production at our Samalayuca cement plant and higher maintenance costs, which were related, in part, to additional prefabricated panel and dry mix operations.

In the United States, as a percentage of net sales, our variable costs increased 3.6% in U.S. dollar terms in 2010 compared to 2009, primarily due to a decrease in sale prices and increased costs for fuel (primarily coal and natural gas) and freight (primarily diesel) for the cement business, partially offset by the decrease in production costs of 2.0% per cubic meter in the ready-mix concrete business. Our fixed production costs in the United States decreased 8.2% during the same period, with a 21.7% reduction in overhead expenses related to lower property taxes for our Pueblo, Colorado plant and a 13.2% reduction in maintenance costs.

Gross Profit

Gross profit decreased 27.7% to Ps. 1,322.2 million in 2010 from Ps.1,828.6 million in 2009 for the reasons described above.

Selling and Administrative Expenses

Our selling and administrative expenses decreased 1.4% to Ps.757.4 million in 2010 from Ps.767.8 million in 2009. Selling and administrative expenses increased 5.9% in Mexico and decreased 6.1% in the United States. In Mexico, the increase was primarily due to higher corporate expenses and insurance costs, partially offset by our cost reduction plan, which led to lower salaries and benefits, and a decrease in bad debt expense due to lower net sales and higher collections. In the United States, the decrease was primarily due to our cost reduction plan, which led to lower salaries and benefits, partially offset by the average weighted depreciation of the Mexican peso against the U.S. dollar.

Other Expenses, Net

Our other expenses, net, increased 10.0% to Ps.77.0 million in 2010 from Ps.70.0 million in 2009, primarily due to an increase in employee profit sharing and others, partially offset by a gain on disposal of fixed assets. The items included in this line item for the years ended December 31, 2010 and 2009 are as follows:

	Year Ended December 31,			
	2010		2009	
	(in millions of pesos)			
Gain on disposal of fixed assets	Ps.	20.7	Ps.	1.8
Withholding of non-creditable taxes		(12.5)		(13.6)
Employee profit sharing and others		(85.1)		(58.2)
Total	Ps.	(77.0)	Ps.	(70.0)

Comprehensive Financing Cost

Our comprehensive financing cost for the years ended December 31, 2010 and 2009 are as follows:

	Year Ended December 31,			
	2010		2009	
	(in millions of pesos)			
Financial income	Ps.	33.1	Ps.	42.5
Financial expense		(540.2)		(823.9)
Amortization of debt issuance cost(1)		(134.2)		—
Exchange gain (loss), net		4.9		(11.7)
Comprehensive financing cost	Ps.	(636.4)	Ps.	(793.1)

(1) The capitalization of debt issuance expenses and interest is amortized over the term of the loan.

Our comprehensive financing cost decreased 19.8% to Ps.636.4 million in 2010 from Ps.793.1 million in 2009. The components of the change are shown above. Our financial expense decreased 34.4% to Ps.540.2 million in 2010 from Ps.823.9 million in 2009, primarily due to lower indebtedness and lower interest rates as a result of our debt restructuring, offset by Ps.134.2 million in amortization costs we recognized in 2010 associated with our debt restructuring. See "—Liquidity and Capital Resources." Our financial income decreased 22.1% to Ps.33.1 million in 2010 from Ps.42.5 million in 2009, primarily due to fewer cash investments and lower interest rates. Our net foreign exchange result improved to a gain of Ps.4.9 million in 2010 from a loss of Ps.11.7 million in 2009, primarily due to the appreciation of the Mexican peso against the U.S. dollar related to a larger impact on our U.S. dollar-denominated assets than on our U.S. dollar-denominated liabilities, translated at the closing exchange rate on the balance sheet date. See note 18 to our annual consolidated financial statements.

Income (loss) Before Taxes and Discontinued Operations

Income (loss) before taxes and discontinued operations decreased 175.1% to a loss of Ps.148.6 million in 2010 from income of Ps.197.8 million in 2009 for the reasons described above.

Income Tax

Our income tax effect was a tax credit of Ps.33.7 million in 2010 compared to a tax credit of Ps.25.6 million in 2009, mainly attributable to an increase of the effect of the restatement of fixed assets and other items and a decrease in taxable earnings in our Mexican and United States operations. See note 20 to our annual consolidated financial statements.

An analysis of income taxes for the years ended December 31, 2010 and 2009 is as follows:

	Year Ended December 31,			
	2010		2009	
	(in millions of pesos)			
Current year income tax	Ps.	48.5	Ps	155.9
Current flat rate business tax		(14.9)		—
Deferred flat rate business tax		(16.5)		—
Deferred income tax		16.6		(130.3)
Total income tax	Ps.	33.7	Ps.	25.6

Income from Discontinued Operations, Net of Income Taxes

Income from discontinued operations, net of income taxes decreased 13.8% to Ps.198.2 million in 2010 from Ps.229.9 million in 2009, primarily due to the partial reduction of income from SOBOCE related to the expropriation of FANCESA, effective September 1, 2010. See note 2 to our annual consolidated financial statements.

Consolidated Net Income

For the reasons described above, consolidated net income decreased 81.6% to Ps.83.3 million in 2010 from Ps.453.3 million in 2009. Consolidated net income represented 1.2% and 6.0% of net sales in 2010 and 2009, respectively.

Liquidity and Capital Resources

We have satisfied our liquidity needs primarily through the operations of our subsidiaries and expect to continue to do so for both the short- and long-term. Although cash flow from our operations has historically met our overall liquidity needs for operations and funding capital expenditures and acquisitions, our subsidiaries are exposed to risks from changes in foreign currency exchange rates, price and currency controls, interest rates, governmental spending, social instability and other political, economic and/or social developments in Mexico and the United States, any one of which may materially reduce our net income and cash from operations. Consequently, in order to meet our liquidity needs, we also rely on borrowings under credit facilities, proceeds from debt offerings, and, when necessary, proceeds from asset sales. Although no assurances can be made that we will be able to meet our liquidity needs, we believe that our future cash from operations together with our access to funds available under our Term Loan Facility and the proceeds of this offering will provide adequate resources to fund operating requirements, capital expenditures and debt servicing obligations under the notes and the Term Loan Facility for the next twelve months.

Our consolidated net cash flows provided by operating activities from continuing operations were Ps.748.9 million for the nine months ended September 30, 2012 and Ps.819.6 million for the nine months ended September 30, 2011, in each case presented under IFRS. Our consolidated net cash flows provided by operating activities from continuing operations were Ps.1,287.8 in 2011, Ps.1,269.8 million in 2010, and Ps.2,228.3 million in 2009, in each case presented under MFRS. See our Consolidated Statement of Cash Flows contained in our interim consolidated financial statements and annual consolidated financial statements.

Our cash requirements relate primarily to funding the servicing of our debt, the purchase of raw materials, the development of our production facilities, the acquisition of fixed assets, the expansion of our capacity, the modernization of our plants, compliance costs under the Portland Cement NESHAP and other environmental obligations and, when applicable, acquisitions.

On May 27, 2010, due to our inability to comply with certain financial covenants, we completed a refinancing of our indebtedness, which resulted in our Existing Credit Facility and the Privately Placed Notes. Our Existing Credit Facility, which was renegotiated from a prior credit agreement consisting of two syndicated loans and two bilateral loans, was consolidated into a single loan facility with an aggregate principal amount of U.S.$454.5 million with a schedule of quarterly amortizations and bearing an interest rate of LIBOR plus a margin of 4.50% with a LIBOR floor of 2% during the first two years of the facility. Our subsidiaries, GCC Cemento, Cementos de Chihuahua and GCC of America remained as guarantors of the Existing Credit Facility and their shares were pledged as collateral. Our Existing Credit Facility provides that the collateral will be released if our consolidated leverage ratio is below 3.0 and the Privately Placed Notes have been refinanced. We repaid U.S.$75.0 million during 2010, U.S.$128.0 million during 2011 and U.S.$37.0 million during 2012 of the outstanding principal amount of our Existing Credit Facility. As of the date of this offering memorandum, U.S.$214.5 million remained outstanding under our Existing Credit Facility.

The Privately Placed Notes mature in 2015. In connection with the 2010 restructuring of our debt, the "make-whole" component of the Privately Placed Notes was capitalized in an amount of U.S.$46.15 million and the weighted interest rate of the notes decreased from 6.8% to 5.0% for the first year, with an annual increase of 1.0% each year thereafter. As of the date of this offering memorandum, U.S.$283.65 million of the principal amount of the Privately Placed Notes remained outstanding.

In connection with the 2010 restructuring of our debt, we incurred costs and expenses in an amount equal to Ps.294.1 million, which are being amortized over the term of the debt. Under MFRS, the restructuring of our indebtedness qualifies as the incurrence of new indebtedness, and therefore approximately Ps.22.3 million of costs and expenses associated with the old indebtedness were recognized directly in our results as other expenses for the year ended December 31, 2010. See note 14 to our annual consolidated financial statements and "—Our Indebtedness," below. Under IFRS, such debt issuance costs were accounted for together with the cancellation of the original liability and the issuance of new debt and were therefore recognized directly in the statement of income.

On September 30, 2011, we agreed to amendments with our lenders to our Existing Credit Facility, including with respect to certain financial covenants for the fiscal quarters ended December 31, 2011, March 31, 2012 and June 30, 2012. On June 29, 2012, our bank and bond creditors waived our obligation to comply with certain financial covenants under our Existing Credit Facility and the Privately Placed Notes with respect to the fiscal quarters ended on June 30, 2012 and September 30, 2012. Given that the waiver does not extend to any period subsequent to September 30, 2012 and that there can be no assurance that we will be in compliance with those financial covenants after such date, we have classified such borrowings as current in the statement of financial position as of September 30, 2012, which raises significant doubt about our ability to continue as a going concern.

There is a material uncertainty regarding whether external events will affect, and there can be no assurance that external events will not affect, our ability to comply with our covenants or cause a default under the terms of our debt instruments, including the notes, or that our bank or bond creditors will waive such obligations or defaults in the future. In addition, if we are unable to obtain the appropriate financing, including the offering of the notes and the Term Loan Facility, we may not be able to comply with the debt obligations in our existing debt instruments and as a result we could be in default thereunder. See "Risk Factors—Risks Related to Our Indebtedness, the Notes and the Guarantees—In the past, we have been unable to comply with the restrictions and covenants in our Existing Credit Facility and our Privately Placed Notes and have in some instances obtained waivers, but we nonetheless have prepared our financial statements on the basis that we will able to continue as a going concern."

Our financial statements nonetheless have been prepared on the basis that we will be able to continue as a going concern. As a result, our interim consolidated financial statements do not include any adjustment relating to the recoverability and classification of asset carrying amounts or the amounts and classification of liabilities that might result should we be unable to continue as a going concern. See note 7(x) to our interim consolidated financial statements.

As of September 30, 2012, 100% of our indebtedness was denominated in U.S. dollars. As of September 30, 2012, our total indebtedness was U.S.$518.4 million. We repaid U.S.$128 million and U.S.$17 million of the outstanding principal amount of our indebtedness related to our Existing Credit Facility during 2011 and the nine months ended

September 30, 2012, respectively. We also repaid U.S.$20 million in December 2012, and as of the date of this offering memorandum, our total indebtedness was U.S.$498.1 million.

The following table summarizes the outstanding amortization payments remaining under our total indebtedness:

Year	Amortization Amount
	(in millions of U.S. dollars)
2013	100.0
2014	100.0
2015	298.1
Total	498.1

We expect to repay in full our Existing Credit Facility and the Privately Placed Notes from the net proceeds of this offering and the borrowings under the Term Loan Facility. See "Use of Proceeds," "Capitalization" and "—Our Indebtedness—Concurrent Transaction."

As part of our investment policy, we invest in government instruments, certificates of deposit of financial institutions and highly rated commercial paper of large corporations. Our investment policy is designed to limit our exposure to any one financial institution. As of September 30, 2012, 38% and 62% of our investments were denominated in Mexican pesos and U.S. dollars, respectively.

The following table sets out selected cash flow data from our consolidated statements of cash flows for the nine months ended September 30, 2012 and 2011 and the years ended December 31, 2011, 2010 and 2009.

	Nine Months Ended September 30,			Years Ended December 31,			
	2012	2012	2011	2011	2011	2010	2009
	IFRS (unaudited)			MFRS			
	(in millions)						
	U.S.$ Convenience Translation	Ps.	Ps.	U.S.$ Convenience Translation	Ps.	Ps.	Ps.
Net cash provided by operating activities	58.2	748.9	819.6	92.3	1,287.8	1,269.8	2,228.3
Net cash generated by (used in) investing activities	(27.2)	(350.1)	895.8	54.8	764.2	(351.0)	(651.6)
Net cash provided by (used in) financing activities	(45.7)	(587.3)	(1,735.7)	(139.8)	(1,950.7)	(1,574.0)	(1,050.8)
Net increase (decrease) in cash and cash equivalents	**(14.7)**	**(188.4)**	**(20.2)**	**7.3**	**101.4**	**(655.2)**	**525.9**
Cash and cash equivalents at beginning of year	90.4	1,163.1	959.0	73.2	1,021.6	1,537.2	664.2
Effects of exchange rate changes on the balance of cash held in foreign currencies	(3.1)	(40.0)	55.5	4.2	58.5	(23.2)	189.9
Cash and cash equivalents from discontinued operations at beginning of year	-	-	-	-	-	162.8	157.2
Cash and cash equivalents at end of year	72.7	934.7	994.2	84.7	1,181.5	1,021.6	1,537.2

Cash Flows from Operating Activities

Net cash flow from operating activities for the nine months ended September 30, 2012 was lower than for the nine months ended September 30, 2011. This reflects changes in working capital in the nine months ended September 30, 2012 as our net cash flows provided by operating activities including cash flows applied in working capital were approximately Ps.440.6 million, which was primarily composed by cash flows applied to trade accounts receivables and accrued provisions and liabilities for an aggregate amount of approximately Ps.563.7, partially offset by cash flows originated by other assets, inventories and trade accounts payable for an aggregate amount of approximately Ps.190.7. These changes were a result of increased operations and sales due to a recovery in the markets in which we participate.

For the year ended December 31, 2011, net cash flows from operating activities increased by 1.4% to Ps.1,287.8 million from Ps.1,269.8 million in 2010, reflecting a positive change in the working capital in 2011 as our net cash flows provided by operations including cash flows applied in working capital were approximately Ps.(60.5) million, which was primarily composed by cash flows applied to accounts receivable and inventories for an aggregate amount of approximately Ps.(217.1) million, partially offset by cash flows originated by other assets and accounts payable for a net amount of Ps.178.7 million. These changes were a result of higher production and inventories, longer payment terms for our suppliers and better collection results.

For the year ended December 31, 2010, net cash flows from operating activities decreased by 43.0% to Ps.1,269.8 million from Ps.2,228.3 million in 2009, reflecting a negative change in working capital in 2010 as our net cash flows provided by operations including cash flows applied in working capital, were approximately Ps.(237.7) million, which was primarily composed by cash flows applied to accounts receivable and prepaid expenses for an aggregate amount of approximately Ps.(265.4) million, partially offset by cash flows originated by other assets, inventories and accounts payable for a net amount of Ps.47.1 million. These changes were a result of lower sales due to the slowdown of economic activity in both Mexico and the United States, which particularly affected the construction industry.

Net Cash Flows from Investing Activities

For the nine months ended September 30, 2012, net cash used in investing activities, presented under IFRS, was Ps.350.1 million compared to net cash generated by investing activities of Ps.895.8 million for the same period in the prior year, primarily as a result of the increased purchases of property, plant and equipment during the nine months ended September 30, 2012, principally ready-mix concrete trucks and the sale of our interest in SOBOCE in August 2011.

For the year ended December 31, 2011, net cash generated in investing activities was Ps.764.2 million compared to cash used in investing activities in 2010 of Ps.(351.0) million, primarily as a result of the sale of our interest in SOBOCE in August 2011 and fewer acquisitions of property, plant and equipment in 2011. For the year ended December 31, 2010, net cash used in investing activities decreased by 46.1% to Ps.(351.0) million from Ps.(651.6) million in 2009 as a result of fewer acquisitions of property, plant and equipment in 2010, proceeds from the sale of property, plant and equipment and dividends received from SOBOCE in 2010.

Net Cash Flows from Financing Activities

For the nine months ended September 30, 2012, net cash used in financing activities, presented under IFRS, decreased by 66.2% to Ps.(587.3) million from Ps.(1,735.7) million for the same period in the prior year, primarily as a result of higher debt repayments during the nine months ended September 30, 2011, which lowered our scheduled debt payments in 2012 and lower interest paid during the nine months ended September 30, 2011.

For the year ended December 31, 2011, net cash used in financing activities increased by 23.9% to Ps.(1,950.7) million from Ps.(1,574.0) million in 2010, primarily as a result of higher debt repayments with proceeds from the sale of SOBOCE and from proceeds from the sale of repurchased shares in 2011. For the year ended December 31, 2010, net cash used in financing activities increased by 49.8% to Ps.(1,574.0) million from Ps.(1,050.8) million in 2009, primarily as a result of higher debt repayments derived from a new amortization schedule, partially offset by lower interest paid in 2010, and proceeds from short-term and long-term financing in 2009 in connection with the completion of the restructuring of our debt in 2010.

Capital Expenditures

Since 2010, restrictions under our Existing Credit Facility limit our capital expenditures to U.S.$50 million (approximately Ps.643 million as of September 30, 2012) per year, subject to certain exceptions and carry forwards for unused amounts under the cap. This limitation will continue for as long as our Existing Credit Facility is outstanding. Under the Term Loan Facility, our capital expenditures will be limited to U.S.$75 million (approximately Ps.964.7 million as of September 30, 2012) per year, subject to an increase to U.S.$100 million (approximately Ps.12,633.0 million as of

September 30, 2012) per year when our consolidated leverage ratio is below 2.75 to 1.00 for the two most recently ended consecutive fiscal quarters, as well as certain exceptions and carry forwards for unused amounts under the cap. For the nine months ended September 30, 2012 and the years ended December 31, 2011, 2010 and 2009, we recorded Ps.352.7 million (U.S.$27.4 million), Ps.257.9 million (U.S.$20.0 million), Ps.313.1 million (U.S.$24.3 million) and Ps.505.9 million (U.S.$39.3 million), respectively, in capital expenditures. Capital expenditures for the remainder of 2012 were Ps.124.3 million (U.S.$9.6 million), which together with the Ps.352.7 million (U.S.$27.4 million) we incurred during the nine months ended September 30, 2012, represent an increase over previous periods due to higher construction activity that required us to invest in new equipment, principally ready-mix concrete trucks, and expand our Colorado coal mine.

The following table summarizes our capital expenditures for the nine months ended September 30, 2012 and for the years ended December 31, 2011, 2010 and 2009:

	Nine months ended September 30,	Year ended December 31,		
	2012	**2011**	**2010**	**2009**
	(in millions of pesos)			
Project				
Modernization of the Colorado coal mine	77	15	39	81
Distribution centers	0	0	0	45
Acquisition of distribution facilities in U.S.	0	26	0	0
Construction of cement plant in Pueblo, Colorado	0	0	0	62
Modernization and automation of cement plants	148	69	112	104
Aggregates plant	0	0	1	27
Panels plant	0	0	5	25
Dry mixes plant	0	0	0	14
Block plants	0	0	0	55
Transport equipment	121	34	43	2
Information systems equipment	0	13	48	83
Property and plants	6	3	34	7
Other investments	0	98	31	0
Total	**352**	**258**	**313**	**505**

Our Indebtedness

As described in "Use of Proceeds" and "Capitalization," we intend to use the proceeds of this offering, together with borrowings from the Term Loan Facility, to repay in full all outstanding loans, obligations, interest, fees and costs and expenses of the Company and any other obligor under our Existing Credit Facility and to redeem the Privately Placed Notes in their entirety concurrently with the closing of this offering.

The following description summarizes material terms of our indebtedness. The following description is only a summary and does not purport to describe all of the terms of our indebtedness that may be important.

Amended and Restated Credit Agreement

On April 27, 2010, we entered into the Existing Credit Facility, originally issued in the amount of U.S.$454.5 million. Our Existing Credit Facility will mature on May 27, 2015. On September 30, 2011, we agreed to amendments with our lenders to our Existing Credit Facility, including with respect to certain financial covenants for the fiscal quarters ended December 31, 2011, March 31, 2012 and June 30, 2012. On June 29, 2012, our bank and bond creditors waived our obligation to comply with certain financial covenants under our Existing Credit Facility with respect to the fiscal quarters ended on June 30, 2012 and September 30, 2012. Given that the waiver does not extend to any period subsequent to September 30, 2012 and that there can be no assurance that we will be in compliance with those financial covenants after such date, we have classified such borrowings as current in the statement of financial position as of September 30, 2012, which raises significant doubt about our ability to continue as a going concern. See "Risk Factors—Risks Related to Our Indebtedness, the Notes and the Guarantees—In the past, we have been unable to comply with the restrictions and covenants in our Existing Credit Facility and our Privately Placed Notes and have in some instances obtained waivers, but we nonetheless have prepared our financial statements on the basis that we will be able to continue as a going concern."

As of the date of this offering memorandum, U.S.$214.5 million remained outstanding under our Existing Credit Facility. As described in “Use of Proceeds” and “Capitalization” elsewhere in this offering memorandum, we intend to use the proceeds of this offering, together with borrowings from the Term Loan Facility, to repay in full all outstanding loans, obligations, interest, fees and costs and expenses of the Company and any other obligor under our Existing Credit Facility concurrently with the closing of this offering. Affiliates of the initial purchasers are lenders under the Existing Credit Facility and as such are entitled to be repaid with the proceeds that are used to repay the Existing Credit Facility and will receive their portion of such repayment. See “Plan of Distribution—Conflicts of Interest.”

Amended and Restated Senior Guaranteed Notes due 2015

We issued U.S.$237.5 million in aggregate principal amount of Privately Placed Notes pursuant to the Amended and Restated Note Purchase Agreement, dated April 27, 2010, by and among the Company and the various purchasers named therein. The Privately Placed Notes will mature on May 27, 2015. The “make-whole” component of the Privately Placed Notes was capitalized in an amount of U.S.$46.15 million and the weighted interest rate of the notes decreased from 6.8% to 5.0% for the first year, with an annual increase of 1.0% each year thereafter. On June 29, 2012, our holders of the Privately Placed Notes waived our obligation to comply with certain financial covenants under the Privately Placed Notes with respect to the fiscal quarters ended on June 30, 2012 and September 30, 2012. Given that the waiver does not extend to any period subsequent to September 30, 2012 and that there can be no assurance that we will be in compliance with those financial covenants after such date, we have classified such borrowings as current in the statement of financial position as of September 30, 2012, which raises significant doubt about our ability to continue as a going concern. See “Risk Factors—Risks Related to Our Indebtedness, the Notes and the Guarantees—In the past, we have been unable to comply with the restrictions and covenants in our Existing Credit Facility and our Privately Placed Notes and have in some instances obtained waivers, but we nonetheless have prepared our financial statements on the basis that we will able to continue as a going concern.”

As of the date of this offering memorandum, U.S.$283.65 million principal amount of Privately Placed Notes is outstanding. As described in “Use of Proceeds” and “Capitalization,” we intend to use the proceeds of this offering, together with borrowings from the Term Loan Facility, to redeem the Privately Placed Notes in their entirety concurrently with the closing of this offering.

Concurrent Transaction

Concurrently with this offering of the notes, we plan to enter into the Term Loan Facility on or prior to the settlement of the notes and draw down the Term Loan Facility on or about the settlement of the notes. The Term Loan Facility will consist of a single syndicated term facility consisting of (1) a U.S. dollar-denominated tranche in an aggregate principal amount of U.S.$205 million and (2) a Mexican peso-denominated tranche in an aggregate principal amount equivalent to U.S.$45 million using the exchange rate specified in the Term Loan Facility, which is the U.S. dollar / Mexican peso exchange rate published by the *Banco de México* three days before disbursement, in each case at an initial interest rate of LIBOR plus a margin of 4.50%. The margin will change in accordance with our consolidated leverage ratio as specified in the Term Loan Facility and could increase to LIBOR plus a margin of 5.00% in the event that our consolidated leverage ratio exceeds 4.50 to 1.00. The Term Loan Facility will mature in 2017 and is expected to amortize according to the schedule set forth below (subject to a right of prepayment):

Amortization Installment Number	Due Date	Principal Amount Due (Expressed as a Percentage of the Loans Outstanding as of the Disbursement Date)
1	March 15, 2013	0.25%
2	June 15, 2013	0.25%
3	September 15, 2013	0.50%
4	December 15, 2013	0.50%
5	March 15, 2014	1.25%
6	June 15, 2014	1.25%
7	September 15, 2014	2.75%
8	December 15, 2014	2.75%
9	March 15, 2015	5.25%
10	June 15, 2015	5.25%
11	September 15, 2015	5.25%
12	December 15, 2015	5.25%
13	March 15, 2016	7.75%
14	June 15, 2016	7.75%
15	September 15, 2016	8.75%
16	December 15, 2016	8.75%
17	March 15, 2017	8.75%
18	June 15, 2017	8.75%
19	September 15, 2017	9.50%
20	December 15, 2017	9.50%

Affiliates of the initial purchasers will be lenders under the Term Loan Facility. See "Plan of Distribution—Conflicts of Interest."

The Term Loan Facility contains certain restrictive covenants which, among other things, limit our ability to:

- incur debt;
- guarantee indebtedness;
- pay dividends on stock;
- redeem stock or redeem subordinated debt;
- make investments and capital expenditures;
- sell assets, including capital stock of subsidiaries;
- enter into agreements that restrict dividends or other distributions from restricted subsidiaries;

- enter into transactions with affiliates, except for transactions on an arm's-length basis;
- create or assume liens;
- engage in mergers or consolidations;
- make prepayments and modifications of indebtedness; and
- enter into a sale of all or substantially all of our assets.

There are also maintenance covenants that require us to maintain specified financial ratios. Any failure to comply with these covenants, if not cured within a certain specified time period, can lead to the outstanding amounts due under the Term Loan Facility becoming immediately due and payable. These maintenance covenants include requirements that: (i) the consolidated leverage ratio not exceed 5.00 to 1.00 (subject to step-downs to 3.25 to 1.00 over the life of the Term Loan Facility); (ii) the interest coverage ratio not be less than 2.25 to 1.00 (increasing to 2.75 to 1.00 over the life of the Term Loan Facility); and (iii) we maintain a minimum net worth of at least Ps.8,400 million, in each case measured as of the last day of each fiscal quarter. The Term Loan Facility also contains certain customary events of default.

Our subsidiaries, GCC Cemento, Cementos de Chihuahua and GCC of America will also be guarantors of the Term Loan Facility and their shares will be pledged as collateral under the Term Loan Facility, which will be shared on an equal and ratable basis with the holders of the notes. The Collateral will be released if our consolidated leverage ratio is below 2.75 to 1.00 for the two most recently ended consecutive fiscal quarters. The liens on the Collateral will be subject to reinstatement if our consolidated leverage ratio is equal to or greater than 2.75 to 1.00 for any fiscal quarter thereafter. As a condition precedent to the funding of the Term Loan Facility, the offering of the notes must be consummated substantially simultaneously with the funding of the Term Loan Facility.

Summary of Material Contractual Obligations

The following is a summary of our contractual obligations as of September 30, 2012:

	Payments Due By Period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
	(in thousands of pesos)				
Contractual Obligations					
Short-term debt obligations[(1)]	6,693,070.2	6,693,070.2	-	-	-
Capital (finance) lease obligations	3,623.0	3,623.0	-	-	-
Operating lease obligations	99,727.9	28,747.0	70,980.8	-	-
Total	6,796,421.1	6,725,440.2	70,980.8	-	-

(1) As of the date of this offering memorandum, Ps.6,480,281 thousand remained outstanding.

In the ordinary course of business, we also enter into long-term supply arrangements for raw materials and energy, which are not reflected in the above table.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that are reasonably likely to have a material effect on our financial condition, results of operations, liquidity or capital resources.

Quantitative and Qualitative Disclosures about Market Risk

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

Exchange Rate Risk

All of our debt as of September 30, 2012 is denominated in U.S. dollars and, following this offering of the notes and the execution of the Term Loan Facility, most of our debt will be denominated in U.S. dollars. In the event of a depreciation of the Mexican peso, the carrying amount of our U.S. dollar-denominated debt in our annual consolidated financial statements and interim consolidated financial statements will increase to reflect the additional Mexican pesos required to fund the liabilities. A severe depreciation of the peso may also result in the disruption of the international foreign exchange markets. This may limit our ability to transfer or convert pesos into U.S. dollars for making timely payments of interest and principal on the notes and U.S. dollar-denominated indebtedness, as we rely in part on the pesos from our Mexican operations to service such debt.

In addition, due to our operations in the United States, we are exposed to foreign exchange rate risk, which could affect our ability to fulfill our financial obligations resulting from foreign exchange losses on our dollar-denominated obligations. We derived approximately 30% of revenues for the nine months ended September 30, 2012 in Mexican pesos. Our results of operations, cash flows and financial position are sensitive to the fluctuation of the Mexican peso relative the U.S. dollar. Our U.S. operations earn revenue and incur expenses primarily in U.S. dollars, while our Mexican operations earn revenue and incur expenses primarily in Mexican pesos. Changes in the relative value of the Mexican peso to the U.S. dollar, which value fluctuates constantly, have an effect on our results of operations and financial condition reported in Mexican pesos. Our export sales to the United States and coal from our Colorado coal mine for use in our Mexican plants are denominated in U.S. dollars. Similarly, a substantial majority of our costs of sales and other selling and administrative expenses are either denominated in or linked to the value of the U.S. dollar, including our purchases of several raw materials and the costs of our operations in the United States. As a result, when the Mexican peso depreciates against the U.S. dollar, the same level of U.S. dollar net sales or expenses in a prior period will result in higher reported net sales or expenses in Mexican peso terms in the most recent period. Conversely, when the Mexican peso appreciates against the U.S. dollar, the same level of U.S. dollar net sales or expenses in a prior period will result in lower reported net sales or expenses in Mexican peso terms in the most recent period. We currently do not use financial derivative instruments to hedge our exposure to the market risk associated with potential fluctuations foreign exchange rates.

The following table shows a sensitivity analysis of the financial assets and liabilities at a possible fluctuation of the Mexican peso compared to the U.S. dollar, showing the effects in the consolidated interim statement of comprehensive income and equity as of September 30, 2012 and December 31, 2011:

	September 30, 2012		December 31, 2011	
	Results	Equity	Results	Equity
Sensitivity analysis:	(in thousands of pesos)			
Mexican peso appreciation 10%	Ps. (4,102)	Ps. 669,487	Ps. (6,418)	Ps. 749,107
Mexican peso depreciation 10%	4,102	(669,487)	6,418	(749,107)

Interest Rate Risk

We have issued and hold financial instruments that expose us to market risks related to fluctuations in interest rates. We are exposed to interest rate risk with respect to our indebtedness that bears interest at variable rates. As of the date of this offering memorandum, U.S.$214.5 million (the amount outstanding under our Existing Credit Facility) of our total outstanding indebtedness of U.S.$498.1 million bears interest at a variable rate. Our Term Loan Facility will bear interest at a variable rate.

The interest rate on our variable rate debt is determined by reference to LIBOR. Increases in the LIBOR rates would impact our comprehensive financing cost (under MFRS) or result from financial activities (under IFRS), increase financing costs and interest payments, and possibly cause a significant adverse effect on our liquidity position and ability to meet our financial obligations. Although LIBOR has been decreasing since 2009, we cannot assure you that it will continue to decrease or will not increase. See "—Our Indebtedness—Amended and Restated Credit Agreement." We currently do not use financial derivative instruments to hedge our exposure to the market risk associated with potential fluctuations in interest rates.

As of September 30, 2012, a change of ±1 percentage point in interest rates, assuming that all other factors remain constant, would increase or reduce financial expenses before taxes in an annual amount of approximately Ps.26,710 million. For sensitivity purposes, a 100 basis point increase or decrease in the interest rate would result in a material impact to comprehensive income.

Credit Risk

We are exposed to the risk of delayed or non-payment from our customers for our trade accounts receivable. Financial instruments which could potentially subject us to significant concentration of credit risk are trade accounts receivable. We believe the credit risk from trade accounts receivable is diversified due to the wide geographical diversity of our customers.

Our policy for doubtful accounts receivable is to record an allowance where collection problems are anticipated. For this purpose, we conduct a study of the collectability of accounts receivable due from each customer, taking into consideration each customer's credit history and aging balances, the guarantees granted and the specific situation of each account receivable. We request, when applicable, guarantees and collateral. If we determine that collectability is doubtful, book values related to the non-recoverable assets are adjusted and charged to the statement of operations through an increase in the doubtful accounts receivable reserve. This determination requires substantial management judgment and is complex. As a result, final losses from doubtful accounts could differ from our estimated provisions.

In addition, financial instruments which could potentially subject us to a significant concentration of credit risk are cash and cash equivalents. Our cash and cash equivalents are held in different financial institutions located in different geographic areas. As part of our investment policy, we invest in government instruments, certificates of deposit of financial institutions and highly rated commercial paper of large corporations. Our investment policy is designed to limit our exposure to any one financial institution.

Price Risk

Our main production materials are limestone, aggregates, sand, fuels and energy. We are exposed to changes in the price of such materials.

We purchase some of our raw materials and energy necessary to produce and distribute our products. The price and other terms of those purchases are subject to change based on factors such as supply and demand. We continuously manage our exposure to increases in the price of our raw materials, energy and transportation costs. To reduce volatility in our cost of sales, our installed capacity for cement production has the option of using coal as fuel, sourced from our Colorado coal mine , which supplies coal to all of our plants (except the Rapid City, South Dakota plant, for which we have a supplier of coal in Wyoming) and which we estimate has sufficient coal reserves to supply our cement plants and sales to third parties for approximately the next 28 years. In light of high transport costs, beginning in 2010, we have attempted to mitigate swings in diesel prices with an invoice line item for fuel surcharge that we pass to customers in the United States for sales of our ready-mix concrete, a practice we believe is being or has been tried by our competitors and others in the transportation business in the United States with varying degrees of success. The surcharge is adjusted every week based on diesel prices in the region in which we do business. We currently do not use financial derivative instruments to hedge our exposure to the market risk associated with potential fluctuations in price fluctuations of our key raw materials and energy inputs and inflation.

GUARANTORS

U.S. dollar amounts in the text below are translated from the Mexican peso amounts for the assets and liabilities at the closing exchange rate of Ps.12.9170 per U.S.$1.00 and for the items in the consolidated interim statement of comprehensive income at a weighted average exchange rate of Ps.13.2365 per U.S.$1.00 in accordance with the procedures for the presentation of the Company's reporting currency in the interim consolidated financial statements.

The Company's obligations under the notes will be unconditionally guaranteed by GCC Cemento, Cementos de Chihuahua and GCC of America. The Guarantors and their respective direct and indirect subsidiaries, after eliminations from consolidation, accounted for Ps.6,353 million (U.S.$480 million), or 100%, of our revenues and contributed Ps.1,329 million (U.S.$100 million), or 114%, of our EBITDA for the nine months ended September 30, 2012, and Ps.20,671 million (U.S.$1,600 million), or 96%, of our net assets and Ps.1,986 million (U.S.$154 million), or 22%, of our total liabilities as of September 30, 2012. The Guarantors and their respective direct and indirect subsidiaries, after eliminations from consolidation, accounted for Ps.7,197 million (U.S.$579 million), or 100%, of our revenues and contributed Ps.1,540 million (U.S.$124 million), or 116%, of our EBITDA for the year ended December 31, 2011, and Ps.21,390 million (U.S.$1,529 million), or 94%, of our net assets and Ps.2,084 million (U.S.$149 million), or 21%, of our total liabilities as of December 31, 2011.

Certain of our non-Guarantor subsidiaries generate expenses but not revenues and offset the EBITDA presented above for the Guarantors. As of September 30, 2012, our non-Guarantor subsidiaries had net assets of Ps.604 million (U.S.$47 million), or 3% of our net assets of Ps.21,438 million (U.S.$1,660 million). EBITDA for the non-guarantor subsidiaries for the nine months ended, September 30, 2012 was Ps.(144) million (U.S.$(11) million), or (12%) of our EBITDA. As of December 31, 2011, our non-Guarantor subsidiaries had net assets of Ps.716 million (U.S.$51 million), or 3% of our net assets of Ps.22,743 million (U.S.$1,626 million). EBITDA for the non-guarantor subsidiaries for the year ended, December 31, 2011, was Ps.(185) million (U.S.$(15) million), or (14)% of our EBITDA.

As of September 30, 2012, GCC holding's net assets were Ps.163 million (U.S.$13 million), or 1% of our net assets, in each case on an unconsolidated basis. EBITDA of GCC holding for the nine months ended September 30, 2012 was Ps.(21) million (U.S.$(2) million), or (2)% of our EBITDA, in each case on an unconsolidated basis. As of December 31, 2011, the net assets of GCC holding were Ps.637 million (U.S.$46 million), or 3% of our net assets, in each case on an unconsolidated basis. EBITDA of GCC holding for the year ended December 31, 2011 was Ps.(28) million (U.S.$(2) million), or (2)% of our EBITDA, in each case on an unconsolidated basis.

GCC Cemento, located at Vicente Suárez y Sexta S/N, Col. Nombre de Dios, Chihuahua, Chihuahua, was incorporated on October 2, 1999, registration number 14627 under Mexican law. GCC Cemento's main activity is the production of cement. Its main facilities are located in the state of Chihuahua, Mexico. As of September 30, 2012, the net assets of GCC Cemento together with its direct and indirect subsidiaries were Ps.2,398 million (U.S.$186 million), or 11% of our net assets. EBITDA of GCC Cemento together with its direct and indirect subsidiaries for the nine months ended September 30, 2012 was Ps.518 million (U.S.$39 million), or 44% of our EBITDA. As of December 31, 2011, the net assets of GCC Cemento together with its direct and indirect subsidiaries were Ps.2,400 million (U.S.$172 million), or 11% of our net assets. EBITDA of GCC Cemento together with its direct and indirect subsidiaries for the year ended December 31, 2011 was Ps.707 million (U.S.$57 million), or 53% of our EBITDA. There are no risks specific to GCC Cemento that could materially affect its ability to meet the obligations under its guarantee.

Cementos de Chihuahua, located at Vicente Suárez y Sexta S/N, Col. Nombre de Dios, Chihuahua, Chihuahua, Mexico, was incorporated on September 9, 1941, registration number 1615 under Mexican law. Cementos de Chihuahua's serves as a holding company for our Mexican operations. Its main facilities are located in the state of Chihuahua, Mexico. As of September 30, 2012, the net assets of Cementos de Chihuahua together with its direct and indirect subsidiaries were Ps.18,273 million (U.S.$1,415 million), or 85% of our net assets. EBITDA of Cementos de Chihuahua together with its direct and indirect subsidiaries was Ps.811 million (U.S.$61 million), or 70% of our EBITDA for the nine months ended September 30, 2012. As of December 31, 2011, the net assets of Cementos de Chihuahua together with its direct and indirect subsidiaries were Ps.18,990 million (U.S.$1,357 million), or 83% of our net assets. EBITDA of Cementos de Chihuahua together with its direct and indirect subsidiaries was Ps.833 million (U.S.$67 million), or 63% of our EBITDA for the year ended December 31, 2011. The figures presented in this paragraph include the results from GCC of America, its subsidiary. There are no risks specific to Cementos de Chihuahua that could materially affect its ability to meet the obligations under its guarantee.

GCC of America, located at 1013 Centre Road, Wilmington, New Castle, Delaware, was incorporated on June 16, 1994, under the laws of Delaware. As of September 30, 2012, the net assets of GCC of America together with its direct and indirect subsidiaries were Ps.14,095 million (U.S.$1,091 million), or 66% of our net assets. EBITDA of GCC of America together with its direct and indirect subsidiaries was Ps.666 million (U.S.$50 million), or 57% of our EBITDA for the nine months ended September 30, 2012. As of December 31, 2011, the net assets of GCC of America together with its direct and indirect subsidiaries were Ps.14,752 million (U.S.$1,054 million), or 65% of our net assets. EBITDA of GCC of America together with its direct and indirect subsidiaries was Ps.652 million (U.S.$52 million), or 49% of our EBITDA for the year ended December 31, 2011. There are no risks specific to GCC of America that could materially affect its ability to meet the obligations under its guarantee.

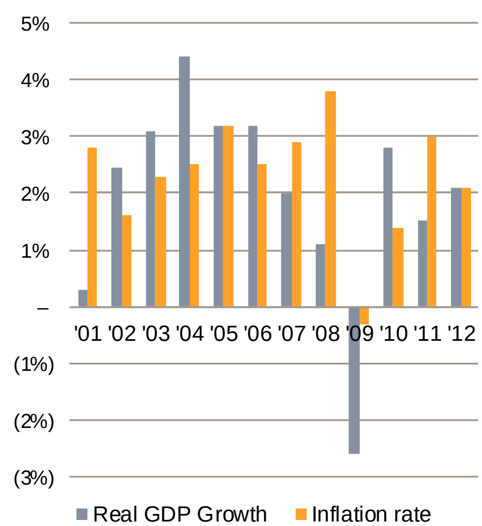
INDUSTRY

Our business is closely tied to general economic conditions in the United States and Mexico, with 70% and 30% of our net sales generated in each country, respectively, for the nine months ended September 30, 2012. Consumption of our main products, cement and ready-mix concrete, as well as other construction materials, is closely linked to global economic conditions because it is highly dependent on construction expenditures and the construction industry as a whole, which largely fluctuate according to market cycles.

Overview of the Cement Industry

United States

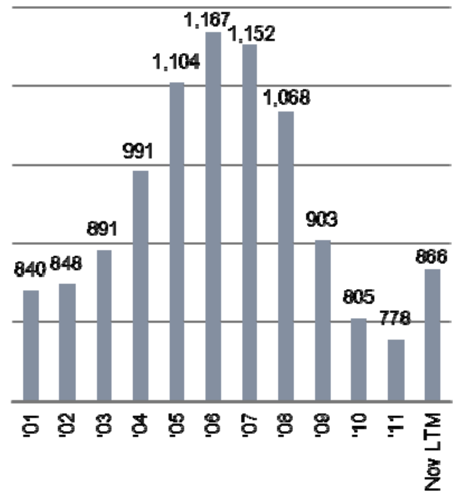
According to the IMF World Economic Outlook, real GDP in the United States increased 1.8%, increased 2.4% and decreased 3.1% in 2011, 2010 and 2009, respectively, compared to the prior year. Despite the modest improvements in 2010 and 2011, the recent global financial crisis, widely perceived to be the worst financial crisis since the Great Depression of the 1930s, severely and adversely affected the economy and growth of the United States, resulted in the collapse of large financial institutions and the correlative bailout of banks by national governments and triggered downturns in stock markets around the world. In many areas, the housing market also suffered drastically, resulting in numerous evictions, foreclosures and prolonged vacancies. The crisis contributed to the failure of key businesses, a decrease in consumer wealth estimated in the trillions of dollars and a significant decline in economic activity. Although the recovery of the U.S. economy generally has been slow and is expected to remain slow with GDP anticipated to grow by 2.2% in 2012 and 2.1% in 2013 according to the IMF World Economic Outlook, there has been positive momentum in new residential construction in the United States which suggests an optimistic outlook for the construction market. The following chart shows real U.S. GDP growth compared to inflation for the periods indicated:



Source: IMF World Economic Outlook October 2012

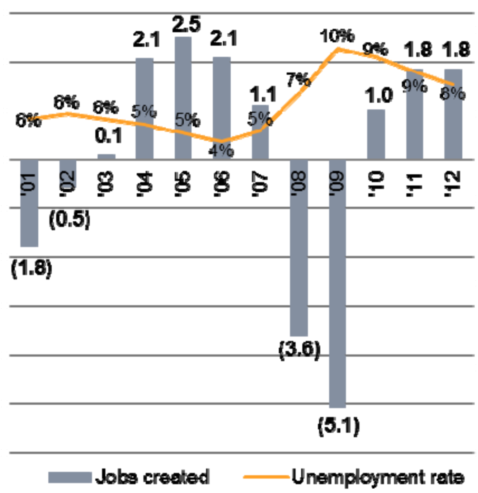
According to the U.S. Census Bureau, construction spending peaked in 2006-2007, reaching approximately U.S$1.1 trillion in each of those years, followed by a sharp decrease to a low of approximately U.S.$805 billion in 2010. The industry has begun to recover with spending reaching approximately U.S.$866 billion for the 12 months ended November 30, 2012.

The following table shows U.S. construction spending in billions of U.S. dollars for the years indicated:



Source: U.S. Census Bureau

Reduced tax revenue at the state level, credit tightening and high levels of unemployment also adversely affect the construction sector. According to the most recent U.S. Bureau of Labor Statistics data, the unemployment rate has improved from 9.9% in 2009 to 7.8% as of December 2012, and expectations for job creation are positive. Higher construction expenditures, and in particular cement sales, including for infrastructure projects and in the industrial, commercial and residential segments, are positively correlated to higher rates of employment. In turn, this increased spending and employment leads to higher taxes, which are then reinvested by states and the national government, triggering more economic activity, generally, including increased public spending on public infrastructure and related construction projects. The following chart shows the number of jobs created in millions as compared to the rate of unemployment for the periods indicated:

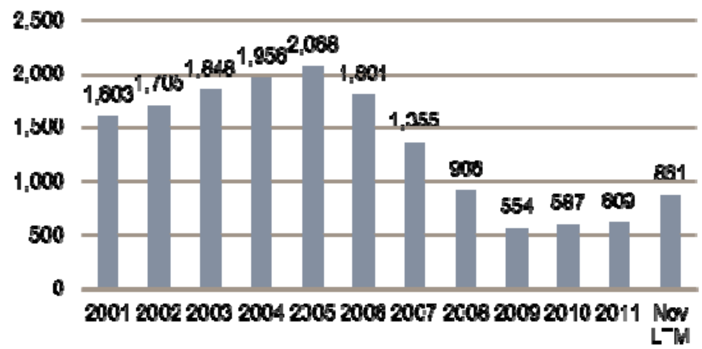


Source: U.S. Bureau of Labor Statistics

According to the most recent data from the U.S. Census Bureau, housing starts, the primary driver of cement demand in the residential sector, reached their lowest point in recent history in 2009 at an annualized rate of 554,000, but increased to an annualized rate of 861,000 in November 2012. According to a 2012 PCA report, the PCA expects housing starts to reach an annualized rate of 857,000 in 2013 and more than 1,000,000 units annually during 2014-2017. According to the PCA, single and multi-family building permits have increased and double-digit gains are expected through 2014.

Existing home sales reached a two-year high in August 2012 signaling a stronger housing market in the second half of 2012, driven in part by favorable interest rates and mortgage rates which are, and are expected to continue to remain, at an all time low. Confidence among U.S. homebuilders climbed in August 2012 to the highest level in more than five years, affirming the improvement in residential construction. According to the National Association of Realtors, total existing-home sales rose 5.9% to a seasonally adjusted annual rate of 5.04 million in November 2012 from 4.76 million in October 2012, and were 14.5% higher than the adjusted annual rate of 4.40 million-in November 2011. Sales in November 2012 were at the highest level since November 2009 when the adjusted annual rate spiked at 5.44 million.

The following table shows U.S. housing starts in thousands for the years indicated:



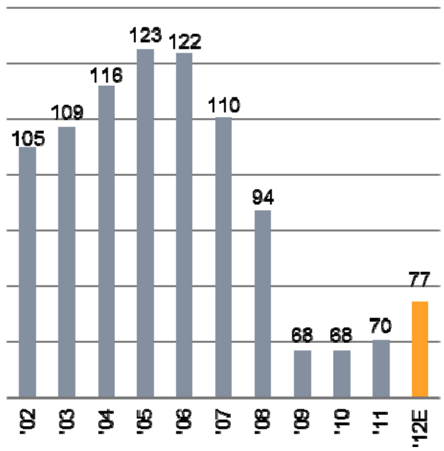
Source: U.S. Census Bureau

According to the PCA, although non-residential construction was expected to grow in 2012, led by manufacturing and utilities, a meaningful commercial recovery is not expected to begin until 2013, and nonresidential construction is expected to be a larger contributor to cement consumption growth in the following years. Non-residential construction, particularly for retail and offices, often follows nearby residential construction.

Public construction spending, the most cement-intensive sector, has been down in recent years as well, resulting primarily from public spending cuts and conservatism displayed by state budget officials, and is expected to remain down through 2013. According to the PCA, public spending is not expected to recover until 2014 or 2015 when budget surpluses could occur at the state level. On the federal level, stimulus spending had little impact on the construction sector. Of the U.S.$85 billion for infrastructure spending provided by the ARRA, according to estimates by the U.S. Congressional Budget Office, almost half of the budgeted spending under the ARRA had occurred in 2010, more than 90% of ARRA's budget had been spent by the end of December 2011, but with little impact on the construction sector, with the remaining amount spent by the end of 2012. The MAP-21 has authorized total spending on federal highway systems through September 2014 of U.S.$82 billion to be spent in fiscal years 2013 and 2014. It is expected that a new highway bill may be passed by Congress to authorize additional spending through 2019. Despite lower overall public sector spending, public sector spending has nevertheless been more stable during the past three years, helping to offset declines in the residential and non-residential construction segments.

According to the PCA, approximately 70 million tons of cement were sold in the United States in each of 2010 and 2011, a substantial decrease from the approximately 128 million tons sold in 2005. A significant portion of the decline in cement sales since the recession began in 2008 is estimated to have been attributable to a decline in construction starts, as the majority of building projects that utilize cement do so for foundations. The PCA estimates, as of its most recently available report from the fourth quarter of 2012, that consumption will increase to 77 million tons for 2012, an increase of 7.4% compared to the prior year. Consumption increased 10.6% in the first three quarters of 2012 compared to the comparable period in the prior year, primarily due to a mild winter which fostered increased construction activity, particularly in states with a higher proportion of construction in the energy sector.

The following chart shows cement consumption in the United States in millions of tons for the periods indicated:



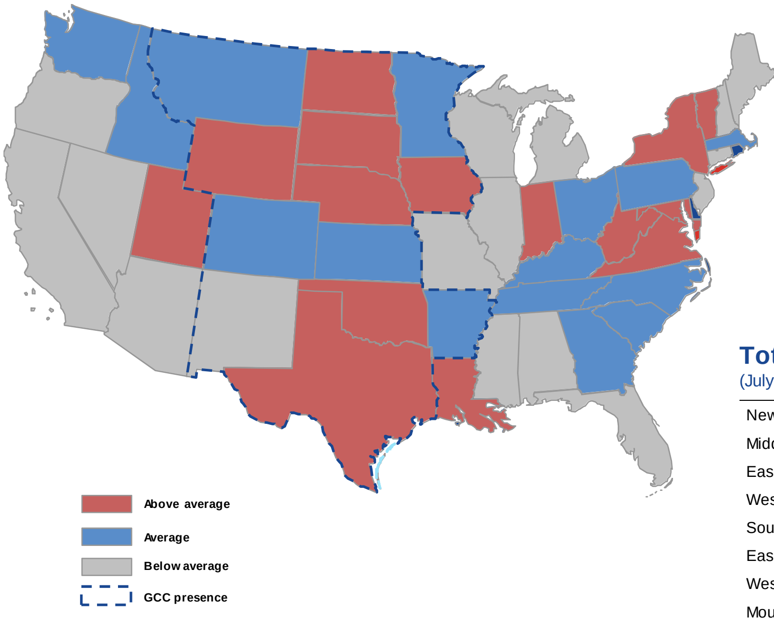
Source: PCA

The cement market is comprised primarily of ready-mix concrete, with the rest of sales related to paving products, concrete blocks and prefabricated materials. The NRMCA estimates that in 2012, the ready-mix concrete industry generated approximately $30 billion in revenue from the production of 289.7 million cubic yards of concrete.

The ready-mix cement industry in the United States is highly fragmented, with a number of large, vertically integrated manufacturers of cement, aggregates and ready-mix concrete producers, operating over 5,500 plants throughout the United States. The top five ready-mix concrete manufacturers account for less than 20% of the U.S. market, although 75% of installed clinker manufacturing capacity is concentrated in nine cement groups. Due to the recession, cement manufacturers attempted to manage demand and supply to maintain stable pricing, with plant closures and idling beginning in 2008. At least ten plants were closed permanently and eight were idled indefinitely. The PCA does not expect these plants to reopen until an 80% utilization rate can be realized. The cement industry has recently been operating at an average of approximately 61% capacity. Our capacity utilization at our Pueblo, Colorado, Tijeras, New Mexico and Rapid City, South Dakota plants for the twelve-month period ending September 30, 2012 was 71%, 53% and 68%, respectively.

According to the PCA, certain states have demonstrated a greater potential for recovery and, with the exception of New Mexico, we believe the states in which we operate show average and above average growth potential, primarily due to the strong development in the energy sector and high commodity prices in crops, leading to increased investments by farmers. We expect U.S. cement average prices to grow in line with inflation.

The following chart shows cement consumption growth outlook in the United States:



Total Cement Consumption
(July YTD Annual % Change)

New England	19.2%
Middle Atlantic	11.6%
East North Central	18.2%
West North Central	28.3%
South Atlantic	9.4%
East South Central	8.6%
West South Central	13.2%
Mountain	13.7%
Pacific	8.4%

Source: PCA

The U.S. cement market is expected to be particularly impacted by new environmental regulatory requirements over the next several years, including the EPA's final Portland Cement NESHAP, the EPA's final Portland Cement NSPS, the EPA's final CISWI emissions standards, the EPA's proposed CCR regulations, more stringent Clean Air Act permit requirements, and efforts to address climate change through domestic federal, state and regional laws and regulations, as well as through international agreements and the laws and regulations of other countries, to reduce the emissions of GHGs. See "Our Business—Environmental, Health and Safety Matters" for a description of these rules and regulations. With respect to the Portland Cement NESHAP, in August 2011 the PCA estimated that it could require closure of 18 U.S. cement plants, representing approximately 10-15% of U.S. production. Seven plants have already been fully or partially closed, and another five are at high risk for closure. In addition to further downsizing domestic manufacturing capacity, the PCA believes that the Portland Cement NESHAP could require approximately U.S.$3.4 billion in capital investment over a three-year period for an industry that currently generates slightly more than $6.5 billion in annual revenue. See "Risk Factors—Legal and Regulatory Risks—Compliance with environmental, health and safety laws and regulations could result in significant costs and liabilities, which could have a material adverse effect on our business, results of operations and financial condition."

Mexico

The Mexican economy is directly linked to the performance of the U.S. economy as a result of (1) its exports, , approximately 78% of which are bound for the United States, according to the most recently available INEGI report from August 2012; (2) remittances from the United States, which are the second largest source of foreign currency in Mexico; (3) foreign investment, approximately 50% of which comes from the United States according to the Mexican Ministry of the Economy (*Secretaría de Economía*); and (4) its financial markets, which are closely tied to the U.S financial markets. In addition, the correlation between economic conditions in Mexico and the United States has sharpened in recent years because of the NAFTA and increased economic activity between the two countries. Since the 1995 currency and banking crisis, Mexico's GDP has grown at an average real rate of 3.5% per year according to the IMF World Economic Outlook despite certain periods of contraction. In 2006, GDP grew at a rate of 5.2%, supported by exports of manufactured goods and strong foreign direct investment. Economic conditions began deteriorating in 2007, due mainly to the lower growth in domestic consumer demand, influenced by weaker wages and lower remittances from the United States, which negatively affected domestic consumption and caused Mexico's GDP growth rate to slow. Therefore, any downturn in the economic outlook in the United States may hinder economic growth in Mexico. Negative economic conditions in the United States have a greater impact on the state of Chihuahua than other Mexican states and regions due to its proximity to the United States.

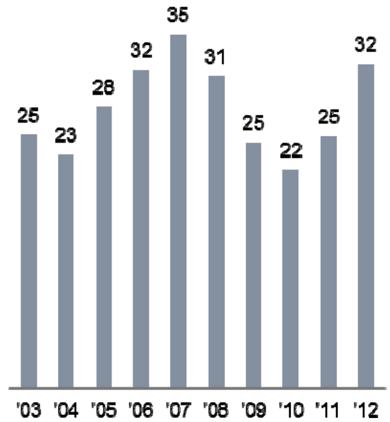
The Mexican economy has also been significantly and adversely affected by the global financial crisis, experiencing a significant deterioration in 2008. Foreign consumer demand declined significantly, particularly in the manufacturing sector, which also affected domestic consumer demand, resulting in lower investment and consumption. The Mexican peso was also adversely impacted by the economic downturn, and from September 2008 through the first quarter of 2009, the Mexican peso devalued significantly. During 2009, Mexico suffered the sharpest decline in GDP since 1932, declining by 6.0%, Mexican exports fell drastically as a result of a sharp decline in foreign consumer demand, and inflation reached 3.6%. During 2008, the Mexican peso depreciated by 20.3% against the U.S. dollar. During 2009 and 2010, the Mexican peso had a mild recovery, appreciating by approximately 4.6% and 5.9%, respectively, against the U.S. dollar. During 2011, the Mexican peso depreciated by approximately 11.5%, while in the first nine months of 2012, the Mexican peso appreciated 8.6%, against the U.S. dollar.

In contrast to the sluggish recovery of the U.S. economy, however, the Mexican economy has recovered considerably, with external demand and exports of manufactured goods helping to drive a recovery in GDP growth. According to *Forbes*, current projections point not only to Mexico showing one of the strongest levels of population growth among major economies, but also the greatest fall in the dependency ratio, which measures the proportion of young/old relative to the working age population, suggesting a greater relative increase in resources and potentially stronger GDP growth. According to the IMF World Economic Outlook, in 2010 and 2011, Mexico's GDP increased by 5.6% and 3.9% compared to the comparable period in the prior years, and Mexican GDP was expected to grow 3.8% in 2012 and by 3.5% in 2013. According to *The Economist*, Mexico is predicted to be one of, if not the strongest, economy in Latin America in the medium-term.

Growth in the construction sector in Mexico is primarily fueled by investment in public infrastructure and in the residential and non-residential construction sectors. According to BBVA Research, in the first quarter of 2012, these segments were the two largest markets in the Mexican construction industry, accounting for 90% of all construction activity. According to the CMIC, the Mexican construction industry grew 4.8% during the period from January to September 2012 and 4.6% during 2011. This growth was supported by significant private investments and public expenditures by federal, state and local governments in infrastructure, residential, commercial and industrial construction projects, including final investments under the 2007-2012 National Infrastructure Plan. The Mexican Association of Civil Engineers has identified 1,115 projects which the new governing administration may implement. Total investments of approximately U.S.$416 billion may be required to complete these projects, an increase compared to the estimated U.S.$202 billion expended for the 2007-2012 National Infrastructure Program. In addition, outside of the five large cities in the state of Chihuahua, the mining industry has been one of the key propellers of the construction industry for small cities and towns located across the mountain ranges. According to the most recent BBVA Research report, total construction investment was expected to increase 3.9% in 2012 compared to a 3.8% increase during 2011 and a decrease of 0.1% and 6.3% in 2010 and 2009, respectively.

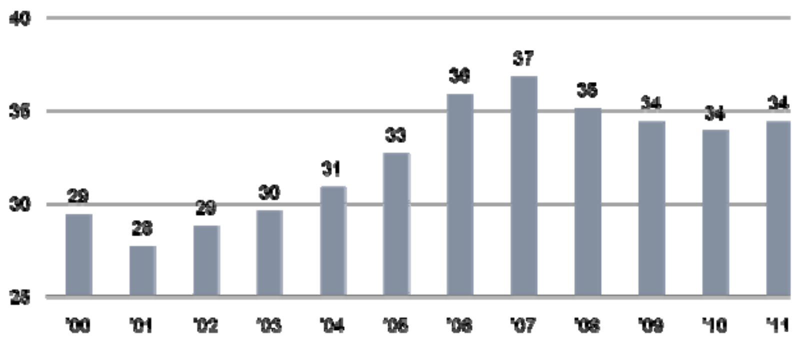
Furthermore, the Mexican government's continued fiscal and monetary policy has not provided the flexibility necessary to support Mexico's continued economic improvement. Reforms regarding fiscal policies, oil, gas, electricity and social security have historically not been approved due to strong opposition to Mexican presidents. As a result, the growth in new investments and aggregate purchasing power has been marginal. Nonetheless, the Mexican government has also announced several fiscal and monetary measures to stimulate the economy, including increased public infrastructure spending, which is expected to be initiated in 2013 and is anticipated to provide more employment opportunities, which is positively correlated with growth in the construction sector. In addition, INFONAVIT, which serves as the main government housing assistance agency, has launched several initiatives intended to support housing construction, including increasing mortgage loans issued by state-owned housing lenders.

The following chart shows the number of mortgages in thousands granted by INFONAVIT in Chihuahua for the periods indicated:



Source: INFONAVIT

In 2011, the most recent period for which there is information available, the Mexican cement industry produced approximately 35 million tons of cement at 34 plants. The following chart shows cement consumption in Mexico in millions of tons for the periods indicated:



Source: CANACEM

There are six cement groups of companies operating in Mexico, of which three are Mexican. In Mexico, 80% of the cement is sold through distributors, while the remainder is sold through ready-mix concrete producers, manufacturers of concrete products and contractors. In the state of Chihuahua, 45% of cement is purchased directly by consumers in cement bags to address personal construction needs while 55% is sold as bulk cement. The ready-mix and concrete products industry in Mexico is fragmented, and virtually all major cement producers are vertically integrated.

There has been continued weakness in the Mexican cement market, affected by low volumes and pricing pressure. Minimal pricing increases have been realized in 2012, which we believe is linked to weak housing starts that have been declining 3.2% on an annual basis since 2007.

Despite some of the positive growth trends in the rest of Mexico, in the state of Chihuahua, the effects of the recession have been amplified by a significant increase in violence related to drug trafficking as well as the more severe impact of the economic conditions in the United States. In particular, in the city of Juarez, the largest city in the state of Chihuahua, according to INEGI, private construction largely has been deferred as a result of such violence, with public construction only partially offsetting the effects. Before the economic recession, the residential segment in the state of Chihuahua had one of the highest growth rates in Mexico, and many homebuilders increased their inventory levels, which remained high through 2011. We believe the ready-mix concrete market has been similarly affected, although opportunities for growth are expected for ready-mix concrete in Mexico, as they are in most developing countries. We expect Mexican cement average prices to grow in line with inflation.

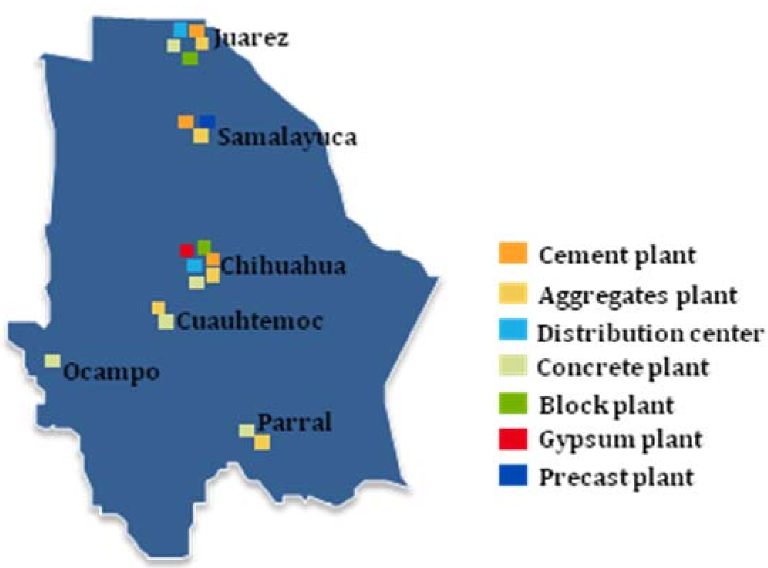
OUR BUSINESS

Business Overview

We are a holding company operating in Mexico and the United States through subsidiaries. We are involved principally in the production, distribution, marketing and sale of cement and mortar, ready-mix concrete and aggregates. We also offer other products and services, including coal, concrete blocks, prefabricated products, transportation and developed land in Mexico. We have been in the cement business for over 70 years. Since our formation in 1941, we have expanded broadly through organic growth as well as acquisitions. Our history demonstrates our focus on expansion within Mexico and the United States, as well as our successful track record of vertical integration and product innovation. We are organized under the laws of Mexico as a publicly listed variable stock corporation, or *sociedad anónima bursátil de capital variable,* with our principal executive offices in the city of Chihuahua. Our shares are publicly traded in Mexico and listed on the Mexican Stock Exchange under the ticker symbol "GCC*."

In Mexico, we operate in the state of Chihuahua, where we have three cement plants with a total annual production capacity of approximately 2.25 million tons in the cities of Chihuahua and Juarez and in the town of Samalayuca. We have two regional bases to cover the entire state of Chihuahua and transport cement, specialty products and plaster to other parts of Mexico. Our cement transportation fleet consists of 102 trucks, 34 platforms, 23 dump trucks, 16 dollies, 92 bulk trucks, nine silos and three low-boys. In order to serve our ready-mix customers, we own a ready-mix concrete transportation fleet, which consists of 207 mixer trucks and 32 pumps. Additionally, we own 31 ready-mix concrete plants, of which 27 are mobile and four are stationary, which we believe allows us to supply any location within the state of Chihuahua and to provide ready-mix concrete supply to projects with high consumption volumes. We also have alliances with five local ready-mix concrete producers with which we sell and distribute ready-mix concrete produced by such producers with cement we provide to them. We believe that these alliances allow us to increase our geographical presence and reduce production costs by acquiring manufactured ready-mix concrete and distributing it to our customers. We also have six concrete blocks plants, five aggregates plants, one gypsum plant and two prefabricated products plants. In the state of Chihuahua, according to our estimates, we are a leader in each of the markets in which we participate (cement and mortar, ready-mix concrete and concrete blocks) in terms of net sales.

The following map shows our operations in the state of Chihuahua.



Mexico
Cement: 3 plants
Ready-mix concrete: 27 mobile plants and 4 stationary plants
Concrete blocks: 6 plants
Aggregates: 5 plants
Gypsum: 1 plant
Prefabricated products: 2 plants

Annual cement production capacity: 2.25 million tons

Transportation fleet (cement): 102 trucks, 34 platforms, 23 dump trucks, 16 dollies, 92 bulk trucks, 9 silos and 3 low-boys

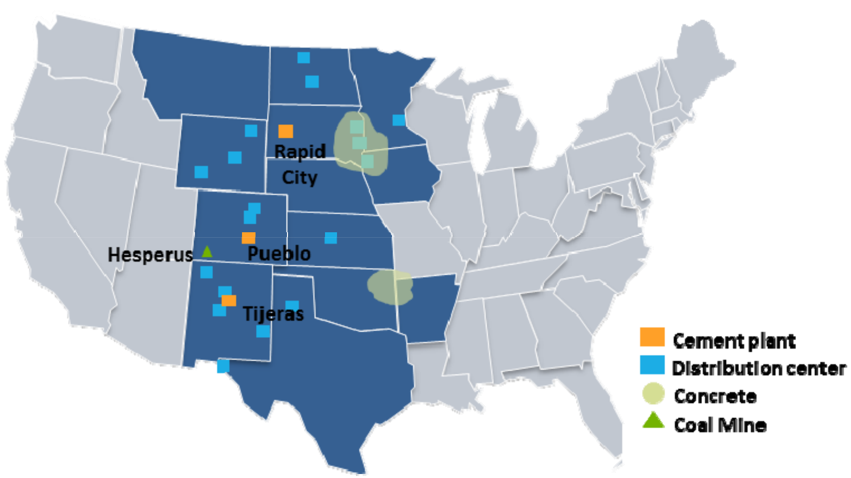
Transportation fleet (ready-mix concrete): 207 mixer trucks and 32 pumps

Our top ten customers in Mexico represented 22.5% of our net sales in Mexico for the nine months ended September 30, 2012. Our largest customer in Mexico accounts for approximately 6.0% of net sales in Mexico for the nine months ended September 30, 2012. Our main customers in Mexico are homebuilders, concrete block producers, the mining industry and the government.

In the United States, we operate principally in the corridor from Texas to North Dakota. We have three cement plants with an annual production capacity of approximately 2.69 million tons in Tijeras, New Mexico, Rapid City, South Dakota and Pueblo, Colorado. We also have 18 cement distribution centers and transferring stations in Texas, New Mexico, Colorado, South Dakota, North Dakota, Wyoming, Minnesota, Iowa, Kansas and Oklahoma. We have 88 mobile ready-mix concrete plants, a fleet of 400 ready-mix concrete mixer trucks, 225 haul trucks and approximately 920 railcars, primarily on renewable five-year term leases, for the transportation of cement and coal. We also have an underground coal mine in Colorado, with an estimated annual production of capacity of 800,000 STPY, which supplies coal to our plants in Mexico, Tijeras, New Mexico and Pueblo, Colorado. According to the PCA, the United States Geological Survey and our estimates, we believe we are a leading producer and supplier of cement in many of the markets in which we operate, including in South Dakota, El Paso, Texas, Wyoming, Colorado, New Mexico, North Dakota, southwestern Minnesota, northwestern Iowa and Nebraska. Additionally, according to the PCA, we supply a significant percentage of the total consumption of ready-mix concrete in the states of South Dakota, Minnesota, Iowa, Oklahoma, Missouri and Arkansas, making us one of the leading producers of ready-mix concrete in the United States. The markets in which we operate in the United States are located in areas geographically positioned away from most of the markets where there is excess cement production capacity. We believe that our geographic positioning in the United States represents a competitive advantage for us because this region includes two oil well production areas, a sector of the economy that has been less affected during the recent economic recession, and states (except for New Mexico) that are experiencing annual growth of 8% or greater according to the PCA, which is higher than the national average.

Our top ten customers in the United States represented 17% of our net sales in the United States for the nine months ended September 30, 2012. Our largest customer in the United States accounts for approximately 3.1% of net sales in the United States division for the nine months ended September 30, 2012. Our main customers in the United States are ready-mix concrete and concrete precast producers, homebuilders, construction contractors (oil well service and paving companies) and the government.

The following map shows our operations in the United States, including the states in which we operate.



United States
Cement: 3 plants
Ready-mix concrete: 88 plants (8 mobile)
Cement distribution centers: 18
Coal mines: 1 (estimated annual production 800,000 STPY)

Annual cement production capacity: 2.69 million tons

Transportation fleet (cement): approximately 920 railcars for cement and coal (leased)

Transportation fleet (ready-mix concrete): 400 ready-mix concrete mixer trucks and 225

Our top four states by cement volumes sold are South Dakota, Colorado, New Mexico and Texas (El Paso).

- In South Dakota, we operate throughout the state. The volume of cement sold in South Dakota represented 34% and 37% (before intercompany eliminations) of our U.S. cement sales for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. Demand for cement in South

Dakota has been mainly driven by the financial services and manufacturing sectors, which has been positively impacted by the growth of professional, knowledge-based and technical services industries. Since 2010, income, employment levels and overall spending have risen in South Dakota.

- In Colorado, we operate throughout the state. The volume of cement sold in Colorado represented 22% and 24% (before intercompany eliminations) of our U.S. cement sales for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. Demand for cement in Colorado has been driven by a resilient housing market, and strong agricultural and oil and gas sectors. The Colorado economy outperformed the national average in 2012 and is expected to grow at an even stronger pace in 2013 according to the Colorado Legislative Council Staff.

- In New Mexico, we operate throughout the state. The volume of cement sold in New Mexico represented 18% and 17% (before intercompany eliminations) of our U.S. cement sales for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. Demand for cement in New Mexico has been mainly driven by the agricultural and mining sectors, with the mining sector growing at 7.5% during the 12 month-period ended June 2012 according to the New Mexico Development Department. However, unlike the other states in which we operate, New Mexico's construction fundamentals and growth rate are below the national average.

- In Texas, we operate primarily in El Paso and the surrounding area . The volume of cement sold in the El Paso area represented 15% and 13% (before intercompany eliminations) of our U.S. cement sales for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. Increases in employment in the Juarez *maquiladora* market, the ongoing soldier relocation to the Fort Bliss military base and the stream of immigrants resulting from drug-related violence across the Rio Grande, are expected to benefit the El Paso economy generally and the housing market in particular, according to the El Paso Branch of the Federal Reserve Bank of Dallas.

Our top three states by ready-mix concrete volumes sold are Oklahoma, Iowa and Arkansas.

- In Oklahoma, we operate mainly in Oklahoma City and Tulsa. The volume of ready-mix concrete sold in Oklahoma represented 35% and 29% of our U.S. ready-mix concrete sales for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. Demand for ready-mix concrete in Oklahoma generally, and in the markets in which we participate, have been mainly driven by a resilient housing market and a strong oil and gas sector.

- In Iowa, we operate mainly in the northwestern region of the state. The volume of ready-mix concrete sold in Iowa represented 24% and 22% of our U.S. ready-mix concrete sales for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. Demand for ready-mix concrete in Iowa generally, and in the markets in which we participate, has been mainly driven by the manufacturing and agricultural sectors.

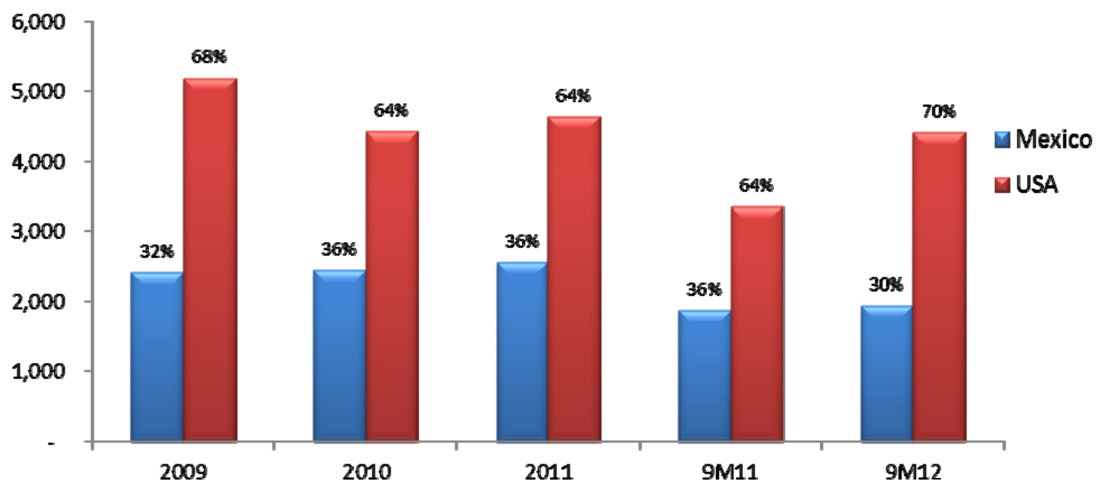
- In Arkansas, we operate mainly in the northwestern region of the state and the Fort Smith area. The volume of ready-mix concrete sold in Arkansas represented 17% and 20% of our U.S. ready-mix concrete sales for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. Demand for ready-mix concrete in Arkansas generally, and in the markets in which we participate, has been mainly driven by the manufacturing and services sectors, which have remained relatively stable during the past few years despite the sluggish Arkansas economy, according to the Arkansas Development Commission. The Arkansas economy is primarily dependent on the manufacturing, agriculture, forestry and business services sectors.

We sell a substantial majority of our products under the various brands that we own. In Mexico, our brands include "GCC," "Cemento Chihuahua," "Yeso Chuvíscar," "Mortero Chuvíscar," "Megablock" and "Construcentro." In the United States, our brands include "GCC," "Dacotah Cement," "GCC Dacotah" and "GCC Rio Grande." We believe that many of our customers are loyal to our brand names.

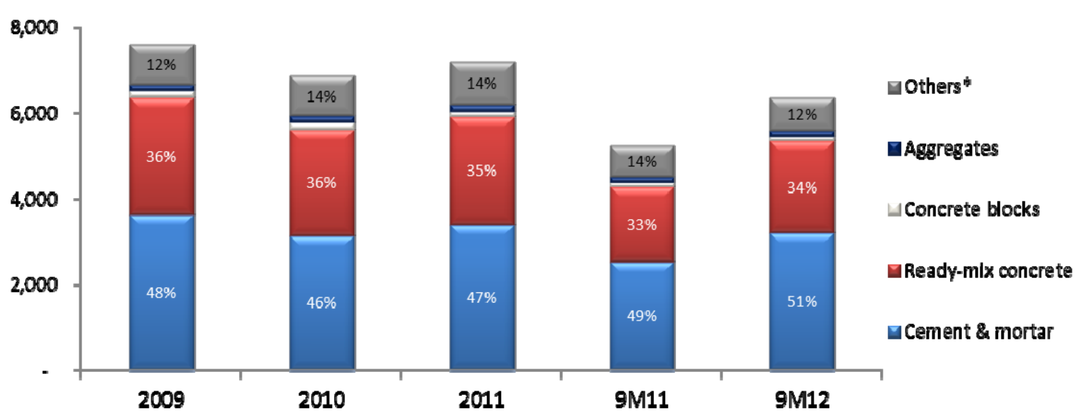
For the nine months ended September 30, 2012, we had net sales of Ps.6,353.5 million (U.S.$493.9 million), of which 30% was generated by our Mexican operations and 70% by our U.S. operations. Our EBITDA for the same period was Ps.1,164.0 million (U.S.$90.5 million), of which 43% was generated by our Mexican operations and 57% by our U.S. operations. For the year ended December 31, 2011, we had net sales of Ps.7,197.4 million (U.S.$515.9 million), of which 36% was generated by our Mexican operations and 64% by our U.S. operations. Our EBITDA for the same period was Ps.1,327.3 million (U.S.$95.1 million), of which 51% was generated by our Mexican operations and 49% by our U.S. operations. For a reconciliation of EBITDA to consolidated net income (loss) under IFRS for the nine months ended September 30, 2012 and 2011 and under MFRS for the years ended December 31, 2011, 2010 and 2009, see "Summary Consolidated Financial Information."

As of September 30, 2012, we had 2,567 employees, including our executives, sales force, and administrative, technical and operations personnel.

The following chart indicates the geographic breakdown of our net sales for the periods indicated in millions of Mexican pesos and as a percentage of total net sales:



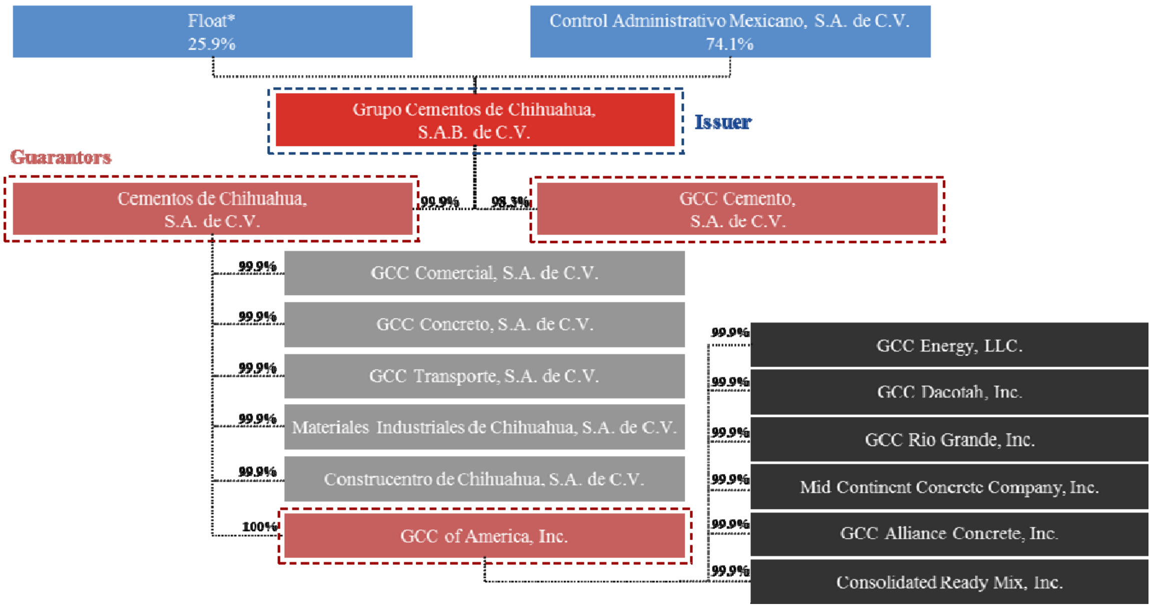
The following chart shows our net sales breakdown by product in millions of Mexican pesos and as a percentage of total net sales for the periods indicated:



*Others include coal, prefabricated products, transportation and developed land

Corporate Structure

As a holding company, we operate through our main subsidiaries as set forth below:



* 1.4% repurchased and held in treasury

Our History

We have been in the cement business for over 70 years. Our history demonstrates our focus on expansion within Mexico and the United States, as well as on vertical integration and product innovation.

Grupo Cementos de Chihuahua, S.A.B. de C.V. has its origins in 1941 when Cementos de Chihuahua was incorporated. With its plant in the city of Chihuahua, Cementos de Chihuahua had an annual cement production capacity of 60,000 tons. In 1952 and 1967, Cementos de Chihuahua made two expansions to its production capacity at this plant.

In 1972, Cementos de Chihuahua began operating a cement plant in the city of Juarez, Chihuahua, which led the company to an annual total production capacity of 420,000 tons.

In 1974, two-stage pre-heating and dust gathering systems for kilns 2 and 3 of the Chihuahua cement plant were installed, increasing the annual production capacity by 90,000 tons.

In 1982, Cementos de Chihuahua added a new cement production line at the Chihuahua cement plant with the most advanced technology available. As a result, annual production capacity increased to 1.1 million tons.

In 1991, we were formed as a holding company and, in 1992, we sold 25.9% of our equity publicly and listed on the Mexican Stock Exchange to finance the construction of our cement plant in the town of Samalayuca, Chihuahua, located 35 kilometers south of the city of Juarez.

In 1994, we acquired a cement plant with an annual production capacity of 450,000 tons in Tijeras, New Mexico, located 20 miles east of Albuquerque, New Mexico. Later that year, we acquired two cement distribution centers, one in Albuquerque, New Mexico and the other in El Paso, Texas.

In 1995, we began operations in the Samalayuca cement plant, which had an annual production capacity of 900,000 tons.

On March 16, 2001, we acquired the cement assets and working capital of Dacotah Cement. This cement plant is located in Rapid City, South Dakota, and had an annual production capacity of approximately 1 million tons. With this acquisition, we increased our installed capacity of cement production, reaching an annual production capacity of 3.3 million tons. In 2004, we increased our capacity in the Rapid City, South Dakota cement plant by approximately 10%, reaching an annual total cement production capacity of 3.4 million tons.

In March 2005, we acquired the assets of Gallup Transportation and Transloading Company, LLC and National King Coal, LLC, which included a coal mine located in Colorado and a loadout facility lease. The coal mine had already been supplying the energy requirements of our cement plants in Tijeras, New Mexico and Mexico. National King Coal, LLC later changed its name to GCC Energy, LLC ("GCC Energy") in October 2007.

In September 2005, we acquired a 47.02% stake in SOBOCE, the largest cement company in Bolivia. Effective September 1, 2010, the Government of Bolivia passed a presidential decree pursuant to which SOBOCE's 33.34% stake in FANCESA, the second largest cement producer in Bolivia, was expropriated in favor of the Autonomous Departmental Government of Chuquisaca. On August 18, 2011, we sold our 47.02% interest in SOBOCE to Consorcio, a subsidiary of Grupo Gloria based in Peru, thereby ceasing all our operations in the cement industry of Bolivia.

In January 2006, we acquired four leading ready-mix concrete companies in eastern South Dakota and western Minnesota. With these acquisitions, we believe we strengthened our leadership position in the ready-mix concrete markets of South Dakota and surrounding regions in terms of total consumption. The acquired companies, Consolidated Ready Mix, Inc., Henrich and Sons, Inc., Huron Steel Structures, Inc., and B&B Concrete, Inc. are now operating as Consolidated Ready Mix, Inc.

In May 2006, we acquired 100% of the stock of The Hardesty Company Inc., the largest producer of ready-mix concrete in northeastern Oklahoma and northwestern Arkansas with a total of 34 ready-mix concrete plants, and Alliance Transportation, which provides aggregates hauling for The Hardesty Company Inc. and other freight services to third parties (together better known as "MidCo"). The MidCo acquisition represented an expansion of our U.S. presence and provided us with a position in a market then characterized by strong growth.

In January 2008, we acquired 100% of the assets of Alliance Concrete Inc. ("Alliance Concrete"), which included 20 ready-mix concrete plants. Based in northwest Iowa, Alliance Concrete is the largest producer of ready-mix concrete in the northwest Iowa region and provides us with access to an established market in a region close to our plants and distribution centers, thereby furthering our vertical integration. The acquisition of Alliance Concrete represented an important platform for growth in the regions of South Dakota, Minnesota, Iowa and Nebraska.

In January and February of 2008, we acquired four cement distribution centers in New Mexico, Colorado and North Dakota. In 2008, we also completed the modernization and expansion of our distribution centers in Denver, Colorado and Brookings, South Dakota to improve our customer service in these markets.

In March 2008, we acquired 100% of the assets of Bosshart, which included eight ready-mix concrete plants. Bosshart is headquartered in Minnesota and is one of the leading providers of ready-mix concrete in southwest Minnesota and also participates in northwest Iowa along with Alliance Concrete. The acquisition strengthened our leadership position in the markets in which we already participated. We believe the acquisition also furthered our vertical integration, and improved the efficiency of our operations and customer service in these markets.

In April 2008, to meet the growing demand for cement in the state of Colorado and the Rocky Mountain region in the United States, we completed the construction of a new cement plant in Pueblo, Colorado. This cement plant features state-of-the-art cement production technology and had an annual production capacity of 1.3 million tons and a plant permit at that time for 1.0 million tons, which brought our total annual production capacity to 4.4 million tons.

In 2009, we completed the construction of new plants for limestone aggregates, prefabricated concrete panels and dry blends in Samalayuca, Chihuahua. In the same year, we also completed the renovation of our Chihuahua cement plant, strengthening our long-term cement grinding capacity and helping to reduce production costs by increasing efficiency.

In the first half of 2009, we began operating a prefabricated panels plant in Samalayuca, Chihuahua, where we produce different construction materials featuring cellular concrete technology that provides thermal insulation, used in a broad range of applications, including geotechnical fills, insulated roof deck construction, floor fills and leveling. This new plant enhances our prefabricated products operations, which include the manufacture of beams and slabs for prefabricated ceilings without formwork, alveolar slabs and beams used for bridges and the construction of buildings.

In the first half of 2009, we began operating a dry mix plant located in Samalayuca, Chihuahua. This plant has an annual capacity of 79,000 tons and allows us to meet the demands of customers for sophisticated blends for a variety of applications.

During 2010 and 2011, we expanded our ready-mix concrete production capacity to 88 ready-mix concrete plants and opened seven new cement distribution centers in Iowa, Kansas, Minnesota, New Mexico and Oklahoma, which, coupled with our mobile ready-mix concrete plants, allows us to reach customers in neighboring markets and service wind energy projects in Minnesota.

In 2012, we received a modification of the Pueblo, Colorado plant permit, increasing our annual cement production capacity to approximately 4.94 million tons, an increase of 8.6% from our 2011 capacity of approximately 4.55 million tons.

Our Competitive Strengths

We believe our main competitive strengths include the following:

Vertical Integration. We are vertically integrated with our subsidiaries in the United States and Mexico, which are involved in the production, distribution and sale of our products. We supply most of the cement required for our ready-mix concrete production from our cement plants. A key component of our vertical integration is our use of coal from our coal mine in Colorado, which provides a significant source of fuel needed for our cement plants (except for the Rapid City, South Dakota plant) and helps us manage our production costs. We own most of the limestone quarries needed to supply our operations (except for the limestone quarry at the Pueblo, Colorado cement plant, for which we have a preferential renewable ten-year lease agreement with the state of Colorado, which is set to expire in May 2016). We also own all of the clay and gypsum quarries needed to supply our Mexico operations and own most of the gypsum quarries needed to supply our U.S. operations. Our cement plants are located next to our deposits of these materials. Limestone, together with clay (or clay substitutes) and gypsum, account for 94% of the raw materials necessary for the production of cement. We have been able to leverage our extensive distribution network to expand our presence in the ready-mix concrete market and efficiently supply cement to our ready-mix plants, which we believe enables us to optimize lead time in the delivery of our products to the market.

Value-added Products and Comprehensive Packages. We sell value-added specialty products to our customers, particularly for the mining industry, including Dinamix, Lanzamix and Fraguamax cement, and for infrastructure projects and to small contractors, including Mortermix, Expan 500, Expancem-K, Microsilex, Versabind and Tecnogrout to meet the construction specifications required by our customers. We offer a comprehensive package of products and services related to bulk cement and ready-mix concrete in Mexico including technical advice, installation and specialty products, such as prefabricated panels. We also offer comprehensive packages including technical assistance related to material usage for our ready-mix concrete customers. In the United States, we offer our ready-mix concrete customers a complete service and delivery package of construction-related materials to meet client specifications.

Contiguous Geographic Presence in our Core Markets. We are market leaders in our home state of Chihuahua, where we have been in business for over 70 years and have a well-established reputation for quality. We have a history of conservative international expansion into the United States, where we operate principally in the corridor of states from Texas through North Dakota. We believe that this general approach of contiguous growth allows us to further penetrate markets with which we are familiar and to leverage our extensive distribution network. It also provides operational flexibility and cost efficiency within the markets where we operate. The ready-mix concrete business is highly dependent on service and we believe that we have a competitive advantage because our plants are located close to our key customers and we can meet customer delivery times for special mixes of concrete. We also believe that our geographic positioning in the United States provides a competitive advantage because this region includes two oil well production areas, a sector of the economy that has been less affected during the recent economic recession, and states (except for New Mexico) that are experiencing annual growth of 8% or greater, which is higher than the national average.

Ready-mix Concrete Experience. We have been in the ready-mix concrete business in Mexico for over 50 years, and the companies we have acquired in the United States were established businesses before being integrated into GCC. Our ready-mix concrete operations are comprised of personnel with many years of experience. We believe that we provide excellent service, offer advanced technical assistance, have the capacity to meet client demands and offer quality products.

Extensive and Sophisticated Distribution Networks. We have developed an extensive and sophisticated distribution network, which we operate using advanced logistics. By locating our inventories closer to our customers, we reduce delivery times and increase our ability to supply our customers on short notice. Distributing inventories throughout this network minimizes disruptions to our customers in the event of a supply disruption elsewhere in the system. In addition, no other competitor has cement production facilities in the state of Chihuahua, which we believe gives us a significant competitive advantage in freight costs. One of our subsidiaries, Construcentro, manages our distribution centers and our retail program known as Construred, which is a distribution network used to supply cement in bags to independent hardware stores located throughout the state of Chihuahua.

Commitment to the Environment. We believe that our commitment to the environment allows us to reduce costs and increase our appeal to our customers. Because of our focus on energy efficiency, the use of alternative fuels and stringent environmental compliance, we have historically avoided significant environmental regulatory penalties and positioned ourselves well to meet increasingly stringent environmental regulation, including the Portland Cement NESHAP issued by the U.S. EPA under the federal Clean Air Act. By developing specialty products with a green focus, such as cellular concrete panels that provide thermal insulation, we also serve the needs of the value-added market. We have received a number of recognitions and environmental certificates for our operations. For instance, our Chihuahua and Samalayuca cement plants have been certified under ISO 14001 since 2010 and 2012, respectively.

Experienced Management Team. Our senior management team has substantial experience in the markets in which we operate, as well as extensive technical, operational and financial expertise. The average experience of our senior management in the cement industry is 24 years. We believe this experience and familiarity with our industry and operations are important assets that assist us in implementing our business strategy. In addition, our management has acquisition integration expertise as demonstrated by the ability to integrate 18 acquisitions since 1994, although we have recently curtailed our acquisitions.

Our Business Strategy

Our objective is to be the supplier of choice in cement, ready-mix concrete and our other product offerings in the markets in which we operate. The main components of our business strategy include the following:

Continue Strengthening and Expanding our Operations. Although we have curtailed our pattern of acquisitions and facilities modernization in the last several years, our long-term strategy is primarily to continue to concentrate on investing in growing and expanding the markets where we operate through organic growth and constructing and maintaining profitable operations. We believe that this approach will allow us to benefit from economies of scale and continue strengthening customer satisfaction so that they position us as their preferred supplier. In light of current market conditions, our near-term focus is on strengthening our existing operations, while continuing to grow organically in adjacent markets, principally through our distribution centers, the installation of new smaller cement distribution terminals and our mobile ready-mix concrete plants, which allow us to extend our reach without substantial capital expenditures.

Reduce our Leverage. Since May 2010, we have paid down U.S.$242 million (Ps.3,112.8 million) of our debt, from U.S.$740 million (Ps.9,518.6 million) to U.S.$498 million (Ps.6,405.7 million) as of the date of this offering memorandum, reducing our total debt by 33.0% and our bank debt by 53.0%. Our debt reduction has been achieved despite a challenging operating environment given our timely amortization payments and voluntary pre-payments of bank debt. Our commitment to reduce leverage was bolstered by the decision of our shareholders to forgo dividends since 2009. In addition, on August 18, 2011, we sold our 47.02% interest in SOBOCE, to Consorcio, a subsidiary of Grupo Gloria based in Peru, for U.S.$75 million (Ps.964.7 million) in cash. The proceeds obtained from the transaction were primarily used to reduce our debt.

Improve our Product Offerings through Innovation. We aim to improve our range of product offerings by focusing on the development of new, value-added products and technologies. We also are focused on increasing our integrated offerings and solutions, developing specialty cement products and increasing our prefabricated products portfolio, which we believe offer an opportunity for profitable growth. Specialty products are a strategic part of our product mix because they enhance our role in construction projects, reduce the cyclicality associated with our cement business and generally have higher profit margins. We have successfully developed technology for cellular concrete panels that provide thermal insulation and we offer a wide range of high-quality prefabricated structures for bridges, as well as prefabricated roofs, homes and classrooms. We have developed blended cements and have worked on reducing production costs to optimize our concrete mixes. We also are focusing on developing sustainable products and special applications, such as green products that align with the requirements of the INFONAVIT, the National Workers Housing Fund Institute in Mexico, and the LEED movement. We export from Mexico special cements to the United States with required properties for specific applications, such as high early strength cements for short-term loads. By improving our products and by developing specialty products tailored to our customers' needs, we are able to improve margins.

Further Expand our Comprehensive Customer Service. We aim to further strengthen the quality of our customer service by offering integrated and innovative solutions, including technical support, customized products and logistics according to the needs of our clients, and packaged product solutions for specific projects. We also develop strategic alliances through the Construred retailer network that serves customers in the self-construction market. We aim to continue to enhance our extensive network of plants and distribution terminals, which allow us to provide continuous product supplies to our customers from geographically close inventories. We offer a full range of products, from cement to specialty and prefabricated products, which allows us to meet all our customers' cement needs and offer sophisticated technical support when needed.

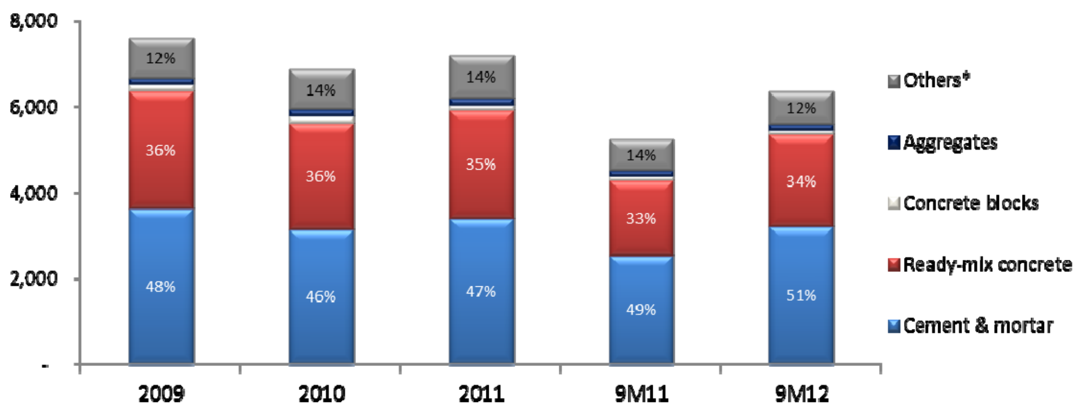
Concentrate on Environmental Compliance and Technology. We are subject to increasingly stringent environmental regulations. See "Our Business—Environmental, Health and Safety Matters." We, therefore, focus on complying strictly with existing requirements and implementing sustainable technology to allow us to meet future restrictions, thereby minimizing our exposure to fines and other sanctions, as well as our environmental impact. We have implemented sophisticated green technology at many of our facilities and also are pursuing environmentally friendly alternatives, such as the use of green fuels and cement compounds with a lower carbon footprint. For example, we have increased the use of alternative fuels in our cement plant in Samalayuca, decreasing the fuel consumption at the plant by approximately 26%. We have applied for and obtained the necessary permits for the use of these fuels at our cement plant in Pueblo, Colorado and expect to start using them during 2013. Our cement plant in Chihuahua won the *Premio Nacional de Ahorro de Energía* (National Energy Conservation Award) in 2010, and we have embraced the principles of the World Business Council for Sustainable Development's "Cement Sustainability Initiative," with our full membership finalized in February 2012. We also employ an auditable environmental management system to minimize environmental impacts and develop efficient systems to ensure environmental compliance throughout our operations.

Further Increase our Efficiency. We have invested heavily throughout our history in modernizing our plants and equipment, as well as our distribution centers and logistics, and intend to continue to increase our efficiency through such measures. For example, we have installed technology in our cement plants that allows us to use the lowest-cost fuel that is then available. Coupled with our Colorado coal mine, which figures prominently in our vertical integration strategy, this technological flexibility helps us manage our production costs. In addition, in 2007, we launched GCC ONE, an initiative that has successfully consolidated many of our corporate, administrative and logistical functions into one location. In 2009 and 2010, we implemented SAP's Enterprise Resource Planning in both our Mexican and U.S. operations, which has allowed us to streamline the management of both our financial information and customer data, as well as enhance our ability to tie employee compensation to performance. In 2011 and 2012, we consolidated the operations of our shared services center through which we centrally manage all of our accounts billing process, thereby minimizing personnel expenses.

Strengthen our Organizational Structure. We are aware that human capital is vital to our success, and we aim to strengthen our human resources practices to ensure that we preserve and develop key talent. We have developed an innovative Performance Management System to optimize the performance of our employees, and implemented alternative methods to encourage and communicate with them through periodic reviews and 360 degree behavioral surveys. We strive to enrich the professional development of our employees, such as supporting them through mentoring relationships, and we identify high potential candidates and train them in the skills needed for key positions within our organization, all while being mindful of specific development targets and goals tied to our present and future business needs. We also use internal cross-training programs to develop our next generation of leaders. Through this cross-training program in our IT, sales administration, shared services center and human resources, we provide our employees with opportunities to perform various job functions within our organization, training them in new skills and functions to make them more valuable and competitive.

Our Products

Our products principally consist of cement and mortar, ready-mix concrete, aggregates and other products and services (primarily including, coal, concrete blocks, prefabricated products, transportation and developed land in Mexico). The following chart shows our product mix by net sales in millions of Mexican pesos for the periods indicated.



*Others include coal, prefabricated products, transportation and developed land

Cement and Mortar

Cement is a binding agent, which when submerged in water, transforms into a paste that binds and hardens. When mixed with sand, aggregates and water, cement produces ready-mix concrete. Mortar is a mixture of cement, sand, gravel and water, that can be prepared on site or delivered from a mixing plant and is used for bonding, waterproofing, sealing and plugging, among other things. We report sales of mortar together with those of cement. Mortar represents approximately 2.3% of our total cement sales.

There are two primary processes used to manufacture cement: the dry process and the wet process. Because the dry process is more fuel-efficient than the wet process, which requires higher production costs due to greater energy consumption, we use the dry process in approximately 94% of our installed capacity. Currently, all of our production in Mexico and the United States is made through the dry process.

The dry process consists of five key steps, which are described below.

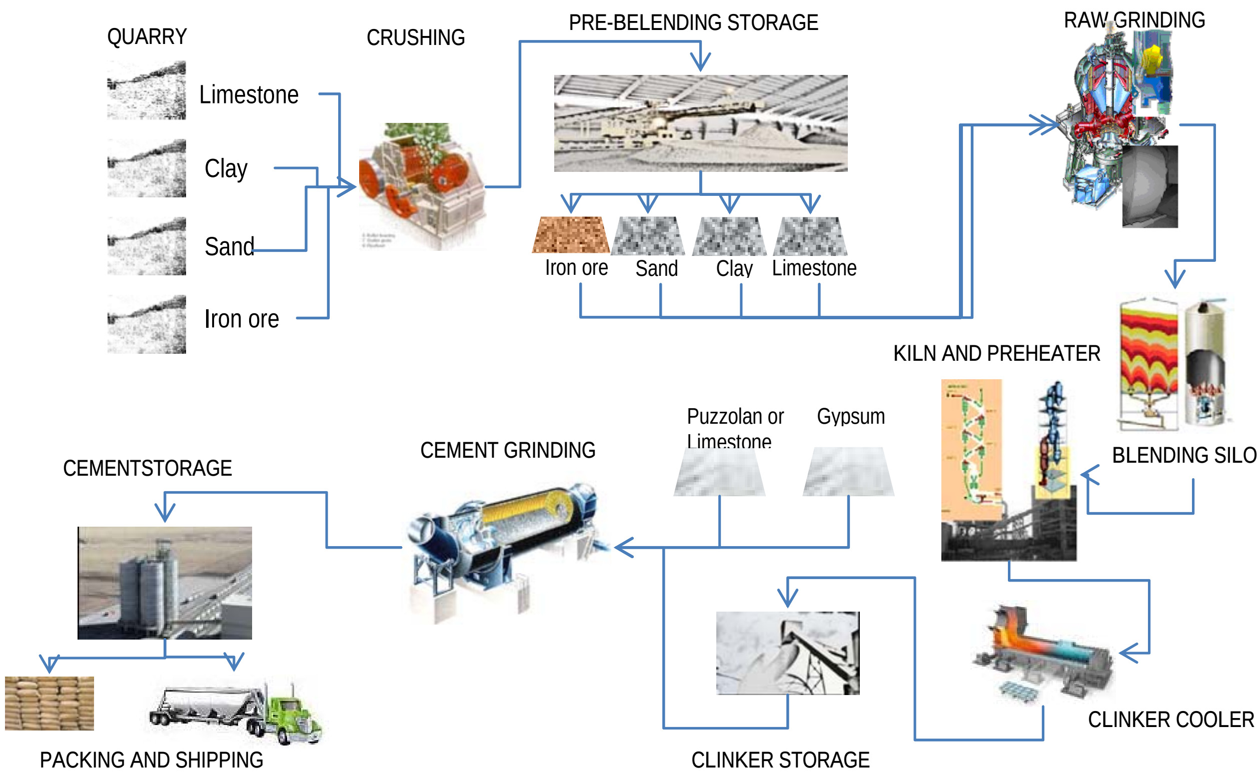
- *Extraction and crushing of raw materials.* Limestone, clay, gypsum and other raw materials, including silica, iron ore, magnetite, hematite and ignimbrite, are extracted from natural deposits and crushed to reduce their size. We own most of the limestone quarries and lease some of the gypsum and clay quarries that supply our operations and our cement plants are located next to our deposits of these materials. We purchase other raw materials from independent suppliers we consider to be reliable, and with some of which we have long-term agreements or are in the process of negotiating such agreements. Most of our suppliers only supply materials to us.

- *Homogenizing raw materials.* The raw materials are fed through a mill, which dries and grinds them to the required degree of fineness. The resulting product, referred to as raw mix, is stored in a homogenizing silo in order to ensure the uniformity of the mix components and is available to continuously feed the plant kiln.

- *Calcination.* In a process referred to as calcination, the raw mix is then heated in revolving kilns to 1450°C (2,642°F), which leads to the synthesis of a new material with hydraulic properties known as clinker. On leaving the kiln, the clinker is air cooled rapidly down to 150°C (302°F) to stabilize it for transport.

- *Milling.* In the milling process, the clinker is combined with gypsum by automatic tilts, and ground to the desired level of fineness. This combination is a key step for regulating the hardening time of the cement.

- *Packaging and shipping.* The cement is then stored in silos and shipped to the client, either in bulk or in bags by truck or railroad. In the United States, we maintain cement inventories at our plants and distribution centers and tend to produce cement in our lower selling seasons to build our inventories for sales in peak times.



Our operations require significant amounts of energy and fuel, particularly in the cement production process which relies primarily on coal and electricity because our kilns must reach extreme temperatures to produce clinker, and, to a lesser extent, in connection with our distribution operations, which rely on the use of gasoline and diesel fuel to deliver our products. The availability of energy and related inputs from utilities could be volatile and could be affected by political, economic and regulatory conditions that are outside our control. See "Risk Factors— Risks Related to our Business and Operations—Higher energy and fuel costs may have a material adverse effect on our business, results of operations and financial condition."

To mitigate our exposure to high energy and fuel costs and their volatility, we have implemented technical improvements in all our cement plants that give us the option to use coal in virtually all of our installed capacity for cement production, while retaining the ability to use other energy sources for operations, such as for plant start-up or as a back-up. For example, our Tijeras, New Mexico, plant can use natural gas for clinker production if natural gas pricing is more favorable, or if our coal supply is interrupted or its quality becomes an issue. For example, we have long-term supply contracts with suppliers of natural gas for our cement plants in Mexico and for our cement plants in Tijeras, New Mexico and Rapid City, South Dakota. We have also increased the use of alternative fuels in our cement plant in Samalayuca, decreasing the fuel consumption at the plant by approximately 26%. We have applied for and obtained the necessary permits for the use of these alternative fuels at our cement plant in Pueblo, Colorado and expect to start using them during

2013. In addition, we have been operating our Colorado coal mine since 2005, which supplies coal to all of our plants (except the Rapid City, South Dakota plant, for which we use a coal supplier in Wyoming) and which we estimate has sufficient coal reserves to supply our cement plants and sales to third parties for approximately the next 28 years. Our Tijeras, New Mexico, Pueblo, Colorado and Rapid City, South Dakota plants used an average of 98% coal for the nine months ended September 30, 2012. Our Juarez, Samalayuca and Chihuahua plants used an average of 84%, 11% and 93% coal, respectively, for the nine months ended September 30, 2012. As the price of gas has recently been decreasing, we have begun to use more natural gas. See "Risk Factors—Risks Related to our Business and Operations—Higher energy and fuel costs may have a material adverse effect on our business, results of operations and financial condition."

Ready-mix Concrete

Ready-mix concrete is a combination of cement, fine and coarse aggregates, water and admixtures, or additives, that control certain properties of the concrete such as plasticity, pumpability, freeze-thaw resistance, strength and setting time. We tailor our ready-mix concrete to fit our clients' specific needs by changing the proportion of water, aggregates and cement in the mix in order to modify the concrete's strength, workability and finish to meet individual specifications and satisfy the differing requirements of modern construction. We also use admixtures to customize our concrete and comply with a project's specifications.

Our ready-mix operations have a more diverse customer base than cement, which decreases our credit risk. Due to the weight and perishability of ready-mix concrete, the product must be delivered to the customer from local distribution centers. We deliver the product to our customers through our fleet of mixer trucks and mobile ready-mix plants.

We own 31 ready-mix concrete plants, of which 27 are mobile and four are stationary, which we believe allows us to supply any location within the state of Chihuahua and to provide ready-mix concrete supply to projects with high consumption volumes. We also have alliances with five ready-mix concrete local producers with which we sell and distribute ready-mix concrete produced by such producers with cement we provide to them.

Aggregates

Aggregates are inert filler material, typically gravel and sand, that are used to manufacture concrete. We only sell aggregates in our Mexico division, although we sold aggregates in the United States, most of which we obtained from third parties in 2009 and 2010. Customers use our aggregates for many purposes, including as a key component in the construction and maintenance of highways, walkways and railways and as an indispensable ingredient in mortar, concrete and asphalt. Aggregates are obtained from land-based sources, such as sand and gravel pits and rock quarries, and transported to customers by truck or rail.

Hard Rock Production. Rock quarries typically operate for 30 years or more and are developed in distinct benches or steps. A controlled explosion is normally used to release rocks from the working face. The rocks are then transported by truck or conveyor to a crusher to produce a range of sizes to match customer needs.

Sand and Gravel Production. Sand and gravel quarries are much shallower than rock quarries and are typically worked and restored in progressive phases. A conveyor delivers the raw material into the processing plant where it is washed to remove unwanted clay and to separate sand. It is also screened to sort the gravel into different sizes. Sand separated during processing is dried and stored.

Other

We also provide other products such as coal, concrete blocks, prefabricated products, transportation and developed land in Mexico.

Coal

Our King II mine is an underground coal mine located 18 miles west of Durango, Colorado. Our Colorado coal mine has an estimated production capacity of 800,000 STPY and supplies coal to our plants in Mexico, Tijeras, New Mexico and Pueblo, Colorado. We also sell coal to third parties, primarily in the cement and limestone industries. When compared to other coal sources for the cement and limestone industries, we believe our Colorado coal mine supplies coal with a desirable mix of British Thermal Units per pound with low levels of ash, sulfur and moisture.

Concrete Blocks

Concrete blocks are rectangular prefabricated concrete units with one or more vertical openings that are used in simple stone masonry or structural systems because they can be reinforced on both sides of their surface. We have the technology to produce four types of standard blocks for simple masonry and one type of blocks for structural systems. In addition, our plants manufacture three types of architectural blocks and one type of thermal block, which have different colors and textures and are used for simple or structural masonry. Our concrete blocks, which we only sell in Mexico, comply with the following Mexican standards: NMX-C-441 construction industry blocks, bricks and masonry bricks for non-structural use specifications; NMX-C-404 construction industry blocks, bricks and masonry bricks for structural use specifications and test methods; and NMX-C-441-ONNCCE-2005 construction industry blocks, bricks and masonry bricks for non-structural use specification and test methods.

Prefabricated Products

Prefabricated products feature our proprietary technology for which we have patents in the United States and Mexico to achieve particular thermal insulation properties and eco-friendly characteristics that align with the requirements of INFONAVIT in Mexico and the LEED movement. We produce different construction materials featuring cellular concrete technology used in a broad range of applications, including geotechnical fills, insulated roof deck construction, floor fills and leveling. We also produce other prefabricated structural products, including beams and slabs for prefabricated ceilings, bridges and buildings.

Transportation

Mexico

Our subsidiary, GCC Transporte S.A. de C.V. ("GCC Transporte"), transports cement, aggregates, plaster and specialty products to customers throughout the state of Chihuahua and certain other locations in Mexico. We have two regional bases to cover the entire state of Chihuahua and transport cement, specialty products and plaster to other parts of Mexico. Our distribution centers and cement plants are positioned close to our customers. Our fleet comprises 102 trucks, 34 platforms, 23 dump trucks, 16 dollies, 92 bulk trucks, nine silos and three low-boys. This subsidiary also has an agreement with GCC Concreto, S.A. de C.V. ("GCC Concreto") to ship bulk cement from cement plants to the ready-mix plants located within the state of Chihuahua. Customers may also pick up cement bags directly from any of our plants. In order to serve our ready-mix customers, we own a ready-mix concrete distribution fleet, which comprises 207 mixer trucks and 32 pumps.

The distribution of aggregates to cities, such as Chihuahua and Juarez, depends on third-party distributors, with which we have stable long-term relationships. We also use GCC Transporte for shipping aggregates to other locations in Mexico, primarily to the city of Cuauhtémoc.

GCC Transporte may also distribute other goods for third parties and separately invoices such customers directly when they contract transportation services not related with the sale of cement or aggregates.

As an additional distribution channel, we sell cement in bags through independent hardware stores located throughout the state of Chihuahua under the brands "Cemento Chihuahua," "Mortero Chuviscar," "Dinamix," "Mortermix," "Fraguamax" and "Tecnogrout." Some of these stores are affiliated with our retail program known as Construred, which is managed by our subsidiary Construcentro.

Construcentro also manages two distribution centers located in each of the cities of Chihuahua and Juarez. Within our Mexico division, 68% of the total distribution costs are charged by our own transportation company, while the remainder is paid to third parties, primarily other trucking companies.

United States

We have 18 cement distribution centers and transferring stations and a major component of our distribution network is our ability to travel longer distances at a reasonable cost through our access to a network of railroads. We have a railcar fleet composed of approximately 920 railcars (primarily on renewable five-year term leases) for the transportation of cement and coal.

To assist in our distribution, we own 225 haul trucks for the transportation of cement. Our Tijeras, New Mexico plant is not serviced by rail, and all distribution is made by third-party or customer trucks. We also have 88 ready-mix concrete plants and a fleet of 400 ready-mix concrete mixer trucks.

Developed Land

We have a real estate business in Mexico, in which we acquire and develop land for residential or commercial purposes, which we call urbanization. The land is then sold to residential or commercial contractors. Sometimes we sell land without prior urbanization.

Description of Our Raw Materials Sourcing and Reserves

We are dependent on a variety of raw materials and fuel that support our manufacturing activities, including coal, cement raw materials (mainly limestone, clay, gypsum, silica and iron ore) and aggregates.

We own or lease several mineral quarries that supply our operations with raw materials. These open-pit quarries consist of economically useful deposits of minerals or rock found near the land surface. Open-pit mines are typically enlarged until either the mineral resource is exhausted or an increasing ratio of overburden to exploitable material makes further mining uneconomic, and they are then reclaimed to their natural state.

As of September 30, 2012, we operated nine limestone quarries located at or near our cement plants. We own most of our limestone quarries except for the limestone quarry at the Pueblo, Colorado cement plant, for which we have a preferential renewable ten-year lease agreement with the state of Colorado, which is set to expire in May 2016. These quarries provided 100% of the limestone needs for our cement plants and three of them were also used to produce aggregates for our aggregates production in Mexico. Limestone represents approximately 85% of the raw materials in cement production. We estimate that our proven and probable limestone reserves, on a consolidated basis, have an average remaining life of approximately 224 years, assuming average annual usage. We own all of the clay and gypsum quarries for our Mexico operations and own most of the gypsum quarries for our U.S. operations and lease a shale quarry (a clay substitute) for our U.S. operations. Limestone, together with clay (or clay substitutes such as bottom ash and shale) and gypsum, account for approximately 94% of the raw materials necessary for the production of cement.

We purchase other raw materials (including silica, iron ore, magnetite, hematite, ignimbrite, mill scale and bottom ash) from independent suppliers we consider to be reliable, with some of which we have long-term agreements or are in the process of negotiating such agreements. Most of our suppliers only supply materials to us. For certain raw materials, such as iron ore, we can use substitute materials sourced from other suppliers.

Our Colorado coal mine comprises two mines: the King I mine and the King II mine. The King I mine reserves were exhausted in 2009. At the King II mine, exploration and characterization began in 1998 and production began in 2007. The King II mine reserve base currently contains approximately 22.8 million recoverable short tons (using a 95% recoverable factor) of high rank bituminous coal that is currently leased and permitted to be extracted, composed of 16.6 million short tons of proven reserves and 6.2 million short tons of probable reserves). The mine land is leased from the state of Colorado, the Federal government and private owners under long-term leases, which leases are renewable by GCC Energy so long as coal remains at the site.

Our coal mine is an underground room-and-pillar mine with consistent geology, good engineering conditions and no methane. It is mined using the continuous method, in which airways and transportation entries are developed underground by machines, leaving "pillars" to support the roof. A modified super section production process is used for development mining and a single continuous miner with four mobile roof supports used during pillar recovery. GCC

Energy also has a long-term lease for water in connection with the mining operations. We estimate we have sufficient coal reserves to supply our cement plants and sales to third parties for approximately the next 28 years. GCC Energy won the Rocky Mountain Coal Mining Institute 2012 Mine Safety Award for Small Underground Mine Operator.

We believe that our mining facilities are in general good condition, adequate for efficient operations.

Electricity for our quarries and mines is supplied by local electricity providers in the United States and by the *Comisión Federal de Electricidad* in Mexico.

The determination of reserves estimates is based only on raw materials meeting specific quality and quantity requirements. For cement raw materials (primarily limestone, clay and gypsum), these requirements are based on the chemical composition that matches the quality demanded by the production process. For materials sourced from third parties (such as bottom ash, mill scale and puzzolans), since chemical composition varies across production sites, we conduct geostatistical chemical tests to determine optimal blending proportions necessary for meeting production quality criteria and for maintaining an extraction ratio close to 100% of the reported reserves for such materials. For aggregates, quality requirements are based on hardness, shape, density, size and tests for alkali aggregate reaction and alkali silica reaction. Coal reserve quality is based on ash content, heat value, sulfur content, mercury and chlorine content, alkali content and mineral analysis of ash, with in-seam reserve variability taken into account for all parameters.

Reserves are considered as proven when all legal and environmental conditions have been met and permits have been granted. Proven reserves are then classified according to: (i) the quantity computed from dimensions revealed by drill data, together with other direct and measurable observations, and (ii) the grade and/or quality computed from the results of detailed sampling. The sampling and measurement data for proven reserves are spaced so closely and the geologic character is so well-defined that size, shape, depth and mineral content of reserves are well-established. Probable reserves are those for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is sufficiently high to assume continuity between points of observation.

Our reserve estimates are prepared by our own engineers and geologists and are subject to annual review by our corporate staff jointly with our regional technical managers. In certain cases, we have also used the services of third-party geologists and/or engineers to validate our own estimates.

We validate our estimates primarily through core drilling or, when core drilling is not feasible, we rely on other methods such as reverse circulation or dust drilling chips. This process is complemented by a computerized survey to map the terrain, which creates digital terrain models that allow us to determine the floor and roof of the minable body by generating computerized design maps in plants and sections to calculate volumes by area. The given density of a raw material will allow us to determine the tonnage.

Our estimates distinguish between owned and leased reserves, the latter determined over the term of the lease contract, and include only those permitted reserves which are proven or probable. As of September 30, 2012, the total surface of property in our quarry operations (including cement raw materials quarries and aggregates quarries), was approximately 16,000 hectares, of which approximately 94% was owned by us and approximately 6% was managed through long-term lease contracts.

Our main equipment at our quarries includes wheel loaders, crawler dozers, excavators, crushers, drills, belt conveyers, off-highway trucks and other material handling equipment.

The table set forth below presents our total permitted proven and probable cement raw materials reserves and for aggregates (limestone and aggregate sand) by geographic segment and material type extracted or produced in our cement raw materials quarry operations.

Location	Material	Number of quarries	Property Surface (hectares)		Reserves (million tons)			Years to depletion**
			Owned	Leased	Proven	Probable	Total	
Mexico	Limestone	4	5,163	-	399	499	898	248
	Clay	2	94	-	34	37	71	206
	Silica	4	560	-	17	0	18	313
	Kaolin	3	700	-	5	2	7	50
	Gypsum	5	1,882	-	8	1	9	134
	Iron ore*	1	150	N/D	-	0	0	6
	Pumice	1	42	-	-	4	4	186
	Aggregate sand	1	533	-	24	5	29	63
United States	Limestone	5	386	753	177	58	235	165
	Iron ore*	4	-	N/D	1	1	1	39
	Silica	3	245	-	2	8	10	162
	Gypsum*	6	5,443	240	-	11	11	109
	Shale	1	-	49	3	5	8	54

* No data available for third parties reserves.
** Calculated with information available.

Mexico

Cement

We own quarries that provide our limestone, clay and gypsum needs for our cement plants.

Some of the raw materials, such as hematite and ignimbrite, required in the cement production are purchased from third-party suppliers.

For our coal supply, see "—United States—Coal."

Ready-mix Concrete

We supply most of the cement required for our ready-mix concrete production from our cement plants. We supply most of the aggregates needed for the ready-mix concrete production process from our reserves and the rest is purchased from third parties with which we have stable relationships and in some cases long-term contracts, mainly in rural markets where we have ready-mix concrete operations.

Aggregates

We own our limestone and aggregate sand reserves for our aggregates production. Approximately half of our sales are used for our ready-mix concrete and prefabricated products operations and the remainder is sold to third parties.

United States

Cement

We control, either by ownership (34%) or long-term leases (66%), 100% of the limestone needs for our cement plants. We own most of the gypsum quarries for the U.S. operations while some of the raw materials required in the cement production are purchased from local producers through long-term supply agreements, including clay substitutes, such as bottom ash, which is an industrial byproduct for which we have long-term relationships with our suppliers. Our Rapid City, South Dakota plant uses shale as a clay substitute, for which we lease the quarry. We believe that if we are unable to obtain the raw materials from our current suppliers, there is sufficient supply of raw materials from other suppliers. For our coal supply, see "—United States—Coal."

Ready-Mix Concrete

We supply the cement required for our ready-mix operations in Northern markets (South Dakota, Iowa and Minnesota) from our cement plants while the cement required for our ready-mix concrete operations in Southern markets (Oklahoma and Arkansas) is purchased from third parties through long-term contracts. All other required raw materials (aggregates, fly ash and additives) for our ready-mix concrete operations in the United States are supplied by third-party suppliers, with which we have stable long-term relationship or through long-term agreements. We believe that if we are unable to obtain the raw materials from our current suppliers, there is sufficient supply of raw materials from other suppliers.

Coal

We internally source a significant portion of our fuel needs through our Colorado coal mine. Our coal mining operations are conducted through our wholly-owned subsidiary GCC Energy, which is located near Durango, Colorado. To mitigate our exposure to high energy and fuel costs and their volatility, we have implemented technical improvements in all our cement plants that give us the option to use coal in virtually all of our installed capacity for cement production while retaining the ability to use other energy sources for operations, such as for plant start-up or as a back-up. For example, our Tijeras, New Mexico plant can use natural gas for clinker production if natural gas pricing is more favorable, or if coal supply is interrupted or its quality becomes an issue. In addition, we have been operating our Colorado coal mine since 2005, which supplies coal to all of our plants (except the Rapid City, South Dakota plant, for which we have a supplier of coal in Wyoming). Our Tijeras, New Mexico, Pueblo, Colorado and Rapid City, South Dakota plants used an average of 98% coal for the first nine months of 2012. Our Juarez, Samalayuca and Chihuahua plants used an average of 84%, 11% and 93% coal, respectively, for the first nine months of 2012.

Our Colorado coal mine supplies 98% of the fuel needs for our Tijeras, New Mexico and Pueblo, Colorado cement plants and 87% of the fuel needs for our Mexican plants. We also sell the coal mined from our Colorado coal mine to four other companies in the United States. We purchase our coal needs for our Rapid City, South Dakota cement plant from coal producers in Wyoming, pursuant to a long-term agreement with a near-term expiration, although there a number of suppliers in the region that we believe can supply us with coal for this plant. All our cement plants use coal but can switch to other energy sources when they are less expensive. When non-coal sources are more economical, we acquire them from third-party suppliers. We have also implemented sophisticated green technology at many of our facilities and also are pursuing environmentally friendly alternatives, such as the use of green fuels and cement compounds with a lower carbon footprint. For example, we have increased the use of alternative fuels in our cement plant in Samalayuca, decreasing the fuel consumption at the plant by approximately 26%. We have applied for and obtained the necessary permits for the use of these fuels at our cement plant in Pueblo, Colorado and expect to start using them in 2013.

See "Risk Factors—Risks Related to our Business and Operations—Higher energy and fuel costs may have a material adverse effect on our business, results of operations and financial condition."

Sales and Marketing

Our sales and marketing efforts are focused on strengthening our leadership in service and quality by offering integral and innovative solutions to our clients and by creating and developing strategic alliances.

We have a sales and marketing force that is directly employed by us, but we also employ a small external sales force for our ready-mix concrete operations in the United States. In addition, we work through indirect sales channels, such as through our distribution network. We have built or acquired a vast network of plants and distribution centers, which contribute to our objective of offering reliable service, efficiency and costs savings to our clients.

With our knowledge of customers and the market, we believe we are able to identify the expectations and needs of our clients. Our marketing strategy is dedicated to informing clients about technical aspects of their construction projects and the different and competitive materials we can offer to meet their project goals. We continuously evaluate our customers' satisfaction and stay directly linked to associations and chambers related to the construction industry.

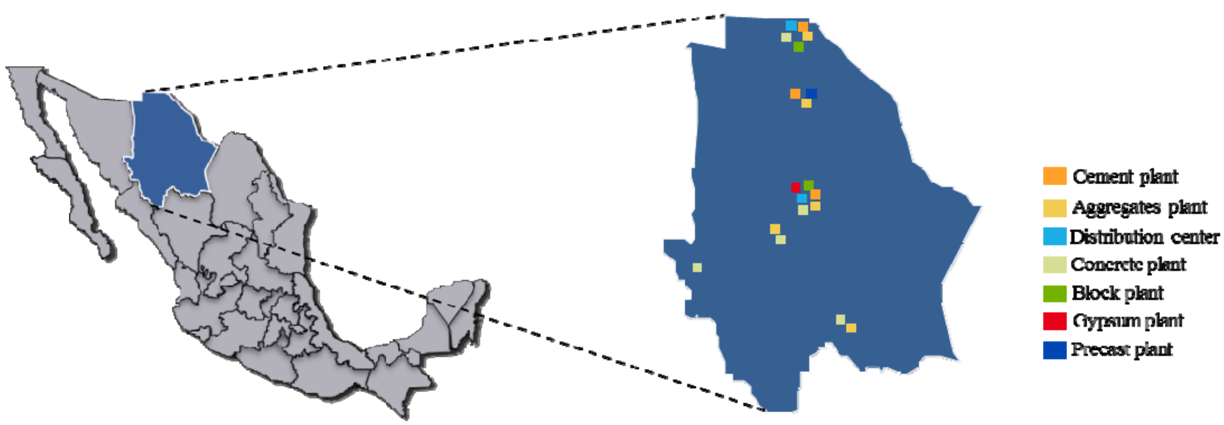
As part of our supply chain optimization analysis, we run monthly models that show consumption trends and forecast the expected volumes for the remainder of the applicable month. In addition, from these monthly models we can derive our production schedule for the plants and the transportation model to supply our distribution network. All of these models consider our production and storage capacity, as well as the cycle times for each location, the expected customer demand in each market and seasonality in order to ensure an adequate supply level while optimizing inventory levels at each location.

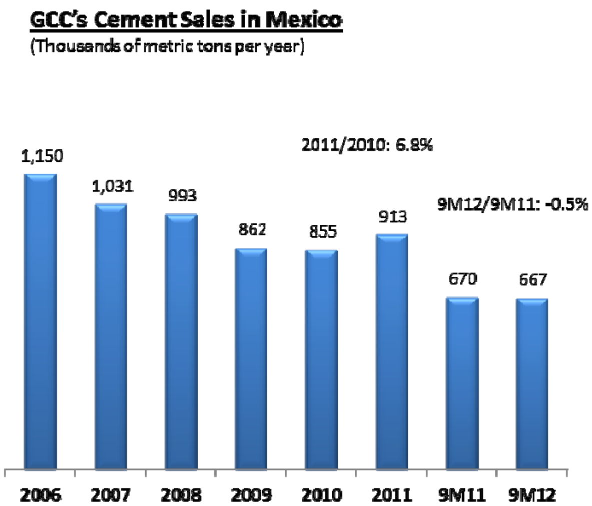
In the United States, we strive to be the price leader for cement through pricing guidelines and possible rebates. In Mexico, our pricing strategy classifies clients by volume and sales destination (distributors, construction contractors and government) to establish adequate pricing guidelines and possible discounts. We also strive to provide cement of consistent quality through our extensive logistics system. Most of our customers have cement storage capacity of less than one day, and they are therefore dependent on their supplier to have same-day availability. Due to our geographical positioning in close proximity to the markets we serve, we are able to provide such same-day delivery in those markets. In addition, no other competitor has cement production facilities in the state of Chihuahua, which we believe gives us a significant competitive advantage in freight costs. We also believe we assist our customers in improving and growing their business by bringing them bidding opportunities and teaching them how to encourage landowners to build concrete parking lots.

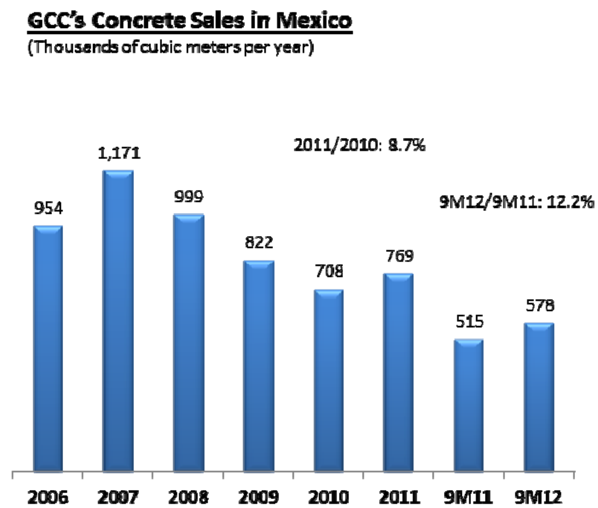
Our Operations in Mexico

Overview

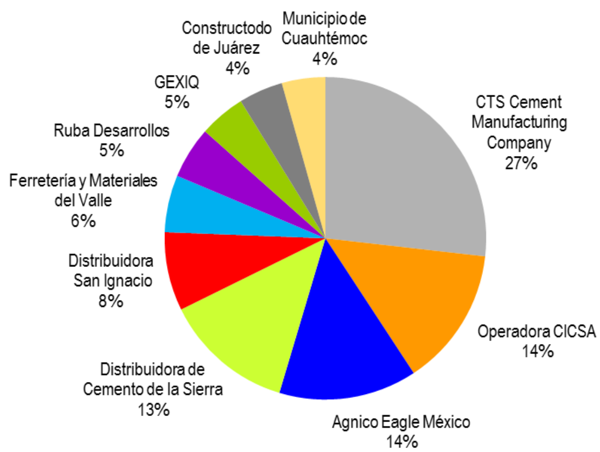
In Mexico, we operate in the state of Chihuahua. For the nine months ended September 30, 2012 and the year ended December 31, 2011, 30% and 36%, respectively, of our net sales, and 43% and 51%, respectively, of our EBITDA, were generated in Mexico. The following map shows our facilities in Mexico and the charts that follow show our cement and ready-mix concrete sales volume in Mexico for the periods indicated. In the state of Chihuahua, we are a leader in each of the markets in which we participate (cement and mortar, ready-mix concrete and concrete blocks) in terms of net sales.







Our top ten customers in our Mexico division represented 22.5% of our net sales in Mexico for the nine months ended September 30, 2012. Our largest customer in Mexico accounts for approximately 6.0% of net sales in the Mexico division for the nine months ended September 30, 2012. Our main customers in Mexico are homebuilders, concrete block producers, the mining industry and the government. The following chart shows the distribution of our top ten customers as a percentage of the aggregate net sales of the top ten customers as of September 30, 2012:



Cement and Mortar

Sales. Sales of cement and mortar represented 45% of our net sales from our Mexican operations for the nine months ended September 30, 2012. For the nine months ended September 30, 2012 (before elimination from consolidation), we sold 48% of our total cement and mortar volume produced in Mexico to our subsidiaries in Mexico for the production of ready-mix concrete and 23% to our subsidiaries in the United States for the production of ready-mix concrete, with the remaining 29% to our third-party customers. For the year ended December 31, 2011, sales of cement and mortar represented 44.0% of our net sales from our Mexican operations. For the year ended December 31, 2011(before elimination from consolidation), we sold 42% of our cement and mortar volume to our subsidiaries in Mexico for the production of ready-mix concrete and 17% to our subsidiaries in the United States for the production of ready-mix concrete, with the remaining 41% to our third-party customers.

Plants and Equipment. We have three cement plants with a total annual production capacity of approximately 2.25 million tons in the cities of Chihuahua and Juarez and in the town of Samalayuca. In 2009, we completed the renovation of our Chihuahua plant, strengthening our long-term cement grinding capacity and helping to reduce production costs by increasing efficiency. We also have recently increased the use of alternative fuels in our cement plant in Samalayuca, decreasing the fuel consumption at the plant by approximately 26%.

Competition. According to CANACEM, the installed cement production capacity in 2011 in Mexico was 51.0 million tons and actual cement production was 35.4 million tons (representing 69.4% of installed capacity), an increase in actual cement production of 2.6% from 2010. In addition, sales were 34.4 million tons in 2011, an increase of 2.6% compared to the 33.9 million tons in 2010. Due to the ongoing modernization of plants, the Mexican cement industry is one of the most competitive in terms of cost. See "Industry." Our capacity utilization at our Chihuahua, Juarez and Samalayuca plants for the twelve months ended September 30, 2012 was 65%, 88% and 61%, respectively.

The six companies that compete in the cement industry in Mexico are: CEMEX, Holcim Apasco, Lafarge, Moctezuma, Cruz Azul (Cementos y Concretos Nacionales S.A. de C.V.) and us. In the state of Chihuahua, our main competitor in our cement operations is Holcim Apasco, which is also vertically integrated and competes with us in our ready-mix operations, as well.

Potential entrants into the Mexican cement market face substantial barriers to entry, including:

- the time-consuming and expensive process of establishing a retail distribution network and developing the brand identification necessary to succeed in the retail market, which represents the bulk of the domestic market;

- the lack of port infrastructure and the high inland transportation costs resulting from the low value-to-weight ratio of cement;

- the distance from ports to major consumption centers and the presence of significant natural barriers, such as mountain ranges, which border Mexico's east and west coasts;

- the extensive capital expenditure required to begin production and high logistical costs; and

- the length of time required for the construction of new plants, which is approximately two years.

We believe that one of our primary competitive advantages is the loyalty Mexican consumers have to the brand "Cemento Chihuahua" due to the reputation the brand enjoys among retail customers, which represent the majority of cement customers in Mexico. In addition, by using specialized raw materials that contain low levels of alkaline, we believe we are able to deliver higher quality cement that withstands exposure to the elements of Chihuahua.

Customers. In contrast to more developed economies, where purchases of cement are concentrated among the industrial and commercial sectors through bulk sales, in Mexico a large majority of cement sales (approximately 80% on a national basis) are to retail customers who use it for housing and other basic construction projects. However, because the ready-mix concrete industry is more developed in the state of Chihuahua due to growing government expenditure on infrastructure projects, such as highways and airports, we sell most of our cement in bulk to ready-mix concrete producers. For the nine months ended September 30, 2012 and the year ended December 31, 2011, we sold approximately 43% of the volume of cement that we sold to third parties in Mexico in bags (primarily small 50 kg cement bags) to individuals or small contractors. Bulk cement accounts for the remaining 57% of our volume of cement sold to third parties and is sold and distributed directly to companies producing ready-mix concrete, concrete blocks and other concrete products, and to large scale contractors. Often, we sell bulk cement together with a package of solutions to help our customers on large construction projects. Our top ten cement customers in our Mexico division by net sales represented 20% of our net sales in Mexico for the nine months ended September 30, 2012.

Distribution. We sell cement in bags primarily through our main distribution channel of independent hardware stores, located throughout the state of Chihuahua, some of which are affiliated with our Construred retail program. Construcentro manages two distribution centers located in each of the cities of Chihuahua and Juarez. GCC Transporte transports cement to customers throughout the state of Chihuahua and certain other locations in Mexico. GCC Transporte also has an agreement with GCC Concreto to ship bulk cement from cement plants to the ready-mix plants located within the state of Chihuahua. Customers may also pick up cement bags directly from any of our plants. See "—Our Products—Other—Transportation—Mexico."

Ready-mix Concrete

Sales. Sales of ready-mix concrete represented 30% of our net sales from our Mexican operations for the nine months ended September 30, 2012. For the year ended December 31, 2011, sales of ready-mix concrete represented 29% of our net sales from our Mexican operations. Our ready-mix concrete operations in Mexico are concentrated in the cities of Juarez and Chihuahua and in rural operations in the rest of the state of Chihuahua.

Plants and Equipment. We own 31 ready-mix concrete plants, of which 27 are mobile and four are stationary, which we believe allows us to supply any location within the state of Chihuahua and to provide ready-mix concrete supply to projects with high consumption volumes.

Competition. In Mexico, the ready-mix concrete industry is still developing. According to our own estimates, the market for ready-mix concrete in 2011 in the state of Chihuahua was approximately 1,125,000 cubic meters, primarily in the cities of Chihuahua and Juarez.

In contrast to the cement market, there is a large number of competitors in the ready-mix concrete market in the state of Chihuahua because minimal barriers to entry due to relatively low start-up costs and the ability to rely on mobile plants, which opens the market to small family-owned companies. According to our estimates, by the end of September 2012, approximately 93% of the market for ready-mix concrete in Chihuahua was supplied by GCC and three other competitors: Holcim Apasco, GEXIQ and Materiales Américas. Although it does not have a supply source within the state of Chihuahua, we believe Holcim Apasco is our only competitor in the state of Chihuahua with the potential to deploy capacity to bid on large infrastructure or industrial projects, particularly due to its vertical integration.

All of our ready-mix processes are certificated under ISO 9001: 2008 and under *Organismo Nacional de Normalización y Certificación de la Construcción y Edificación* (National Agency for the Normalization and Certification of Construction and Building ("ONNCCE")), which is a Mexican entity that certifies construction products according to Mexican standards. We believe these certifications give us a competitive advantage in the state of Chihuahua.

Customers. We have recently been the ready-mix supplier in the following major projects: state highways repair program (15,100 m^3), *Comisión Federal de Electricidad* (Federal Commission of Electricity ("CFE")) facilities expansion (12,000 m^3), city of Chihuahua public transportation and pavement projects (70,500 m^3), city of Cuauhtémoc paving projects (62,200 m^3), city of Cuauhtémoc commercial and industrial projects (11,000 m^3), mining industry projects (45,000 m^3), housing development projects (62,300 m^3) and self-construction projects (52,000 m^3).

Our top ten customers in our Mexican ready-mix concrete division by net sales represented 8.7% of our net sales in Mexico for the nine months ended September 30, 2012.

Distribution. We own a ready-mix concrete distribution fleet, which we believe allows us to supply any location within the state of Chihuahua and to ensure ready-mix concrete supply to projects with high consumption volumes. See "—Our Products—Other—Transportation—Mexico."

Aggregates

Sales. Sales of aggregates represented 8% of our net sales from our Mexican operations for the nine months ended September 30, 2012. For the year ended December 31, 2011, sales of aggregates represented 7% of our net sales from our Mexican operations. For the nine months ended September 30, 2012 and the year ended December 31, 2011 (in each case, before eliminations from consolidation), our total sales volume was approximately 2.4 and 2.9 million tons, respectively, of which approximately 45% was used for our own consumption to produce ready-mix concrete or other products and the remaining 55% was sold to third-party customers. Our aggregates operations in Mexico are concentrated in the cities of Juarez, Chihuahua and Cuauhtémoc.

Plants and Equipment. Our Mexican operations include five aggregates plants, located in the cities of Chihuahua, Juarez, Cuauhtémoc, Parral and Samalayuca. The location of these plants enhances our ability to supply aggregates throughout the state of Chihuahua.

Competition. The aggregates market has a significant number of competitors even though barriers to entry are high due to the need to obtain mining permits and the large number of active mining companies in the state of Chihuahua that already hold mining permits. Competition in the aggregates market is limited because of high freight costs, which may reduce the competitiveness of prices when competing against local suppliers in markets located at greater distances.

Customers. Our main aggregates customers are builders, developers, and concrete and asphalt producers.

Distribution. The distribution of aggregates to cities, such as Chihuahua and Juarez, depends on third-party distributors, with which we have stable long-term relationships. We also use GCC Transporte for shipping aggregates to other locations in Mexico, primarily to the city of Cuauhtémoc. See "—Our Products—Other—Transportation—Mexico."

Other

We provide other products and services, primarily concrete blocks, prefabricated products, transportation services and developed land.

Concrete Blocks

Sales. Sales of concrete blocks represented 5% of our net sales from our Mexican operations for the nine months ended September 30, 2012 and for the year ended December 31, 2011.

Plants and Equipment. Our Mexican operations include six concrete block plants, two located in the city of Chihuahua and four in the city of Juarez, which have the technology to produce four types of standard blocks for simple masonry and one type of block for structural systems. In addition, our plants manufacture three types of architectural blocks and one type of thermal block, which have different colors and textures and are used for simple or structural masonry.

Competition. The concrete block market, consistently with the ready-mix concrete market, has a large number of competitors in the state of Chihuahua, mainly family-owned companies, due to low barriers to entry. We believe that we differentiate ourselves in this market through our offering of technologically advanced blocks, which meet the new demands of the market, including the requirements of INFONAVIT in Mexico and the LEED movement.

Customers. Our main concrete blocks customers are residential and commercial building contractors.

Prefabricated products, transportation services, developed land and others

Sales. Sales of all other products (not including concrete blocks) represented 13% of our net sales from our Mexican operations for the nine months ended September 30, 2012. For the year ended December 31, 2011, sales of all other products (not including concrete blocks) represented 14% of our net sales from our Mexican operations. These net sales were derived primarily from Construcentro operations (sales of construction materials), which represented 57% and 40% of our net sales in this segment for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively.

Net sales from our transportation services represented 1% of our net sales in this segment for each of the nine months ended September 30, 2012 and the year ended December 31, 2011. For the nine months ended September 30, 2012 and the year ended December 31, 2011, we sold 98% of our transportation services (before eliminations from consolidation) to our subsidiaries.

Plants and Equipment. We operate two concrete prefabricated products plants, where we produce different construction materials with advanced technology. At one of our prefabricated products plants, we produce prefabricated panels.

Competition. We do not face significant competition for our other products, including prefabricated products, although for some uses, substitute products are available. See "Risk Factors—Risks related to our business and operations—Our industry is highly competitive, and if we are unable to compete effectively with existing competitors, or with new entrants, our business and financial results could be materially adversely affected." There are numerous competitors for transportation services and for the sale of developed land.

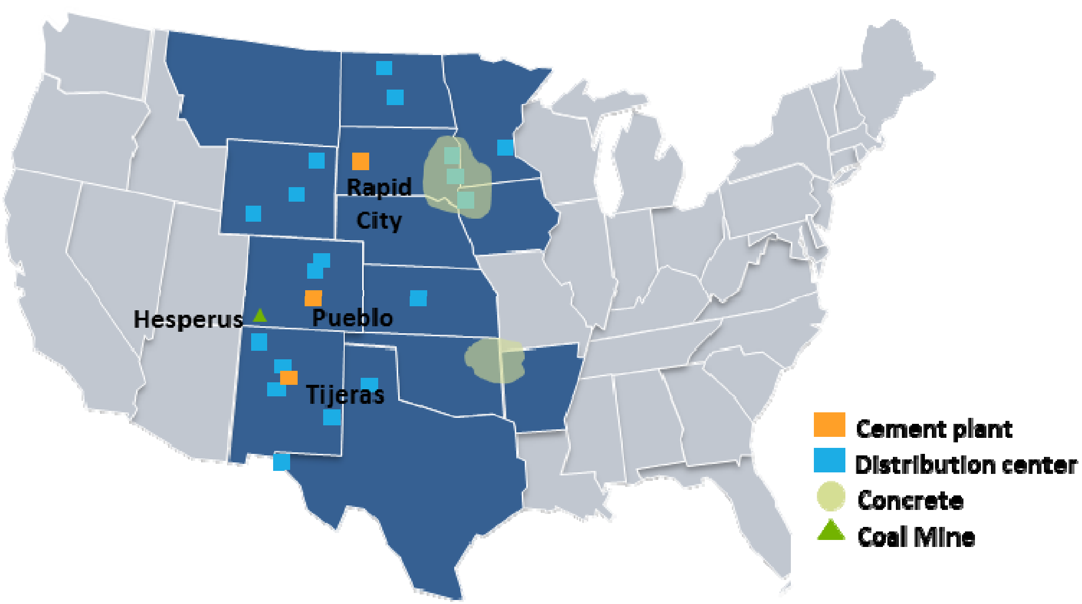
Customers. Our principal customers of prefabricated products are the government (primarily for schools and jails) and commercial builders. We principally provide transportation services to our subsidiaries.

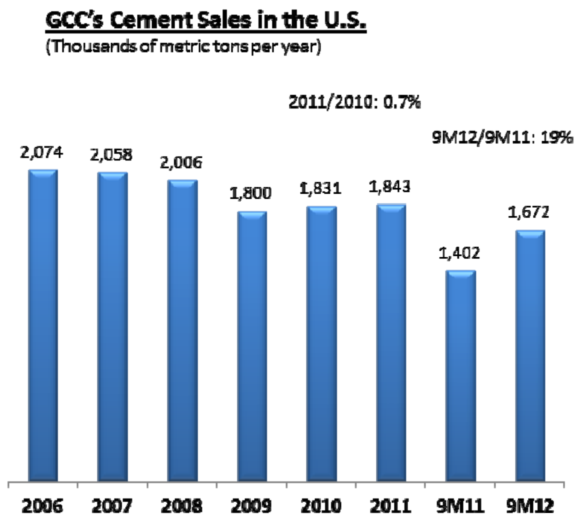
Distribution. Our subsidiary GCC Transporte owns a transportation fleet for the distribution of our other products. Our customers are separately invoiced for any shipping services we provide to them. See "—Our Products—Other—Transportation—Mexico."

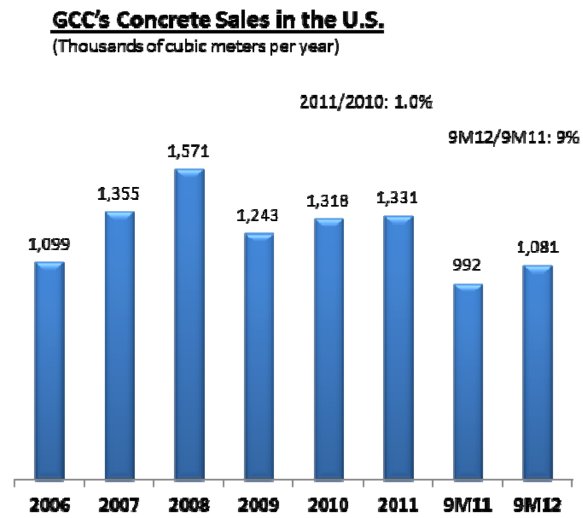
Operations in the United States

Overview

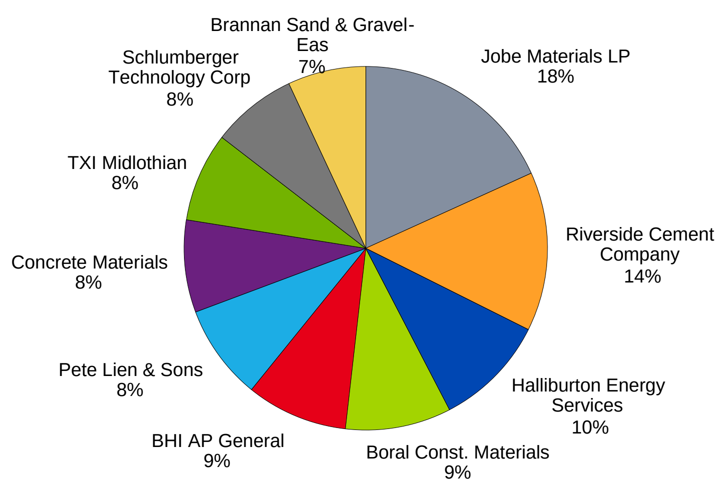
In the United States, we operate principally in the corridor from Texas to North Dakota. For the nine months ended September 30, 2012 and the year ended December 31, 2011, 70% and 64%, respectively, of our net sales, and 57% and 49%, respectively, of our EBITDA, were generated in the United States. The following map shows our facilities in the United States and the charts that follow show our cement and ready-mix concrete sales volume in the United States for the periods indicated.







Our top ten customers in the United States represented 17% of our net sales in the United States for the nine months ended September 30, 2012. Our largest customer in the United States accounts for approximately 3.1% of net sales in the United States division for the nine months ended September 30, 2012. Our main customers in the United States are ready-mix concrete and concrete precast producers, homebuilders, construction contractors (oil well service and paving companies) and the government. The following chart shows the distribution of our top ten customers as a percentage of the aggregate net sales of the top ten customers as of September 30, 2012:



Cement and Mortar

Sales. Sales of cement and mortar represented 53% of our net sales from our U.S. operations for the nine months ended September 30, 2012. For the year ended December 31, 2011, sales of cement and mortar represented 49% of our net sales from our U.S. operations. For the nine months ended September 30, 2012 and the year ended December 31, 2011 (in each case, before eliminations from consolidation), we sold 9%, of our total cement volume produced in the United States to our ready-mix concrete subsidiaries in the United States, with the remaining 91% to third-party customers.

Plants and Equipment. We have three cement plants with an annual production capacity of 2.69 million tons in Tijeras, New Mexico, Rapid City, South Dakota and Pueblo, Colorado, including the additional 300,000 tons at Pueblo, Colorado authorized by permit granted in July 2012. We have also applied for and obtained the necessary permits for the use of alternative fuels at our cement plant in Pueblo, Colorado and expect to start using them in 2013.

Competition. According to the PCA, in the United States, approximately 75% of installed clinker manufacturing capacity is concentrated among nine cement groups. According to the PCA, the installed clinker production capacity in 2011 in the United States was 104.4 million tons and actual clinker production was 62.0 million tons (representing 59% of installed capacity), an increase of 2.6% from 2010.

Due to the recession, cement manufacturers attempted to manage demand and supply to maintain stable pricing, with plant closures and idling beginning in 2008. At least ten plants were closed permanently and eight were idled indefinitely. The PCA does not expect these plants to reopen until an 80% utilization rate can be realized. The cement industry in the United States has recently been operating at only an average of approximately 61% capacity. See "Industry." Our capacity utilization at our Pueblo, Colorado, Tijeras, New Mexico and Rapid City, South Dakota plants for the twelve months ended September 30, 2012 was 71%, 53% and 68%, respectively.

In the United States, we compete primarily with Holcim, CEMEX, Lafarge, Eagle Materials, Lehigh Cement Company and Ash Grove Cement. According to the PCA, the United States Geological Survey and our estimates, we believe we are a leading producer and supplier of cement in many of the markets in which we operate, including in the South Dakota, El Paso, Texas, Wyoming, Colorado, New Mexico, North Dakota, southwestern Minnesota, northwestern Iowa and Nebraska markets or regions.

As in Mexico, potential competitors in the U.S. cement market face high barriers to entry, including substantial capital expenditure requirements, the length of time to construct a new plant, high transportation costs, the difficulty of obtaining permits for new plants and strict environmental standards. Also, as in Mexico, some key players in the cement market, including us, are vertically integrated, giving them a competitive advantage.

Customers. Our top ten cement customers in our United States division by sales represented 16% of our net sales in the United States for the nine months ended September 30, 2012. In the United States, bulk cement, which accounts for approximately 98% of the total cement we sell, is distributed directly to producers of concrete products, large construction companies and cement wholesale distributors.

Distribution. Bagged cement is sold primarily through independent wholesale distributors. In the United States, bulk cement is distributed directly to producers of concrete products, large construction companies and cement wholesale distributors through our system of 18 distribution centers in Colorado, Iowa, Kansas, Minnesota, New Mexico, North Dakota, South Dakota, Texas, Wyoming and Oklahoma, primarily moving from our plants to these centers by rail. See "—Our Products—Other—Transportation—United States."

Ready-mix Concrete

Sales. Sales of ready-mix concrete represented 35% of our net sales from our U.S. operations for the nine months ended September 30, 2012. For the year ended December 31, 2011, sales of ready-mix concrete represented 38% of our net sales from our U.S. operations.

Plants and Equipment. According to the PCA, we supply a significant percentage of the total consumption of ready-mix concrete in the states of South Dakota, Minnesota, Iowa, Oklahoma, Missouri and Arkansas, making us one of the leading producers of ready-mix concrete in the United States. We own 88 ready-mix concrete plants, which we believe allows us to strengthen our leadership position in the ready-mix concrete segment in our U.S. markets.

Competition. The versatility and durability of ready-mix concrete have made this material the most used in the construction industry in the United States. The ready-mix concrete industry in the United States consumes approximately 75% of the cement in the United States. As in Mexico, there is a large number of participants in the U.S. ready-mix concrete industry. According to figures from the NRMCA, there were approximately 5,500 concrete plants and 55,000 mixing trucks in the United States as of September 30, 2012.

As in Mexico, barriers to entry are low due to relatively low start-up costs and the ability to rely on mobile plants. Permits also are relatively easy to obtain and large cement producers can leverage their existing operations to easily enter the market.

Customers. Our top ten ready-mix customers in our United States division by net sales represented 5% of our net sales in the United States for the nine months ended September 30, 2012. In the United States, we sell our ready-mix concrete primarily to large construction companies.

Distribution. In order to serve our U.S. market, we have a fleet of 400 ready-mix concrete mixer trucks. See "—Our Products—Other—Transportation—United States."

Other

In the United States, we sell coal. In addition, we provide transportation services through our distribution centers and networks.

Coal

Sales. Sales of coal represented 7% of our net sales from our U.S. operations for the nine months ended September 30, 2012, with 14% and 21% of our sales volume (before eliminations from consolidation) sold to our Mexican and U.S. operations, respectively, and the remainder to third-party customers. For the year ended December 31, 2011 (before eliminations from consolidation), sales of coal represented 7% of our net sales from our U.S. operations, with 23% and 21% of our sales volume sold to our Mexican and U.S. operations respectively, and the remainder to third-party customers. All coal sales are denominated in U.S. dollars.

For the nine months ended September 30, 2012 and the year ended December 31, 2011, we sold 518,000 short tons and 606,000 short tons of coal, respectively, to our subsidiaries and third-party customers. Sales to third parties are generally made pursuant to long-term supply agreements.

Plants and Equipment. Our King II underground mine is located 18 miles west of Durango, Colorado. We acquired additional underground equipment for our coal mine in August and September 2012, which has allowed us to expand production capacity by more than 150,000 STPY. With the current underground equipment, our Colorado coal mine is capable of producing approximately 800,000 STPY; however, the load out is capable of handling up to 1.2 million STPY. Our equipment includes belt conveyors, underground conveyors, continuous miners, shuttle cars, roof bolters, crushers and feeder breakers. See "—Description of Our Raw Materials Sourcing and Reserves."

Competition. Coal is produced in 25 states across three coal-producing regions, the Western region, which covers Alaska, Arizona, Colorado, Montana, New Mexico, North Dakota, Utah and Wyoming; the Interior region, which covers Arkansas, Illinois, Indiana, Kansas, western Kentucky, Louisiana, Mississippi, Missouri, Oklahoma and Texas; and the Appalachian region, which covers Alabama, eastern Kentucky, Maryland, Ohio, Pennsylvania, Tennessee, Virginia and West Virginia. Producers from Utah and Wyoming are our main competitors due to their location and proximity to our market. We also compete with producers of natural gas, which can be used as a substitute fuel.

Customers. The Colorado coal mine has a strong relationship with its third-party customers that includes primarily customers in the cement and limestone industries. Substantially all of our coal sales to third-party customers are pursuant to long-term committed supply agreements, with a contract term that is typically five years. These contracts generally contain annual price escalation clauses based on either fixed percentage changes or on annual changes in the Producer Price Indices for coal. We rarely offer coal on the spot market.

GCC Energy employs one part-time dedicated sales person who acts as the primary customer contact, and also focuses on sales strategy, market knowledge and traffic planning. Our marketing efforts focus on coal users with access to the BNSF railway or the Union Pacific Railroad. We determine an estimate of cost per delivered British thermal unit for competing fuels (such as coal or natural gas) for coal users on the BNSF railway within a radius to the south of the Colorado coal mine's rail loading facility. This estimate is used to determine which destinations offer GCC Energy a competitive advantage.

Our top five third-party customers for coal in terms of net sales represent 6% of our net sales in the United States for the nine months ended September 30, 2012.

Distribution. GCC Energy maintains a dedicated rail loading facility with unit train capacity. The facility has approximately 20,000 short tons of live storage capacity and stockpile space for up to 100,000 short tons of coal.

Transportation

Alliance Transportation is a leading provider of dry bulk transportation services to eastern Oklahoma, western Arkansas and southwest Missouri. Headquartered in Tulsa, Oklahoma, Alliance Concrete is an affiliate of MidCo, the largest ready-mix concrete producer in the region and Alliance Transportation's largest customer. Alliance Transportation's operations are divided by geographic region, primarily in Oklahoma and Arkansas, and into three divisions:

- the dumps division provides services for contract hauling of raw materials, primarily crushed stone, sand and gravel;
- the bulks division transports materials such as cement, to third-party customers and to Alliance Concrete; and
- the other division provides transportation services related to plant and equipment relocation, waste hauls and other miscellaneous transportation services.

Net sales from our transportation services represented 2% and 3% of our net sales from our U.S. operations for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. For the nine months ended September 30, 2012, we sold approximately 50% of our transportation services (before eliminations from consolidation) to our subsidiaries, with the remainder to third-party customers. For the year ended December 31, 2011, we sold approximately 38% of our transportation services (before eliminations from consolidation) to our subsidiaries, with the remainder to third-party customers.

See "—Our Products—Other—Transportation—United States."

Employees

As of September 30, 2012, we had 2,567 employees, including our executives, sales force, and administrative, technical and operations personnel. The following table shows our employees, by location and type:

	Mexico	**United States**	**Total**
Management	74	71	145
Hourly	670	892	1,562
Salaried	580	280	860
Total	**1,324**	**1,243**	**2,567**

Approximately 25% of our employees are unionized. Approximately 580 of the employees at our Mexican operations are members of unions affiliated with the Confederation of Mexican Workers (*Confederación de Trabajadores de México*). Each of our cement plants, ready-mix concrete facilities and transportation operations in Mexico has its own collective bargaining agreement in place with its unionized workers. These agreements are reviewed every two years for performance and certain benefits, and yearly for wages, with the next two renegotiations impacting 224 workers in our ready-mix concrete operations in connection with collective bargaining agreements scheduled to expire by the end of February 2013. Negotiations are scheduled to take place in February 2013. Some of our workers in our Rapid City, South Dakota plant are affiliated with the United Steelworkers Union. Our collective bargaining agreement with employees in this plant, which is renegotiated every five years and was last renewed in 2012, has a no strike clause. We believe we maintain a positive and cooperative relationship with our unions and our other employees, and we work towards developing and improving the quality of life of our personnel. Although we believe that our relationship with all the labor organizations that represent our workers are satisfactory, labor-related disputes may arise. Labor-related disputes that result in strikes or other disruptions could cause increases in operating costs, which could damage our relationship with our customers and adversely affect our business, results of operations and financial condition. Currently there are no union labor disputes, grievances or strikes at any of our facilities.

Labor costs, and in particular, increasing health insurance costs have an important impact on our costs. In addition to promoting wellness programs throughout the Company, we have taken a number of steps to help control expenses, including a freeze on salary increases in our U.S. operations for 2010 and 2011, a freeze on salary increases in our Mexican operations for 2012, not making bonus payments from 2008 through 2012 and restructuring our U.S. operations in July 2011, including terminating 57 employees. A similar restructuring program was undertaken in our Mexican operations during 2010 and 2011, including terminating 49 employees.

Research and Development

Our focus has been to produce innovative products for specific uses. We have been successful in selling value-added and specialty products to the construction, mining and oil well industries. We also are focusing on reducing the environmental impact of our products through the usage of fillers and waste fuels and materials. Our product development efforts combine engineering-driven innovation, as well as customer and market-driven feedback to improve the performance of our products.

In addition, we work with research centers and universities to leverage knowledge and accelerate the development of new products.

Intellectual Property

We hold several trademarks over our brand names, including the GCC logo, Cemento Chihuahua, Dacotah Cement, GCC Dacotah, GCC Rio Grande, Yeso Chuvíscar, Mortero Chuvíscar, Megablock and Construcentro. We also hold patents in the United States and Mexico for our process to achieve particular thermal insulation properties and eco-friendly characteristics in certain of our prefabricated products. See “Risk Factors—Risks Related to our Company—Any unauthorized use of our brand names, trademarks and other intellectual property rights may materially adversely affect our business, results of operations and financial condition.”

Legal Proceedings

Other than the matters described below, we are a party to legal proceedings that we consider routine and incidental to our business. We do not expect the results of any of these routine actions to have a material adverse effect on our business, results of operations or financial condition.

Sale of SOBOCE

SOBOCE was a partner in a joint venture with the Municipality of Sucre, Bolivia and the University of San Francisco Xavier de Sucre. On December 2, 1999, SOBOCE and the University agreed that SOBOCE would manage FANCESA, the second largest cement producer in Bolivia, for seven years, in exchange for 12 million Bolivian bolivianos. In September 2005, we acquired a 47.02% stake in SOBOCE, the largest cement company in Bolivia. The Municipality instituted a suit against SOBOCE in March 2011, claiming monetary and other damages as a result of this agreement. Separately, effective September 1, 2010, the Government of Bolivia passed a presidential decree pursuant to which SOBOCE’s 33.34% stake in FANCESA, was expropriated in favor of the Autonomous Departmental Government of Chuquisaca. The decree provided for a compensatory payment to be made to SOBOCE within 180 days of the promulgation of the decree as compensation for the expropriation. However, the Government of Bolivia has not satisfied its payment obligations to SOBOCE pursuant to the decree to date.

On August 18, 2011, we sold our 47.02% interest in SOBOCE, to Consorcio, a subsidiary of Grupo Gloria based in Peru, On August 18, 2011, we sold our 47.02% interest in SOBOCE, to Consorcio, a subsidiary of Grupo Gloria based in Peru, for U.S.$75 million in cash. The proceeds obtained from the transaction have been principally used to reduce our debt. With the sale of SOBOCE, we ceased operations in Bolivia. On July 11, 2012, CIMSA, SOBOCE’s majority shareholder, filed a request for arbitration before the IACAC. CIMSA is claiming (1) the nullification of our share purchase and sale agreement with Consorcio, the restoration of CIMSA’s right of first refusal over the purchase of shares of

SOBOCE and the payment of any resulting damages suffered by CIMSA, or, alternatively, (2) the breach of our shareholder's agreement with CIMSA and the payment of any damages suffered by CIMSA resulting from the difference between the sale price of the SOBOCE shares and the current value of the shares according to CIMSA, as well as the lost value of the shares CIMSA currently holds due to the fact that CIMSA does not own all of the shares of SOBOCE. The amount currently claimed by CIMSA is in excess of the sale price of the shares of SOBOCE.

Our answer and counterclaim was filed on September 3, 2012, alleging that CIMSA did not exercise its right of first refusal and that CIMSA did not comply with a 2010 commitment to acquire SOBOCE's shares. In addition, we claimed that the share purchase and sale agreement with Consorcio cannot be invalidated in accordance with Bolivian law. The deadline for us to submit our brief is February 12, 2013, and the initial hearing has been scheduled by the tribunal to be between February 25 and March 1, 2013.

If CIMSA is successful, the IACAC could render a decision invalidating the share purchase and sale agreement with Consorcio and restoring CIMSA's right of first refusal over the shares. In this case, if CIMSA exerts its right of first refusal, it is expected that CIMSA will be obligated to pay GCC Latinoamerica U.S.$75 million for the shares, which GCC would pay to Consorcio for the return of the shares. Alternatively, the IACAC could determine that GCC and GCC Latinoamerica breached their shareholders' agreement with CIMSA, in which case GCC and GCC Latinoamerica would be liable for the damages suffered by CIMSA. Although we believe that damages awarded, if any, should be limited to damages resulting from any negligence that we are found to have proximately and directly caused, damages awarded could nonetheless be material. In both cases, CIMSA, if successful, may also be entitled to attorneys' fees if GCC or GCC Latinoamerica is found liable.

In addition, if the tribunal awards damages against us and if we are ultimately unsuccessful in challenging the enforcement of the arbitration award, we may, depending on the amount awarded, not have sufficient cash on hand to satisfy the payment and may be required to sell a substantial portion of our assets to satisfy the award. Alternatively, we may be required to finance all or part of the amount due. Our ability to obtain financing is subject to various factors, including general market conditions, our financial condition and results of operations and the fact that we have pledged certain of our assets under outstanding indebtedness. Accordingly, we may not be able to obtain financing in a timely manner, or on acceptable terms, or at all. If we incur additional indebtedness or we are unable to obtain financing when needed, our liquidity and financial condition may be materially and adversely affected.

Our agreement with Consorcio contains certain indemnification rights that are intended to cover some or all of the damages for which we may be held liable pursuant to this arbitration with CIMSA. However, we cannot assure you that Consorcio will not challenge the enforceability or validity of this indemnification or delay payment of any indemnification to which we are otherwise entitled pursuant to our agreement with Consorcio, all or any of which could have a material adverse effect our business, results of operations, liquidity and financial condition as described above.

Because litigation and other legal proceedings are inherently unpredictable, we cannot predict the outcome of the arbitration or the final amount of any award, which could be material. As of the date of this offering memorandum, we have not established any reserves in connection with this matter because we do not believe that a loss is considered probable and estimable in accordance with applicable accounting principles. A prolonged arbitration could result in significant legal expenses or a substantial settlement amount, and result in the distraction of management. We cannot assure you that this or other legal proceedings will not materially affect our business, results of operations, liquidity and financial condition. See "Risk Factors—Legal and Regulatory Risks—Our business, results of operations, liquidity and financial condition may be materially and adversely affected by a successful challenge to our sale of SOBOCE."

Antitrust Proceedings

Alliance Concrete

Despite our strict internal policies and codes of business conduct, especially in connection with the compliance with antitrust laws and regulations in Mexico and abroad, in September 2009, the Department of Justice ("DOJ") began a criminal investigation into Alliance Concrete's monopolistic practices and some members of the management of Alliance Concrete were found to have violated antitrust regulations. The legal proceeding was carried out in a U.S. federal court in Iowa which, on March 14, 2012, ordered Alliance Concrete to pay a fine of U.S.$100,000 plus legal and trial expenses. The state of Iowa also sued Alliance Concrete for the damages suffered by the state due to the use of overpriced cement in public projects. Alliance Concrete settled with the state of Iowa and agreed to pay U.S.$144,000 in installments, the last of which was paid in December 2012.

Concurrently with the procedures initiated by the DOJ, the companies that were directly affected by these monopolistic practices commenced a civil suit in state court in Iowa. Alliance Concrete settled with these companies and paid U.S.$6.1 million in damages in 2011. We cannot guarantee Alliance Concrete will not be subject to new civil claims including complaints by one or more new claimants that consider themselves to have been directly or indirectly affected by the monopolistic practices of Alliance Concrete's management. We also cannot guarantee that such complaints, which could adversely affect our business, results of operations and financial condition if there are rulings against Alliance Concrete, will not be filed or that any damages imposed as a result of a ruling or settlement will not be material.

On May 9, 2012, the FHA notified Alliance Concrete, as result of the matters described above, that it was suspending Alliance Concrete's right to do business with it and intended to debar Alliance Concrete from selling it goods or services. Alliance Concrete has made a written request asking the FHA to lift the suspension and to refrain from debarring it, which response is expected soon. We cannot assure you that this proceeding will not result in an unfavorable outcome, which could have a material adverse effect on our business in the United States.

Tax Matters

During 2009, the Mexican Congress approved a general tax reform that became effective as of January 1, 2010. This tax reform requires us to retroactively pay Consolidation Taxes at current rates on certain previously exempt intercompany dividends, certain other special tax items and operating losses generated by members of the consolidated tax group not recovered by the individual company generating such losses during the 10-year period beginning in 1999. The Consolidation Taxes must be paid over a five-year time period and will be increased by inflation adjustments as required by the Mexican Income Tax Law. In addition, the tax reform temporarily increased the statutory income tax rate from 28% to 30% for the years 2010 to 2012, which 30% rate was extended to 2013 by the Mexican Income Tax Law for 2013.

For the fiscal year ended December 31, 2010, we paid Ps.21.4 million (U.S.$1.7 million), which represents 25% of the Consolidation Taxes for the period between 1999 and 2004, at a 30% tax rate as required by the law. For the fiscal years ended December 31, 2011 and 2012, we paid Ps.27.1 million (U.S.$2.0 million) and Ps.29.9 million (U.S.$2.3 million), respectively, according to the new calculations, both at a tax rate of 30%. Our estimated payment schedule of remaining taxes payable resulting from changes in the tax consolidation regime is as follows: approximately Ps.26.6 million (U.S.$2.1 million) in 2013, approximately Ps.137.8 million (U.S.$10.7 million) in 2014, approximately Ps.176.5 million (U.S.$13.7 million) in 2015, approximately Ps.200.2 million (U.S.$15.6 million) in 2016, approximately Ps.230.4 million (U.S.$17.9 million) in 2017, approximately Ps.200.9 million (U.S.$15.6 million) in 2018 and approximately Ps.200.3 million (U.S.$15.6 million) in 2019 and thereafter.

We challenged the imposition of such taxes based on (1) the retroactivity of the reform that obligates us to pay income taxes for income earned prior to the reform's effectiveness and (2) the violation of the constitutional principles of proportionality, equity and legality. If successful, we would recover the amount of Consolidation Taxes actually paid through the judgment date (Ps.78.8 million as of September 30, 2012), and we would not be required to pay future Consolidation Taxes. However, we cannot assure you that we will be successful or, even if we are, whether we will recover the full amount of the refund. For additional detail, see note 24 to our interim consolidated financial statements and note 20 to our annual consolidated financial statements, "Risk Factors—Risks Related to Our Company—The Mexican tax consolidation regime reform may have an adverse effect on our cash flow, financial condition and net income" and "Our Business— Legal Proceedings—Tax Matters."

Environmental, Health and Safety Matters

Our operations are subject to strict laws and regulations governing environmental protection, health and safety in Mexico and the United States. These environmental, health and safety laws and regulations generally require us to obtain and comply with various environmental permits, licenses, registrations and other approvals as well as incur capital expenditures in connection with our compliance efforts. Even though we continuously strive to comply with environmental, health and safety laws and regulations, and related permit and other requirements, there can be no assurance that our operations will at all times be in compliance with them. The enactment of new environmental, health and safety laws and regulations, the more stringent interpretation or enforcement of existing requirements or the imposition of liabilities under such laws and regulations, could force us to incur costs for compliance, capital upgrades or liabilities relating to damage claims or limit our current or planned operations, any of which could have a material adverse effect on our business and financial results. See "Risk Factors—Legal and Regulatory Risks—Compliance with environmental, health and safety laws and regulations could result in significant costs and liabilities, which could have a material adverse effect on our business, results of operations and financial condition."

We believe we have all material environmental permits, licenses, registrations and other approvals for the facilities and projects that we operate, and that we are in substantial compliance with applicable environmental, health and safety laws, regulations, and other requirements. We follow internal policies and procedures to monitor environmental, health and safety compliance. From time to time we update our permits, licenses, registrations and other approvals and make periodic assessments in connection with their validity, including as necessary their amendment, renewal, extension or termination. In the event that as a result of such assessment any action is needed to renew, maintain, transfer or obtain any permit, license, registration or approval, we undertake the necessary actions to maintain its effectiveness.

Over the next several years, however, we expect that our industry will become subject to a series of new and more stringent environmental requirements, especially in the United States. Because of the inherent uncertainty in the implementation and application of the new requirements, we cannot fully predict the impact of their compliance costs on us. We also cannot predict whether we will be able to comply with the new requirements by required deadlines, which could subject us to penalties. Such requirements, whether individually or cumulatively, could negatively affect our operations and have a material adverse effect on our business and financial results.

Under certain environmental, health and safety laws and regulations, we also could be held responsible for liabilities and obligations arising out of past or future releases of hazardous materials, human exposure to these hazardous materials and other environmental damage, in some cases, without regard to fault. As of the date of this offering memorandum, we are not subject to any legal or administrative proceeding under environmental, health or safety laws or regulations that could have an adverse material effect on our business or financial results. A number of our facilities, however, have been in industrial use for many years, including prior to our ownership. It is possible that some of these facilities may have contamination. As such, obligations to investigate or remediate contamination or related liabilities may be imposed on us in the future, such as in the event of the discovery of contamination at any of our current or former sites or in the event of a change at a facility such as its closure or sale. In addition, private parties may have the right to pursue legal action to enforce compliance as well as to seek damages for violation of such laws and regulations or for personal injury or property damage. See "Risk Factors—Legal and Regulatory Risks—Compliance with environmental, health and safety laws and regulations could result in significant costs and liabilities, which could have a material adverse effect on our business, results of operations and financial condition."

United States

In September 2010, the EPA published the Portland Cement NESHAP under the federal Clean Air Act. This regulation currently would require Portland cement facilities to limit emissions of mercury, hydrocarbons, hydrochloric acid, dioxins-furans and particulate matter. The EPA has extended the compliance deadline to September 2015. Also in September 2010, the EPA published the Portland Cement NSPS, which would apply to newly-constructed or modified cement plants, under the federal Clean Air Act.

The PCA estimated in August 2011 that NESHAP could require the industry to shut down 18 plants, representing approximately 10-15% of U.S. production, and lead to the sourcing of cement from other countries, thereby exporting U.S. jobs and importing cement from countries with lower emissions standards. Seven plants have already been fully or partially shut down, and another five are at high risk for closure. In addition to further downsizing domestic payrolls and manufacturing capacity, the PCA believes that NESHAP could require approximately U.S.$3.4 billion in capital investment over a three-year period for an industry that currently generates slightly more than $6.5 billion in annual revenue. Every plant is expected to require some level of capital investment, with average investment being U.S.$40 per ton of installed clinker capacity. We currently estimate we will require less investment per ton of capacity than the industry as a whole, due our relatively newer plants. Nonetheless, we currently expect to incur a total capital investment of between U.S.$25 and U.S.$30 million, of which we have already incurred U.S.$4.6 million through September 30, 2012, to comply with the Portland Cement NESHAP through the compliance date.

We, along with others in our industry, challenged the Portland Cement NESHAP and the Portland Cement NSPS in administrative and judicial proceedings. As a result of these challenges and other comments, the EPA agreed to reconsider certain aspects of both rules. In June 2012, the EPA proposed a slight easing of the particulate matter standards in both rules. Presently, we expect the EPA to issue final regulations, which could adopt, reject, or significantly change the proposal, in early 2013. We expect to be in compliance with the Portland Cement NESHAP and Portland Cement NSPS by the September 2015 deadline. However, if we are not able to comply by the deadline, we could be subject to penalties.

In addition, we and others in our industry have challenged the EPA's final CISWI emissions standards, which were published in March 2011, in judicial proceedings. The challenges assert, among other things, that the rules impermissibly overlap with the Portland Cement NESHAP and create ambiguity with respect to how Portland cement kilns will be regulated in the future. In May 2011, the EPA announced the delay of the effective date of its final rule pending the judicial challenge and its reconsideration of the final rule, and in December 2011, the EPA published proposed revisions to the final rule. Although we cannot predict when the EPA will take action to implement the rules or whether the rules will be modified as a result of the pending administrative and judicial proceedings, any implementation of CISWI emissions standards could have a material adverse effect on our business and financial results.

In June 2010, the EPA published a proposed rule to regulate CCRs, primarily coal ash, generated by electric utilities and independent power producers, as a hazardous or special waste under the Resource Conservation and Recovery Act. We use CCRs as a raw material in the cement manufacturing process and a supplemental cementitious material in some of our ready-mix concrete products. It is too early to predict how the EPA will ultimately regulate CCRs, but if CCRs are regulated as a hazardous or special waste in the future, it may result in changes to the mix of our products away from ones that use CCRs as a raw material, which could increase our production costs. Based on current information, we believe, although we cannot guarantee, that the EPA will include provisions for the beneficial re-use of CCRs and if so, a final rule would not be expected to have a material impact on us.

Efforts to address climate change through federal and state laws and regulations and regional initiatives in the United States, as well as through international agreements and the laws and regulations of other countries, to reduce GHG emissions, also create risks and uncertainties for our business. Our cement manufacturing process emits large quantities of carbon dioxide (CO_2) from the combustion of fuel and from the calcination of limestone. Impacts of more stringent laws and regulations to address GHG emissions could include costs to purchase allowances or credits to meet GHG emission caps, costs required to reduce emissions to comply with GHG limits or to achieve technological standards, costs or limitations relating to our usage of fuels and other raw materials, or decreased profits or losses arising from decreased demand for our products. Our Pueblo, Colorado plant was one of the first cement plants in the United States to obtain a GHG PSD permit, and we believe it is the first cement plant in the country to operate under such constraints. We do not anticipate material cost impacts from this permit. Any further GHG laws or regulations, which are not anticipated in the short- or medium-term, could negatively affect our operations and have a material adverse effect on our business and financial results, including from competition from imports from countries where such costs are not imposed on manufacturing.

In recent years, by means of a Section 114 information request under the Clean Air Act, the EPA imposed multi-million dollar penalties on several companies operating cement plants in the United States. Most of these penalties were for various violations of PSD permitting requirements, focused on emissions of sulfur dioxide and nitrogen oxides. The EPA issued two Section 114 information requests for our Rapid City, South Dakota plant in June 2009 and August 2009 and one Section 114 information request for our Tijeras, New Mexico plant in February 2011. Although we received communication from the EPA that no PSD violations were discovered from any of these investigations, the EPA assessed a penalty of U.S.$70,000 for other violations at our Rapid City, South Dakota plant.

In addition, the EPA or other environmental regulatory authorities have assessed approximately ten penalties against us since 2006. These assessed penalties were all less than U.S.$100,000 each. We cannot predict if we will be subject to additional fines and, if so, whether such fines would be material.

Mexico

Our Mexican operations are subject to federal, state and local environmental authorities, laws, regulations, Mexican Official Standards (*Normas Oficiales Mexicanas)* and other technical standards. The allocation of jurisdiction over environmental matters among governmental authorities at the federal, state and municipal levels is based on a “residual formula” provided in the Mexican Political Constitution which establishes that those matters which are not expressly reserved for the federal government fall under the jurisdiction of the state governments. Some specific environmental matters such as the handling of non-hazardous waste and the opening of new access roads fall under state or municipal jurisdiction.

The primary federal environmental laws in Mexico applicable to our business are the General Law on Ecological Equilibrium and Environmental Protection (*Ley General del Equilibrio Ecológico y la Protección al Ambiente*) and the General Law for the Prevention and Comprehensive Management of Wastes (*Ley General para la Prevención y Gestión Integral de los Residuos*) and the regulations promulgated thereunder. Pursuant to these laws, various rules and regulations have been adopted concerning environmental impact and risk matters, noise emissions, emissions into the atmosphere, water extraction and wastewater discharges, waste management, among others, to which our business is subject, and for which we perform an annual analysis of our wastewater. We are also subject to other laws, regulations and technical requirements such as the National Waters Law (*Ley de Aguas Nacionales*), General Health Law (*Ley General de Salud*) and Federal Regulations on Safety, Hygiene and Work Environment (*Reglamento Federal de Seguridad, Higiene y Medio Ambiente en el Trabajo*).

Although Mexico is a signatory to the Kyoto Protocol, it has no binding emission reduction obligations since Mexico is classified as a non-Annex 1 Country. However, there is certain political pressure to reduce GHG emissions as Mexico is one of only two Organization for Economic Co-operation and Development countries, along with South Korea, that are classified as “non-Annex 1 Parties” to the Convention. We are monitoring ongoing efforts to address GHG emissions, including the negotiations of the United Nations Framework Convention on Climate Change.

In Mexico, the Commission on Studies of the Private Sector for Sustainable Development (*Comisión de Estudios del Sector Privado para el Desarrollo Sustentable –* “CESPEDES”) is the organization that represents the World Business Council for Sustainable Development and its goals are to promote efficient environmental regulation and to enforce the promotion of eco-efficient practices among industries. We voluntarily prepare an emissions inventory for the CESPEDES program. Additionally, the Mexico Greenhouse Gas Program, under the direction of the Mexican Ministry of the Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales*, or “SEMARNAT”), requires us to prepare a GHG inventory that represents a true and fair account of our emissions, which can be used to build an effective strategy to manage and reduce emissions.

Regulatory and Supervising Authorities

SEMARNAT is the primary environmental agency responsible for conducting environmental policies and management and enforces regulation on, among others things, hazardous waste management, environmental impact, use and exploitation of national waters, atmospheric emissions and soil contamination and is empowered, among other things, to grant federal environmental impact and risk authorizations (“*autorizaciones en material de impacto ambiental*”), sole environmental licenses (“*licencias ambientales únicas*”) and issue Mexican Official Standards regarding environmental matters.

The Mexican Environmental Protection Agency (*Procuraduría Federal de Protección al Ambiente*) (“PROFEPA”) is the enforcement branch of SEMARNAT. PROFEPA is responsible for investigating and inspecting facilities (including through the voluntary environmental audit program described below). PROFEPA has the authority to enforce the Mexican Official Standards. As part of its enforcement powers, PROFEPA can bring civil, administrative and criminal proceedings against companies and individuals that violate environmental laws and has the power to close facilities that are not in compliance with federal environmental laws. As part of its enforcement powers, PROFEPA can issue sanctions that include monetary fines, revocation of authorizations, concessions, licenses, permits or registries, administrative arrests, seizure of contaminating equipment and, in certain cases, temporary or permanent closure of facilities. Furthermore, in special situations or certain areas where federal jurisdiction is not applicable or appropriate, the state and municipal authorities can regulate and enforce certain environmental regulations, as long as they are consistent with federal law.

The Mexican National Water Commission (*Comisión Nacional del Agua*) is in charge of the management of national waters, surface and underground, the prevention of pollution to water, as well as the use and protection of certain national assets related to rivers, dams and other bodies of water such as basins and waterbeds. The Mexican National Water Commission has its own enforcement department, independent from PROFEPA. The Mexican National Water

Commission grants concessions for the use and exploitation of national waters and permits for wastewater discharges into federal receptor bodies.

Environmental Certifications, Policies and Programs

We participate in voluntary environmental audit programs sponsored by PROFEPA, and have held clean industry certificates since 1999. Our Chihuahua and Samalayuca cement plants also have been certified under ISO 14001 since 2001. We intend to continue participating in these programs.

As part of the PROFEPA-sponsored voluntary environmental audit programs, participating companies agree to conduct environmental audits of their own operations through an authorized third-party consultant. Based on the audit findings, the consultant prepares and proposes to the participating company a corrective and/or improvement action plan and advises the Mexican Environmental Protection Enforcement Agency on the results of the audit and the appropriateness of the resulting action plan. Subject to its review and approval of the audit findings and recommendations, the Mexican Environmental Protection Enforcement Agency enters into an agreement with the audited company for the implementation of the action plan.

A clean industry certificate is the end product of this voluntary environmental audit program, which generally shows that the company or business has complied with the action plan and is in compliance with applicable federal environmental laws and regulations, and in some cases with international standards and prudent engineering and operational practices for the relevant business. The clean industry certificate is valid for a two-year period and can be continuously renewed for similar periods as long as the company continues to prove that it has maintained or improved the environmental compliance conditions present at the time when the certificate was first awarded.

Other Regulatory Matters

Foreign Corrupt Practices Act and other Legal Requirements

A significant portion of our business is conducted in Mexico, which has elevated levels of corruption compared to, and may present greater political, economic and operational risks than in, the United States. We emphasize compliance with the law and we have established policies, procedures and ongoing employee training programs to promote compliance with global ethics and legal requirements such as the FCPA. We could incur significant costs, including potential harm to our reputation, for investigation, litigation, civil or criminal penalties, fees, settlements or judgments for potential violations of the FCPA or other laws or regulations.

Mexican Federal Anticorruption Law in Public Contracting

On June 12, 2012, the Mexican Federal Anticorruption Law (*Ley Federal Anticorrupción en Contrataciones Públicas*) became effective. The Mexican Federal Anticorruption Law sets forth liabilities and penalties applicable to both Mexican and foreign individuals and legal entities that participate in corrupt practices in federal public contracting, as well as to those Mexican individuals and legal entities that participate in corrupt practices in commercial international contracting with the public sector of a foreign state, or the granting of permits and concessions thereby. We are subject to the Mexican Federal Anticorruption Law with respect to any activities that require the granting of a permit or a concession by a federal governmental entity, through a public or private bid process, or the contracting with a federal governmental entity.

The Mexican Federal Anticorruption Law states that an individual or legal entity will be liable when, in federal public contracting or the granting of permits or concessions by federal governmental authorities, it directly or indirectly, promises, offers, or delivers money or any other gift to a public servant or a third-party, in exchange for such public servant performing or abstaining from performing an act related to his/her duties or those of another public servant, with the intent of obtaining or maintaining a benefit or advantage, regardless of whether the money or gift was accepted or received or the result was obtained. The Mexican Federal Anticorruption Law also applies to similar conduct related to international commercial contracting with the public sector of a foreign state. See "Risk Factors—Risks Related to the Countries in which We Operate—Our business, results of operations and financial condition are subject to political and economic risks for conducting business in corrupt environments."

The Mexican Federal Anticorruption Law provides for the investigation of possible infringers and includes an administrative procedure to address claims. The Ministry of Public Administration (*Secretaría de la Función Pública*) is the authority in charge of investigating and penalizing infringement of the Anticorruption Law. Other authorities also have authority to penalize for infringement of the Mexican Federal Anticorruption Law within the scope of their duties.

Mexican Labor Regulation

Our operations in Mexico are subject to the LFT and the general labor regulations issued by the Mexican Ministry of Labor and Social Prevention (*Secretaría del Trabajo y Previsión Social*) on issues such as employees' hours and working conditions, health risks, fringe benefits and the dismissal of employees.

Mexican employers are required to pay PTU to their employees in an aggregate amount equal to 10% of the employer's taxable income (calculated in accordance with the applicable provisions of the Mexican Income Tax Law without reference to dividends, inflation adjustments or tax loss carry forwards, among other items). Employers are liable for PTU regardless of agreed compensation and benefits. It is uncertain how the Mexican authorities will interpret recent amendments to the LFT, and other existing applicable legislation, such as the Mexican Income Tax Law on matters related to the payment of PTU. Some of our employees in Mexico are employed by a services company and we currently pay labor benefits based on the taxable income of the employee's direct employer (our services company) without considering the taxable income of any other company within the group. Direct employees of the services company could potentially claim the payment of labor benefits, including the payment of PTU, from both the services company and the contracting company and Mexican labor or tax authorities could determine in a future legal proceeding that we are required to pay an increased PTU taking into account the taxable income of a company other than the employees' direct employer. If as a result of a potential claim, we are required to share profits with the employees of our servicing companies calculated not only from the taxable income of their direct employers, but from our taxable income or that of our other operating Mexican subsidiaries, we could be required to pay additional labor benefits, including PTU, which could be material. See "Risk Factors— Risks Related to our Company—Recent amendments to the Mexican labor law regime may have an adverse effect on our business, results of operations and financial condition."

In addition, we must comply with the terms and conditions of any collective bargaining agreements entered into with unions.

Insurance

Although we believe that the insurance coverage we have meets statutory minimums and is adequate for our industry and similar to that of our competitors, our insurance only covers part of the losses that we might incur. In addition to general liability insurance, we have insurance coverage for our property related to our cement and concrete operations, product liability, terrorism, cargo transportation and our rail operations, storage tanks, pollution, directors and officers, worker's compensation and employer liability. The occurrence of losses or other liabilities that are not covered by insurance or that exceed our insurance limits could result in significant unexpected costs that could adversely affect our business and operating results. As of the date of this offering memorandum, there are no material claims against us under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause. See "Risk Factors—Risks Related to our Company—Our insurance coverage may be insufficient to cover certain of our losses, which could have a material adverse effect on our business, results of operations and financial condition."

MANAGEMENT

Directors

Our by-laws grant the Board broad authority to manage our company. The Board is supported by our Audit and Corporate Practices Committee, which is composed entirely of independent directors. See "—Audit and Corporate Practices Committee."

The current Board, which is composed of 15 directors, was unanimously elected on April 24, 2012 at our annual shareholders meeting. Pursuant to Article 24 of our by-laws, the Board may consist of no more than 21 directors, and at least 25% are required to be independent. In accordance with the Mexican Securities Market Law, shareholders are required to make a determination as to the independence of our directors. According to our by-laws, independent directors are those who qualify as independent directors pursuant to the Mexican Securities Market Law. In addition, pursuant to our by-laws and as permitted under the Mexican Securities Market Law, every director is required to have an alternate director. Alternate directors are also elected by our shareholders. Our directors exercise their duties in accordance with our by-laws and with the provisions of Mexican law. There are no potential conflicts of interest between any duties of any of the members of our Board of Directors, and their private interests or other duties, except as otherwise described herein.

Our by-laws provide that members of the Board are appointed for a term of one year. Pursuant to the Mexican Securities Market Law, members of the Board may continue in their positions after the expiration of their term for up to an additional 30-day period if new members are not yet appointed. Furthermore, under the Mexican Securities Market Law, in certain circumstances, the Board may appoint temporary directors who then may be ratified or substituted at the annual shareholders' meeting.

The business address of the directors and alternate directors is our main office located at Avenida Vicente Suárez y calle Sexta S/N, Colonia Nombre de Dios, C.P. 31110, Chihuahua, Chihuahua, México, telephone number +52 (614) 442-3100.

The following table sets forth the name, current position and date of first election of the current members of the Board:

Name	Position	First Elected
Federico Terrazas Torres	Chairman of the Board	1991
Enrique G. Terrazas Torres	Director	1991
Miguel Márquez Prieto	Director	1991
Miguel Márquez Villalobos	Director	1991
Manuel Antonio Milán Reyes	Director	2009
Salvador Terrazas Baeza	Director	1991
Lorenzo Zambrano Treviño	Director	1991
Francisco J. Garza Zambrano	Director	1998
Fernando A. González Olivieri	Director	2010
Víctor Manuel Romo Muñoz	Director	2003
Juan Romero Torres	Director	2011
Héctor Medina Aguiar	Independent Director	1995
Fernando Ruíz Sahagún	Independent Director	2006
Rómulo Jaurrieta Caballero	Independent Director	2006
Pedro Escobedo Conover	Independent Director	2009

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

Federico Terrazas Torres has served as Chairman of the Board since 1991. He is also chairman of the board of directors of the following companies: CAMCEM, S.A. de C.V., IMIN de México S.A. de C.V., Control Administrativo Mexicano, S.A. de C.V., Cementos de Chihuahua, S.A. de C.V., GCC Cemento, S.A. de C.V., GCC Inversiones y Comercialización, S.A. de C.V., GCC Tecnología y Materiales, S.A de C.V., GCC Concreto, GCC Comercial, S.A de C.V., GCC Transporte, Materiales Industriales de Chihuahua, S.A. de C.V., Construcentro, Minera Raramuri, S.A. de C.V., GCC Edificaciones y Servicios, S.A. de C.V., Abastecedora de Fierro y Acero, S.A de C.V., Cofiasa, S.A. de C.V., Grupo Cofiasa, S.A. de C.V., Promotora de Inversiones Mexicanas, S.A. de C.V., Inmobiliaria Médica de México, S.A. de C.V., Promotora de Hospitales Mexicanos, S.A. de C.V. and Servicios Hospitalarios de México, S.A. de C.V. Mr. Terrazas holds a Public Accountant degree from the Monterrey Institute of Technology and Professional Studies ("ITESM"), and graduated from the Executive Officers Management Program at the Institute of Executive Business Management ("IPADE"). Mr. Terrazas is the brother of Enrique Terrazas Torres, cousin of Miguel Márquez Prieto, uncle of Miguel Márquez Villalobos, all of whom are members of the Board. Mr. Terrazas is also the father of Federico Terrazas Becerra and uncle of Luis Enrique Terrazas Seyffert, Alberto Terrazas Seyffert, Luis Márquez Villalobos, Ana Cecilia Márquez Villalobos and Martha Márquez de Corral, all of whom are alternate members of the Board.

Enrique G. Terrazas Torres has served as a member of the Board since 1991. He is also chairman of the board of directors of the following companies that are part of Grupo Copachisa - Copachisa, S.A. de C.V., Demek, S.A. de C.V., Emycsa, S.A. de C.V., ESJ, S.A. de C.V., DGA Desarrollos, S.A. de C.V., Inmobiliaria Punto Alto, S.A. de C.V., Premet, S.A. de C.V., SPEC S.A. de C.V., Emycsa Joist, S.A. de C.V., Aciarium Estructuras, S.A. de C.V., Altaser, S.A. de C.V., Prinsus, S.A. de C.V., Inmobiliaria Calenda, S.A. de C.V. Inmobiliaria Emycsa, S.A. de C.V., and Promotora Comercial Abadam, S.A. de C.V. Mr. Terrazas holds a Bachelor's degree in Civil Engineering from Cornell University. Mr.Terrazas also graduated from the Executive Officers Management Program at IPADE. Mr.Terrazas is the brother of Federico Terrazas Torres, cousin of Miguel Márquez Prieto and uncle of Miguel Márquez Villalobos all of whom are members of the Board. Mr. Terrazas is also father of Luis Enrique Terrazas Seyffert and Alberto Terrazas Seyffert, and uncle of Federico Terrazas Becerra, Luis Márquez Villalobos, Ana Cecilia Márquez Villalobos and Martha Márquez de Corral, all of whom are alternate members of the Board.

Miguel Márquez Prieto has served as a member of the Board since 1991. He also serves on the board of directors of the following companies: Materiales Industriales de Chihuahua, S.A. de C.V., GCC Concreto, S.A. de C.V. CAMCEM, S.A. de C.V., CAMSA, GCC Cemento S.A. de C.V., Inmobiliaria Ruba, S.A. de C.V., Acciones y Valores del Norte, S.A. de C.V., Promotora de Infraestructura de México, S.A. de C.V., Grupo Cofiasa, S.A. de C.V. and Promotora de Hospitales Mexicanos, S.A. de C.V. Mr. Márquez holds an M.B.A. from the Babson College of Business. He is the father of Miguel Márquez Villalobos and cousin of Federico Terrazas Torres and Enrique Terrazas Torres, all of whom are members of the Board. Mr. Márquez is also father of Luis Márquez Villalobos, Ana Cecilia Márquez Villalobos and Martha Márquez de Corral and first cousin once removed of Federico Terrazas Becerra, Luis Enrique Terrazas Seyffert and Alberto Terrazas Seyffert, all of whom are alternate members of the Board.

Miguel Márquez Villalobos has served as a member of the Board since 1991. He is also a member of the board of directors of the following companies since 1998: Comercial de Fierro y Acero S.A. de C.V., Inmobiliaria Ruba S.A. de C.V., Promotora de Hospitales Mexicanos S.A. de C.V., Prefabricados Metálicos, S.A. de C.V., Desarrollos Galápagos, S.A. de C.V. and Inmobiliaria Punto Alto, S.A. de C.V. Mr.Villalobos holds a Bachelor's degree in Industrial and Systems Engineering and a Master's degree in Finance from ITESM. He is the nephew of Federico Terrazas Torres and Enrique Terrazas Torres and son of Miguel Márquez Prieto all of whom are members of the Board. Mr. Márquez is brother of Luis Márquez Villalobos, Ana Cecilia Márquez Villalobos and Martha Márquez de Corral and cousin of Federico Terrazas Becerra, Luis Enrique Terrazas Seyffert and Alberto Terrazas Seyffert, all of whom are alternate members of the Board.

Manuel Antonio Milán Reyes joined GCC in 1984 and since 1987 has served as our Chief Executive Officer and has been a member of the Board since 2009. He is also a member of the board of directors of and Chairman of the Board of all of GCC's subsidiaries in Mexico and the United States, and he is on the Advisory Counsel of Banamex. He is also a past chairman and currently a member of the board of directors of Cespedes (a leading Mexican private organization for environmental and social affairs). Mr. Milán Reyes holds a Civil Engineering Bachelor's degree from ITESM, where he also specialized in Operations Research, and a Master's degree in Sciences from Stanford University, and graduated from the Executive Officers Management Program at IPADE.

Salvador Terrazas Baeza has been a member of the Board since 1991. He is also a member of the board of directors of Fundación Cima, S.A. de C.V. Mr. Terrazas Baeza has completed various courses covering business administration, executive management, marketing, and public relations. In addition, he graduated from the Executive Officers Management Program AD-2 at IPADE.

Lorenzo H. Zambrano Treviño has been a member of the Board since 1991. Mr. Lorenzo H. Zambrano has been the Chief Executive Officer of CEMEX, S.A.B. de C.V. since 1985 and Chairman of its board of directors since 1995. He is also the Chairman of Tecnologico de Monterrey and Consejo de Enseñanza e Investigacion Superior, A.C. He has been a member of the board of directors of the following companies: Daimler Chrysler AG until 2005, Vitro, S.A.B. de C.V. until 2007, Consejo de Administración de Alfa, S.A.B. de C.V. until 2008, Grupo Televisa, S.A.B. and Grupo Financiero Banamex, S.A. de C.V. until April 2009 and Fomento Económico Mexicano, S.A.B. de C.V. until 2011. He serves as Statutory Director of Grupo Financiero Banamex-Accival S.A. de C.V., Conservation International and Instituto Tecnolgico y de Estudios Superiores de Monterrey, and Director of Mexican Economic Development Inc. Mr. Zambrano Treviño holds a Bachelor's degree in Mechanical Engineering Administration from ITESM and an M.B.A from Stanford University.

Francisco Javier Garza Zambrano has been a member of the Board since 1998. Previously, he served as President of Operations of CEMEX in Mexico, the United States, Venezuela and for the Americas region, and currently he is president of the Consulting Board of CEMEX. He is also a member of the board of directors of the following companies: Control Administrativo Mexicano S.A. de C.V., Grupo Aeroportuario del Sureste, S.A. de C.V., Grupo Xignux, S.A. de C.V., Minera Autlán, S.A.B. de C.V., Empresas ICA, S.A. de C.V., Consejo Escala, Nacional Financiera, S.A. de C.V., and regional board member of *Banco de México*. Mr. Garza Zambrano studied at ITESM and holds an M.B.A. from the Johnson Graduate School of Management at Cornell University.

Fernando A. González Olivieri has been a member of the Board since 2010. He has held various positions at CEMEX, including Vice President of Strategic Planning from 1994 to 1998, President of CEMEX Venezuela from 1998 to 2000, President of CEMEX Asia from 2000 to 2003 and President of CEMEX South America and the Caribbean from 2003 to 2005. In March 2005, he was appointed President of the expanded CEMEX European Region, in February 2007, President of the former CEMEX Europe, Middle East, Africa, Asia and Australia Region, and, in May 2009, Executive Vice President of planning and development of CEMEX. In February 2010, Mr. Gonzalez was appointed Executive Vice President of planning and finance and in 2011 he was appointed Chief Financial Officer of CEMEX. Mr. González Olivieri holds professional and postgraduate degrees in business administration from ITESM.

Víctor Manuel Romo Muñoz has been a member of the Board since 2003. He was President of the South America and Caribbean region of CEMEX Central S.A. de C.V., from 1998 to 2003, and executive vice president of administration from May 2003 to April 2011. In April 2011, he was appointed executive advisor to the Chairman and Chief Executive Officer of CEMEX. Mr. Manuel Romo Muñoz holds a degree in Accounting and an M.B.A from ITESM.

Juan Romero Torres has been a member of the Board from 2002 to 2004 and from 2011 to the present date. He is currently President of CEMEX operations in Mexico and he is in charge of the technology department on a global level. Mr. Romero holds a bachelor of laws and a bachelor in economics sciences from the University of Comillas in Spain.

Héctor Medina Aguiar has been an independent director of the Board since 1995. He held various positions at CEMEX, including Vice President of International Strategic Planning from 1991 to 1994, President of CEMEX Mexico from 1994 to 1996, and Executive Vice President of Planning and Finance from 1996 to 2009. He is also a member of the board of directors of the following companies: Rinker Group Ltd. and Axtel S.A.B. de C.V. He serves as Independent Director of Banco Ahorro FAMSA, a subsidiary of Grupo Famsa S.A.B. de C.V. Mr. Medina Aguiar holds a degree in Chemical Administration from ITESM, a Master's degree in Management Studies from The Management Centre at the University of Bradford, and a M.S. degree in Quantitative Methods from the School of Industrial Organization of Madrid.

Fernando Ruíz Sahagún has been an independent director of the Board since 2006. He is a founding member and advisor of Chevez, Ruiz, Zamarripa y Cia, S.C., a tax and financial consulting firm, and was the President of the Fiscal Commission of the Enterprise Coordination Council from 1997 to 2009. Mr. Sahagún serves as the President of the tax commission of the Business Coordinating Council (CCE) and a Tax Adviser and representative of the CCE to the Ministry of Finance. He is also a member of the board of directors of the following companies: Kimberly Clark de México, S.A.B. de C.V, Mexichem, S.A.B. de C.V., San Luis Corporación, S.A.B. de C.V., Grupo México, S.A.B. de C.V., Grupo Modelo, S.A.B. de C.V., Empresas ICA, S.A.B. de C.V., Grupo Financiero Santander, S.A.B. de C.V., Grupo Pochteca, S.A.B. de C.V., Fresnillo PLC, the Bolsa Mexicana de Valores, S.A.B. de C.V., ArcelorMittal Lázaro Cárdenas, S.A. de C.V. and S.D. Indeval, S.A. de C.V. Mr. Sahagún is a graduate of the National Autonomous University of Mexico (UNAM).

Rómulo Jaurrieta Caballero has been an independent director of the Board since 2006. He has been an external auditor, financial consultant, and counselor to various companies and organizations dedicated to industrial, commercial, financial, agricultural, and educational activities. Mr. Jaurrieta Caballero graduated from the Faculty of Accounting and Administration at the Autonomous University of Chihuahua ("UACH"), from which he also holds various postgraduate degrees.

Pedro Escobedo Conover has been an independent director of the Board since 2009. Mr. Escobedo Conover holds a degree in Industrial Engineering from the Mexico Autonomous Institute of Technology (ITAM).

The following table sets forth the name, current position and date of first election of the current alternate members of the Board:

Name	Position	First Elected
Federico Terrazas Becerra	Alternate Director	1991
Luis Enrique Terrazas Seyffert	Alternate Director	1991
Martha Márquez de Corral	Alternate Director	1991
Luis Márquez Villalobos	Alternate Director	1991
Ana Cecilia Márquez Villalobos	Alternate Director	2012
Alberto Terrazas Seyffert	Alternate Director	1991
Juan Rodrigo Castro Luna	Alternate Director	2005
Ramiro Gerardo Villarreal Morales	Alternate Director	1991
Rafael Garza Lozano	Alternate Director	2010
Luis Hernández Echávez	Alternate Director	2010
Jose Alberto Araujo Saavedra	Alternate Director	2009
María Beatriz Escobedo Conover	Alternate Director	2009
Ricardo Naya Barba	Alternate Director	2012
Enrique Ramírez Figueroa	Alternate Director	2006
Armando J. García Segovia	Alternate Director	1991

Board Practices

Pursuant to the Mexican Securities Market Law and our corporate by-laws, our Board must, among other things:

- determine our general business strategy;
- approve (i) policies and guidelines for the use of our assets by related parties and (ii) any transaction with related parties, subject to certain limited exceptions, in both cases taking into consideration the opinion of the Audit and Corporate Practices Committee;
- approve unusual or non-recurring transactions and any transactions, including the acquisition or sale of assets with a value equal to or in excess of 5% of our consolidated assets, or the provision of collateral or guarantees or the assumption of liabilities equal to or in excess of 5% of our consolidated assets;
- appoint and remove our chief executive officer, and approve the policies for the appointment of our executive officers;
- approve our financial statements, accounting policies and internal control systems;
- approve the appointment of our external auditors; and
- approve the policies for the disclosure of information.

The Mexican Securities Market Law also imposes duties of care and loyalty on our directors.

Our financial statements as of December 31, 2011 and 2010 and for the years then ended have been approved by the Board and were approved by our shareholders at the annual ordinary shareholders' meeting held on April 24, 2012.

Audit and Corporate Practices Committee

The Audit and Corporate Practices Committee is comprised of Messrs. Fernando Ruíz Sahagún, who serves as Chairman of the Committee, Rómulo Jaurrieta Caballero and Hector Medina Aguilar. As required by Article 32 of our by-laws, all members of the Audit and Corporate Practices Committee are independent. The chairman is elected by the shareholders and the other members are designated by the members of the Board. The Audit and Corporate Practices Committee is responsible for assisting the Board in carrying out its oversight duties and conducting corporate practices in accordance with the Mexican Securities Market Law. In furtherance of this responsibility, and in accordance with the Mexican Securities Market Law, the duties of the Audit and Corporate Practices Committee pursuant to our by-laws include:

- evaluating the performance of our external auditors and analyzing the reports and opinions prepared by our external auditors;
- discussing the financial statements with our external auditors and based on such discussions, recommending their approval or non-approval to the Board;
- informing the Board about the status of our internal controls, internal audits and any irregularity thereof;
- preparing opinions regarding the report prepared by our Chief Executive Officer in accordance with section 44 of the Mexican Securities Market Law;
- monitoring compliance with our internal rules and regulations and any applicable law relating to related party transactions and transactions involving assets of a certain value;
- requesting the opinion of independent experts, when deemed appropriate or when required by law;
- requesting that employees of the Company and its subsidiaries prepare reports regarding the preparation of financial statements;
- investigating and testing possible violations of our internal controls and internal policies;
- calling shareholder meetings and recommending inclusion of matters it deems appropriate on the agenda;
- ensuring that the Company implements mechanisms and internal controls for compliance with applicable laws and regulations;
- providing opinions to the Board on certain matters as required by the Mexican Securities Market Law; and
- assisting the Board in preparing reports as required by the Mexican Securities Market Law.

Senior Management

The following table sets forth the name, current position and years of service of our senior officers:

Name	Position	Years of Service
Manuel Antonio Milán Reyes	Chief Executive Officer	28
Jesus R. González Lechuga	Mexico Division President	39
Enrique Escalante Ochoa	U.S. Division President	12
Martha S. Rodríguez Rico	Chief Financial Officer	39
Jaime Fernández Horcasitas	Chief Strategy Officer	19
Salvador S. Inda Cuningham	Head of Human Resources	8

The following sets forth selected biographical information for each of our senior officers, except for Mr. Milán Reyes, whose biographical information is discussed above under "—Directors":

Jesus Rogelio González Lechuga joined the Company in 1973 as head of the Physics-Chemistry Lab in our Chihuahua Plant. Prior to being named the President of the Mexico Division in 2001, he served as Chief of Calcination from 1978 to 1981, as Superintendent of Production from 1981 a 1984, as Manager of Production in the Juarez plant from 1984 to 1992, as director of processes in the Samalayuca plant from 1992 to 1995, and as Director of our Samalayuca and Juarez plants in 1995. Mr. González Lechuga holds a degree in Chemical Engineering from UACH, a Postgraduate degree in Business Administration from UACH, and an M.B.A. from ITESM.

Enrique Escalante Ochoa joined the Company in 1999 as President of our Mexico Division, and has served as President of our U.S. Division since 2000. Prior to joining GCC, he spent 15 years in the Mexican lumber industry. From 1979 to 1981 he worked as a Planning Analyst at the steel division of Grupo Alfa. From 1983 to 1985 he was a Financial Analyst with Ponderosa Industrial, S.A. de C.V. From 1986 to 1987, he was the Planning Manager at Ponderosa Industrial, S.A. de C.V. From 1987 to 1990, he was the Sales Manager at Plywood Ponderosa de Mexico, S.A. de C.V, and went on to become Plywood Ponderosa de Mexico, S.A. de C.V.'s President from 1990 to 1996. From 1996 to 1998, he was the President of the Ponderosa Division at Grupo Industrial Durango. From 1998 to 1999, he was President of Tanques Especializados de Chihuahua, S.A. de C.V. He has also been a member of the board of directors of the Centro de Calidad y Productividad of the state of Chihuahua and National Chamber of the Transformation Industry in Chihuahua. He was also the chairman of the National Forestry Industry Chamber and the Association of Forestry Producers of the state of Chihuahua and Vice President of the National Plywood Association. Mr. Escalante Ochoa holds a degree in Industrial and Systems Engineering from ITESM and an M.B.A. from Cornell University. He has also participated in a number of Executive Education programs, including the Management Program at IPADE and the Seminar for Presidents at Harvard University.

Martha S. Rodríguez Rico has held various accounting positions at the Company, including General Treasurer from 1983 to 1988 and Corporate Treasurer from 1988 to 1991, before becoming Chief Financial Officer in 2001. She is a member of the Instituto Mexicano de Ejecutivos de Finanzas, A.C., and for five years she was its Vice-president of Institutional Relations. Ms. Rodríguez Rico holds a degree in Public Accounting from UACH and an M.B.A. from ITESM. She also holds an M.B.A. from ITESM Chihuahua campus' exchange program with Midwestern State University and has completed the D-1 Business Management Program at IPADE.

Jaime Fernández Horcasitas joined the Company in 1993 as Planning and New Projects Manager and currently serves as our Chief Strategy Officer, a position he has held since 2001. Previously, he worked in various financial and strategy positions at Grupo Cementos de Chihuahua. Mr. Fernández Horcasitas holds a degree in Computer Systems Engineering from ITESM, as well as an M.B.A. from Cornell University.

Salvador Santiago Inda Cuningham joined the Company as Head of Human Resources in 2004, a position he has held ever since. He has 20 years of experience in the automotive industry across Mexico, the United States and Spain. Mr. Inda Cuningham holds a degree in Industrial and Systems Engineering from ITESM and has studied Human Resources Strategy at the University of Michigan.

Chief Executive Officer

Under our by-laws, the chief executive officer is entrusted with the performance, conduct and execution of our day-to-day business activities. The chief executive officer is responsible for, among other things:

- exercising a vote on the shares issued by subsidiaries owned by the Company, in compliance with applicable law, unless the Board delegates this authority to special delegates;
- organizing, managing, and directing the staff, property, and business of the Company in accordance with the instructions of the Board; and
- appointing senior officers to assist in the performance and proper discharge of its duties, in accordance with the guidelines set by the Board.

Compensation of Directors and Senior Management

By resolution of the annual shareholders meeting held on April 24, 2012, each member of our Board is entitled to receive Ps.30,000 (approximately U.S.$2,300), as compensation for each monthly board meeting attended by such director. The president of the Audit and Corporate Practices Committee is entitled to receive Ps.45,000 (approximately U.S.$3,500), and each other member of the Audit and Corporate Practices Committee is entitled to receive Ps.30,000 (approximately U.S.$2,300), as compensation for each monthly audit committee meeting attended by such Audit and Corporate Practices Committee member.

The aggregate amount of cash compensation we accrued to our senior management as a group was Ps.20.0 million (U.S.$1.4 million) for the year ended December 31, 2011. We also provide other benefits to our executive officers, including a company vehicle and life and health insurance.

Share Ownership of Directors and Senior Management

Certain of our directors and senior management as of April 30, 2012, as a group are beneficial owners of less than 2.0% of the total shares of our capital stock.

PRINCIPAL SHAREHOLDERS

Our authorized capital stock consists of 337,400,000 ordinary shares, of which 250,000,000, or approximately 74.1%, are owned by our controlling shareholder, CAMSA, 4,864,492 ordinary shares, or approximately 1.4%, have been repurchased and are held in treasury, and the remaining 24.5% of our ordinary shares are held by the public and traded on the BMV. CAMSA, in turn, is indirectly owned 51.0% by the Terrazas and Márquez families and 49.0% by CEMEX. CEMEX has been a strategic shareholder in CAMSA since 1987. As of September 30, 2012, our market capitalization was Ps.14.19 billion (U.S.$1.10 billion).

Certain members of the Terrazas and Márquez families, which control CAMSA, serve as directors or alternate directors of GCC. Specifically, Federico Terrazas Torres, who is the Chairman of the Board, Enrique G. Terrazas Torres, Miguel Márquez Prieto and Miguel Márquez Villalobos, who are members of our Board, and Federico Terrazas Becerra, Luis Enrique Terrazas Seyffert, Martha Márquez de Corral, Luis Márquez Villalobos, Ana Cecilia Márquez Villalobos and Alberto Terrazas Seyffert who are alternate directors, are all related to the Terrazas and Márquez families. Accordingly, CAMSA, and consequently the Terrazas and Márquez families, through their voting power at shareholders' meetings, may be able to elect a majority of the members of our Board, exert significant influence over our management and corporate policies, and determine the outcome of other actions requiring a vote of our shareholders. In addition, six of the members of our Board and their respective alternates have been appointed by CEMEX.

We may repurchase our shares on the Mexican Stock Exchange from time to time up to a specified maximum aggregate value authorized by our shareholders. Our shareholders authorized us at the annual meeting on April 24, 2012 to repurchase shares with an aggregate value of up to Ps.500 million through the next annual shareholders' meeting. We have not repurchased any of our shares since April 2008.

The shareholders authorized at the regular shareholders' meeting held on April 27, 2011, the increase in variable stockholders' equity up to Ps.575 million represented by up 14 million ordinary nominal shares, with no par value, to be subscribed and paid for by a private placement.

RELATED PARTY TRANSACTIONS

We have historically entered into and will continue to enter into a number of transactions with related parties. We engage in substantial repeated transactions with related parties, including CEMEX, which owns 49.0% of our controlling shareholder, and CEMEX's subsidiary, NEORIS, as well as Abastecedora de Fierro y Acero, Grupo RUBA, each of which is an affiliate of ours due to our significant equityholders also holding significant equity interests in them. Although many of these transactions occur in the ordinary course of business and, where significant, must be submitted to our Audit and Corporate Practices Committee and approved by the Board, these transactions may create the potential for conflicts of interest. We may not be able to resolve any potential conflicts, and even if we do, the resolution may be less favorable to us than if we were dealing with an unaffiliated party. See "Risk Factors—Risks Related to our Company—We have transactions with related parties which may result in resolutions to conflicts of interest that are less favorable to us if than if we are dealing with an unaffiliated party," note 12 to our interim consolidated financial statements and note 7 to our annual consolidated financial statements. Personal loans to related parties who are individuals are not permitted.

The following table sets forth the transactions carried out with related parties during the periods specified below:

Related Party	Nine Months Ended September 30, 2012 (IFRS) (unaudited)	Year Ended December 31, 2011	2010	2009	Nature of Operations
		(thousands of Mexican pesos)	(MFRS)		
Sales					
CEMEX S.A.B. de C.V.[(1)]	Ps. 42,054	Ps. 47,966	Ps. 1,499	Ps. 56,202	Cement and ready-mix
Abastecedora de Fierro y Acero, S.A. de C.V.	10,547	18,814	11,246	13,126	Cement
Inmobiliaria RUBA S.A. de C.V.[(2)]	26,901	18,830	7,654	2,489	Construction materials and developed land
Copachisa, S.A. de C.V.[(3)]	8,406	4,342	17,504	5,846	Construction materials
Grupo ISI, S.A. de C.V.	-	-	-	40,604	Construction materials
Total Sales	Ps. 87,908	Ps. 89,952	Ps. 37,903	Ps. 118,267	
Purchases					
CEMEX S.A.B. de C.V.[(4)]	Ps. 33,412	Ps. 34,293	Ps. 30,880	Ps. 30,017	Inventories and technical assistance
Abastecedora de Fierro y Acero, S.A. de C.V.	13,414	21,615	17,484	16,230	Steel and rebars
Inmobiliaria RUBA S.A. de C.V.[(2)]	-	5,215	3,388	2,160	Supervision services
Neoris de México, S.A. de C.V.[(5)]	69	1,341	46,657	57,839	GCC Global Project (technical support / SAP)
IT Corp, S.A. de C.V.	-	-	-	6,875	Surveillance project
Total Purchases	Ps. 46,895	Ps. 62,464	Ps. 98,409	Ps. 113,121	

(1) CEMEX, S.A.B. de C.V. includes sales to CEMEX El Paso, Inc .and CEMEX Concretos S.A. de C.V.
(2) Inmobiliaria RUBA includes Ruba Servicios, S.A. de C.V., Ruba Desarrollos, S.A. de C.V., Ruba Residencial, S.A. de C.V. and DGA Desarrollos, S.A. de C.V.
(3) Copachisa S.A. de C.V. includes Constructora Industrial Teva, S.A. de C.V. and Flantis, S.A. de C.V.
(4) CEMEX S.A.B. de C.V. includes white cement purchases from CEMEX México, S.A. de C.V. and fly ash purchases from Mineral Resource and Technology, Inc. in the United States.
(5) Neoris de México, S.A. de C.V. is a subsidiary of CEMEX.

Net sales to related parties for the nine months ended September 30, 2012 and for the year ended December 31, 2011, accounted for 1.38% and 1.25% of total net sales, respectively. Total purchases from related parties for the nine months ended September 30, 2012 and for the year ended December 31, 2011, accounted for 0.81% and 0.92% of total purchases, respectively.

DESCRIPTION OF NOTES

The Company will issue the notes under an indenture to be dated as of the Issue Date (the "Indenture") among the Company, as issuer, and GCC Cemento, S.A. de C.V. ("GCC Cemento"), Cementos de Chihuahua, S.A. de C.V. ("Cementos de Chihuahua" and together with GCC Cemento, the "Mexican Guarantors") and GCC of America, Inc. ("GCC of America" and together with the Mexican Guarantors, the "Guarantors") and Wells Fargo Bank, National Association, as trustee (the "Trustee") and paying agent (the "Paying Agent"). The notes will be issued in private transactions that are not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "Securities Act"). The notes will not have the benefit of any registration rights. The notes are subject to all such terms pursuant to the provisions of the Indenture, and holders of such notes are referred to the Indenture for a statement thereof.

The following is a summary of the material provisions of the Indenture. Because this is a summary, it may not contain all the information that is important to you. You can find the definitions of certain terms used in this description under "—Certain Definitions." When we refer to the Company in this section, we mean Grupo Cementos de Chihuahua, S.A.B. de C.V. (and its successors and permitted assignees) and not its subsidiaries, and when we refer to the notes in this section, we mean the notes originally issued on the Issue Date and any Additional Notes.

General

The notes will:

- be senior obligations of the Company;
- rank *pari passu* in right of payment with all other existing and future Senior Indebtedness of the Company;
- rank senior in right of payment to all existing and future Subordinated Indebtedness of the Company, if any;
- be secured on a first-priority basis by the Collateral on an equal and ratable basis with the Term Loan Facility and future indebtedness secured by the Collateral to the extent permitted by the Term Loan Facility and the Indenture, subject to the provisions described below under "—Security Interest";
- be effectively subordinated to all existing and future Indebtedness of the Company and the Guarantors secured by assets of the Company and the Guarantors, other than the Collateral, to the extent of such security interest;
- be structurally subordinated to all existing and future Indebtedness of the Company's Subsidiaries (other than the Guarantors);
- be subordinated to liabilities preferred by statute (such as tax, social security and labor obligations); and
- be fully and unconditionally guaranteed, on a joint and several basis and on a general senior basis, by each of the Guarantors.

Additional Notes

Subject to the limitations set forth under "Certain Covenants—Limitation on Incurrence of Additional Indebtedness," and "Certain Covenants—Limitation on Liens," the Company and its Subsidiaries may Incur additional Indebtedness. At the Company's option, this additional Indebtedness may consist of additional notes ("Additional Notes") issued in one or more transactions, which have identical terms (other than issue date and issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities transfer restrictions) so that the Additional Notes may be consolidated and form a single class with the notes issued on the Issue Date. Holders of Additional Notes would have the right to vote together with holders of the notes issued on the Issue Date as one class on all matters with respect to the notes issued on the Issue Date; provided, further, that such Additional Notes may not be fungible with the notes issued on the Issue Date for U.S. Federal income tax purposes and, in such case, for U.S. Federal income tax purposes, the Additional Notes may be considered to have been issued with original issue discount, which may affect the market value of the notes issued on the Issue Date because such Additional Notes may not be distinguishable from the notes.

Principal, Maturity and Interest

The notes will mature on February 8, 2020.

The notes will initially be issued in minimum denominations of U.S.$200,000 and in integral multiples of U.S.$1,000 in excess thereof. The notes will not be entitled to the benefit of any mandatory sinking fund. The rights of holders of beneficial interests in the notes to receive the payments on such notes are subject to applicable procedures of Euroclear and Clearstream, Luxembourg or The Depositary Trust Company ("DTC"), as applicable. If the due date for any payment in respect of any notes is not a Business Day at the place at which such payment is due to be paid, the holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Interest on the notes will accrue at the rate per annum set forth on the cover of this Offering Memorandum and will be payable, in cash, semi-annually in arrears on February 8 and August 8 of each year, commencing on August 8, 2013 and at maturity, to holders of record on the immediately preceding February 1 and August 1. Interest on the notes will accrue from the most recent date on which interest has been paid or should have been paid had the payment been delayed to the next Business Day pursuant to the paragraph above or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date.

Initially, the Trustee will act as Paying Agent and registrar for the notes. The Company may change the Paying Agent and registrar without notice to holders. If a holder of U.S.$10 million or more in aggregate principal amount of notes has given wire transfer instructions to the Paying Agent at least ten Business Days prior to the applicable payment date, the Company will make all principal, premium and interest payments on those notes in accordance with those instructions. All other payments on the notes will be made at the office or agency of the Paying Agent and registrar in New York City unless the Company elects to make interest payments by check mailed to the registered holders at their registered addresses.

Additional Amounts

All payments made by the Company or the Guarantors under, or with respect to, the notes will be made free and clear of, and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) (collectively, "Taxes") imposed or levied by or on behalf of the government of the United States of México or any other jurisdiction in which the Company is organized or is a resident for tax purposes or within or through which payment is made or any political subdivision or taxing authority or agency thereof or therein (or, in the case of amounts payable by a Guarantor, of the jurisdiction in which such Guarantor is organized or is a resident for tax purposes or any political subdivision or taxing authority or agency thereof or therein) (any of the aforementioned being a "Taxing Jurisdiction"), unless the Company or such Guarantor, as the case may be, is required to withhold or deduct Taxes by law or by the official interpretation or administration thereof.

If the Company or any Guarantor is so required to withhold or deduct any amount for, or on account of, such Taxes from any payment made under or with respect to the notes, the Company or such Guarantor, as the case may be, will pay such additional amounts ("Additional Amounts") as may be necessary so that the net amount received by each holder (including Additional Amounts), after such withholding or deduction, will not be less than the amount such holder would have received if such Taxes had not been required to be withheld or deducted; *provided*, *however*, that the foregoing obligation to pay Additional Amounts does not apply to:

- any Taxes imposed solely because at any time there is or was a connection between the holder or beneficial owner of such note and a Taxing Jurisdiction (other than the mere purchase of the notes, or receipt of a payment or the ownership or holding of the notes);

- any estate, inheritance, gift, sales, transfer, personal property or similar Tax imposed with respect to the notes;

- any Taxes imposed solely because the holder or beneficial owner or any other person fails to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with a Taxing Jurisdiction of the holder or any beneficial owner of the notes if compliance is required by the applicable law of the Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and the Company or the Guarantor, as the case may be, has given the holders at least 30 days' notice that holders will be required to provide such information and identification;

- any Taxes payable otherwise than by deduction or withholding from payments on the notes;

- any Taxes imposed on a payment to or for the benefit of an individual pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such directives;

- any Taxes that would have been avoided by presenting for payment (where presentation is required) the relevant note to another paying agent;

- any Taxes with respect to such notes presented for payment more than 30 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to holders, whichever occurs later, except to the extent that the holders of such notes would have been entitled to such Additional Amounts on presenting such notes for payment on any date during such 30 day period;

- any Taxes that would not have been imposed but for a failure by the holder or beneficial owner (or any financial institution through which the holder or beneficial owner holds any notes through which payment on such notes are made) to comply with any certification, information, identification, documentation or other reporting requirements (including entering into and complying with an agreement with the Internal Revenue Service) imposed pursuant to Sections 1471 through 1474 of the Internal Revenue Code as in effect on the date of issuance of the notes or any successor or amended version of these provisions; or

- any payment on the notes to a holder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the holder of the notes.

The foregoing provisions will survive any termination or discharge of the Indenture and shall apply *mutatis mutandis* to any Taxing Jurisdiction with respect to any successor to the Company or any Guarantor, as the case may be. The Company or such Guarantor, as applicable, will (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant Taxing Jurisdiction in accordance with applicable law. The Company or such Guarantor, as applicable, will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Taxing Jurisdiction imposing such Taxes and will furnish such certified copies to the Trustee within 30 days after the date the payment of any Taxes so deducted or so withheld is due pursuant to applicable law or, if such tax receipts are not reasonably available to the Company or such Guarantor, as applicable, furnish such other documentation that provides reasonable evidence of such payment by the Company or such Guarantor, as applicable.

The limitations on the obligations to pay Additional Amounts stated in the third bullet point above will not apply if the provision of information, documentation or other evidence described in the applicable bullet point would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of a note than comparable information or other reporting requirements imposed under U.S. tax law, regulation (including proposed regulations) and administrative practice.

Applicable Mexican regulations currently allow the Company and the Mexican Guarantors to withhold at a reduced rate; *provided* that the Company complies with certain information reporting requirements. Accordingly, the limitations on the Company's obligations to pay additional amounts stated in the third bullet point above also will not apply and will not entitle the Company to require the information therein specified unless (a) the provision of the information, documentation or other evidence described in the applicable bullet point becomes expressly required by the applicable Mexican statutes, regulations and administrative practices, and (b) the Company or any Mexican Guarantor would otherwise meet the requirements for application of the reduced Mexican tax rate.

In addition, such third bullet point does not require, and should not be construed as requiring that any Person, including financial institutions (except for non-Mexican pension or retirement funds which may be exempted if registered), register with the Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*) to establish eligibility for an exemption from, or a reduction of, Mexican withholding tax.

Any reference in this offering memorandum, the Indenture, any supplemental indenture or the notes to principal, premium, interest or any other amount payable in respect of the notes by the Company or the Guarantors will be deemed also to refer to any Additional Amount that may be payable with respect to that amount under the obligations referred to in this subsection.

In the event that Additional Amounts actually paid with respect to the notes pursuant to the preceding paragraphs are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder of such notes, and as a result thereof such holder is entitled to make a claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such notes, and without any further action, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to the Company. However, by making such assignment, the holder makes no representation or warranty that we will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto.

Note Guarantees

Each Guarantor will fully and unconditionally guarantee, on a joint and several basis, the performance of all obligations of the Company under the Indenture and the notes on a senior basis.

The obligations of each Guarantor may be deemed to have been a fraudulent transfer and declared void, or may be effectively subordinated to those obligations that are preferred under applicable laws, in the event any such Guarantor becomes subject to an insolvency proceeding under applicable law. Laws under applicable jurisdictions may, under specific circumstances, allow courts to void the notes or the related Note Guarantees. See "Risk Factors—Risks Related to our Indebtedness, the Notes and the Guarantees—The guarantees of the notes may not be enforceable under Mexican insolvency law and their enforceability may be uncertain under U.S. bankruptcy law."

Each Guarantor will be released and relieved of its obligations under its Note Guarantee in the event:

(1) there is a Legal Defeasance of the notes as described under "Legal Defeasance and Covenant Defeasance"; or

(2) there is a sale or other disposition of Capital Stock of such Guarantor following which such Guarantor is no longer a direct or indirect Subsidiary of the Company, so long as (a) such Guarantor is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any Restricted Subsidiary and (b) the proceeds from such sale or disposition of Capital Stock of such Guarantor are used for the purposes permitted under the Indenture.

provided that the transaction is carried out pursuant to and in accordance with all other applicable provisions of the Indenture. For the avoidance of doubt, the Note Guarantees will remain in full force and effect even if the notes cease to be secured by the security interest on the Collateral.

Only three of our Restricted Subsidiaries, GCC Cemento, Cementos de Chihuahua and GCC of America, will guarantee the notes, and our Unrestricted Subsidiaries and certain of our Restricted Subsidiaries will not guarantee the notes. In the event of a bankruptcy, *concurso mercantil*, liquidation or reorganization of these non-guarantor Subsidiaries of the Company, these non-guarantor Subsidiaries of the Company will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company. In addition, holders of minority equity interests in the Subsidiaries of the Company may receive distributions prior to or *pro rata* with the Company and its

Subsidiaries depending on the terms of the equity interests. See "Risk Factors—Risks Related to our Indebtedness, the Notes and the Guarantees—The notes will be structurally subordinated to the obligations of our non-guarantor subsidiaries."

Security Interest

The notes, including Additional Notes, will be secured by a first-priority security interest in the Collateral on an equal and ratable basis with (i) the Term Loan Facility and (ii) future indebtedness secured by the Collateral to the extent permitted by the Indenture.

Each holder and the Company authorize and instruct the Trustee (i) to enter into (or cause an agent or grant such powers of attorney to enter into), on its own behalf and on behalf of the holders, such documents (the "Security Documents") as are necessary or desirable (which shall be evidenced by a written instruction from the Company satisfactory to the Trustee) in order to create and maintain the security interest of the Trustee and the holders in the Collateral as may from time to time be provided to equally and ratably secure the notes, (ii) to grant such powers of attorney and to do or cause to be done all such acts and things, on its own behalf and in the name and on behalf of the holders, as are necessary or desirable (which shall be evidenced by a written instruction from the Company satisfactory to the Trustee) to create and maintain the security interest of the Trustee and the holders in such Collateral, (iii) to appoint the Collateral Agent and/or Sub-Collateral Agent to serve as direct representative of the Trustee and the holders in connection with the creation and maintenance of the security interest of the Trustee and the holders in such Collateral, (iv) to accept the security interest in the Collateral on behalf of each holder, and (v) to grant powers in favor of an attorney to execute an accession or other public deed before any notary public accepting the security interest in the Collateral on behalf of the holders, if so required to perfect the security interest of the Trustee and the holders in the Collateral. It is understood and acknowledged that in certain circumstances the Security Documents may be amended, modified or waived without the consent of the Trustee or the requisite amount of holders. It is understood and acknowledged that the Collateral Agent and the Sub-Collateral Agent, in addition to being appointed by and acting on behalf of the Trustee and the holders, have also been appointed by and are acting on behalf of (and may in the future be appointed by and act on behalf of) other creditors of the Company and its Subsidiaries.

The notes will cease to be secured by a security interest in the Collateral in accordance with the provisions of the Intercreditor and Collateral Agency Agreement. As set forth in the Intercreditor and Collateral Agency Agreement, the "Collateral" consists of (i) substantially all the shares of GCC Cemento, Cementos de Chihuahua and GCC of America and (ii) all proceeds of such Collateral.

In addition, the notes will cease to be secured by a security interest on the Collateral upon:

(1) (a) payment in full of the principal of, and any accrued and unpaid interest on, the notes and all other amounts or obligations under the Indenture and the notes, including Additional Notes, and the Note Guarantees that are due and payable at or prior to the time such principal, accrued and unpaid interest, if any, are paid, (b) a satisfaction and discharge of the Indenture or (c) a Legal Defeasance or Covenant Defeasance as described below under "—Legal Defeasance and Covenant Defeasance"; or

(2) the Leverage Ratio falling below 2.75:1.00 for two consecutive fiscal quarters, in which event the assets constituting the Collateral shall remain free and clear of all Liens, provided that such assets shall be subject to automatic reinstatement thereafter if the Leverage Ratio is equal to or greater than 2.75:1.00 for any fiscal quarter.

See "Risk Factors—Risks Related to the Collateral—There are circumstances other than repayment or discharge of the notes under which the Collateral securing the notes will be released automatically without your consent or the consent of the trustee."

Intercreditor and Collateral Agency Agreement

The Intercreditor and Collateral Agency Agreement provides that the security interest can be enforced upon by the Collateral Agent following an enforcement direction by the Required Secured Creditors upon the occurrence of:

- an event of default or the equivalent thereof under the Term Loan Facility;
- an Event of Default;
- a Significant Event; or
- the enforcement of any senior debt guaranty or any exercise of any right of setoff, recoupment or similar right in connection with the documents described above.

Under the terms of the Intercreditor and Collateral Agency Agreement, the holders of notes and the Trustee will not be Required Secured Creditors until the discharge of obligations under the Term Loan Facility and, in that case, only if such obligations were not refinanced with bank financing. Until such time, the holders of notes and the Trustee do not have any right to take part in any action to foreclose on, or otherwise exercise remedies with respect to, the Collateral or the Intercompany Trust Agreement or otherwise have any enforcement rights with respect to the Collateral or the Intercompany Trust Agreement. Nonetheless, holders of notes are secured parties under the Intercreditor and Collateral Agency Agreement and, as such, in the event that the security interest in the Collateral is enforced in accordance with the Security Documents or rights are exercised in respect of the Intercompany Trust Agreement, the holders of the notes will be entitled to receive payments from any proceeds thereof on a *pro rata* and *pari passu* basis with all other secured parties entitled to share in the proceeds from the Collateral or the Intercompany Trust Agreement.

In addition, the Intercreditor and Collateral Agency Agreement may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, without the consent of the holders of the notes, to add certain additional refinancing indebtedness that is permitted to be incurred under the indenture and the Term Loan Facility. See "Risk Factors—Risks Related to the Collateral—The rights of holders of the notes will be governed, and materially limited, by the Intercreditor and Collateral Agency Agreement. Holders of the notes will not be entitled to direct the foreclosure on, or foreclose on, the Collateral."

Intercompany Trust Agreement

Our intercompany indebtedness will be subject to a Mexican law-governed Intercompany Trust Agreement for the benefit of the lenders under the Term Loan Facility and the holders of the notes as long as any indebtedness is outstanding under the Term Loan Facility. The Intercompany Trust Agreement governs the voting of our intercompany indebtedness in the event of a *concurso mercantil* at the direction of the Sub-Collateral Agent. In addition, the Intercompany Trust Agreement also provides that any proceeds payable in connection with our intercompany indebtedness in a *concurso mercantil* proceeding will be applied to pay preferential creditors before any of our intercompany indebtedness is repaid.

Once all obligations under the Term Loan Facility have been repaid in full, the holders of the notes will only benefit from the Intercompany Trust Agreement as long as we have not achieved an Investment Grade Ratings from two of the Rating Agencies. Once we have obtained an Investment Grade Ratings from two of the Rating Agencies, the Intercompany Trust Agreement will terminate and the holders of the notes will no longer benefit from the Intercompany Trust Agreement, including with respect to the matters described above. See "Risk Factors—Risks Related to the Collateral—The rights of holders of the notes will be governed, and materially limited, by the Intercreditor and Collateral Agency Agreement. Holders of the notes will not be entitled to direct the foreclosure on, or foreclose on, the Collateral."

Optional Redemption

Except as stated below, the Company may not redeem the notes. The Company may redeem the notes, at its option, in whole at any time or in part from time to time, on and after February 8, 2016, at the following redemption prices, expressed as percentages of the principal amount thereof outstanding at the time of redemption, if redeemed during the 12-month period commencing on February 8 of any year set forth below, plus any accrued and unpaid interest on the principal amount of the notes to the date of redemption:

	USD
2016	106.094%
2017	104.063%
2018	102.031%
2019 and thereafter	100.000%

Prior to February 8, 2016, the Company will have the right, at its option, to redeem any of the notes, in whole or in part, at any time or from time to time prior to their maturity at a redemption price equal to the greater of (1) 100% of the principal amount of such notes and (2) the sum of the present value of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 50 basis points (the "Make-Whole Amount"), plus, in each case, any accrued and unpaid interest on the principal amount of the notes to the date of redemption.

"*Treasury Rate*" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue (as defined below), assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (as defined below) for such redemption date.

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

"*Independent Investment Banker*" means one of the Reference Treasury Dealers (as defined below) appointed by the Company.

"*Comparable Treasury Price*" means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Independent Investment Banker or the Company obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"*Reference Treasury Dealer*" means either Citigroup Global Markets Inc. or The Bank of Nova Scotia, New York Agency, an affiliate of Scotia Capital (USA) Inc., or their respective affiliates which are primary United States government securities dealers and not less than two other leading primary United States government securities dealers in New York City reasonably designated by the Company; *provided*, however, that if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), the Company will substitute therefore another Primary Treasury Dealer.

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

Optional Redemption upon Equity Offerings. At any time, or from time to time, on or prior to February 8, 2016, the Company may, at its option, use the net cash proceeds of one or more Equity Offerings to redeem in the aggregate up to 35% of the aggregate principal amount of the notes issued pursuant to the Indenture at a redemption price equal to 108.125% of the principal amount thereof plus any accrued and unpaid interest on the principal amount of the notes to the date of redemption; *provided*, that:

- after giving effect to any such redemption at least 65% of the aggregate principal amount of the notes issued under the Indenture remains outstanding; and

- the Company shall make such redemption not more than 90 days after the consummation of such Equity Offering.

"*Equity Offering*" means any public or private sale of Qualified Capital Stock after the Issue Date for cash other than issuances to any Subsidiary of the Company.

Optional Redemption for Changes in Withholding Taxes. If, as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of a Taxing Jurisdiction affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations that has a general effect, which amendment to or change of such laws, rules or regulations becomes effective on or after the Issue Date (which, in the case of a merger, consolidation or other transaction permitted and described under "Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets," shall be treated for this purpose as the date of such transaction) we would be obligated, after taking all reasonable measures to avoid this requirement, to pay Additional Amounts in excess of those attributable to a withholding tax rate of 4.9% with respect to the notes (see "Additional Amounts"), then, at our option, all, but not less than all, of the notes may be redeemed at any time on giving not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the outstanding principal amount, plus any accrued and unpaid interest on the principal amount of the notes to the date of redemption (including any Additional Amounts); *provided*, *however*, that (1) no notice of redemption for tax reasons may be given earlier than 90 days prior to the earliest date on which we would be obligated to pay these Additional Amounts if a payment on the notes were then due, and (2) at the time such notice of redemption is given such obligation to pay such Additional Amounts remains in effect.

Prior to the publication of any notice of redemption pursuant to this provision, we will deliver to the Trustee (1) an Officer's Certificate stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right to redeem have occurred and (2) an opinion of counsel or an opinion of tax consultant, in either case of recognized standing with respect to tax matters in the Taxing Jurisdiction and acceptable to the Trustee, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in (1) above.

This notice, once delivered by the Company to the Trustee, will be irrevocable.

Optional Redemption Procedures. In the event that less than all of the notes are to be redeemed at any time, selection of notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the notes are listed or, if the notes are not then listed on a national securities exchange, on a pro rata basis, by lot or by any other method as the Trustee shall deem fair and appropriate. If a partial redemption is made with the proceeds of an Equity Offering, selection of the notes or portions thereof for redemption will, subject to the preceding sentence, be made by the Trustee only on a pro rata basis or on as nearly a pro rata basis as is practicable (subject to the procedures of DTC, Euroclear and/or Clearstream, as applicable), unless the method is otherwise prohibited. No notes of a principal amount of U.S.$200,000 or less may be redeemed in part and notes of a principal amount in excess of U.S.$200,000 may be redeemed in part in multiples of U.S.$1,000 (provided that the unredeemed portion will be in a denomination of at least U.S.$200,000).

Notice of any redemption will be mailed by first-class mail, postage prepaid, at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address. For so long as the notes are admitted to the official list and to trading on the GEM of the Irish Stock Exchange and the rules of the exchange so require, the Company will cause notices of redemption to also be published as described in "—Notices" below. If notes are to be redeemed in part only, the notice of redemption will state the portion of the principal amount thereof to be redeemed. A note in a principal amount equal to the unredeemed portion thereof (if any) will be issued in the name of the holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a global note will be made, as appropriate).

The Company will pay the redemption price for any note on the date of redemption. On and after the redemption date, interest will cease to accrue on notes or portions thereof called for redemption as long as the Company has deposited with the Paying Agent funds in satisfaction of the applicable redemption price pursuant to the Indenture. Upon redemption of any notes by the Company, such redeemed notes will be cancelled.

Sinking Fund

The Company is not required to make mandatory redemption payments or sinking fund payments with respect to the notes.

Change of Control

Upon the occurrence of a Change of Control, each holder will have the right to require that the Company purchase all or a portion (in integral multiples of U.S.$1,000; *provided* that the remaining principal amount of such holder's note will not be less than U.S.$200,000) of the holder's notes at a purchase price in cash equal to 101% of the principal amount thereof, plus any accrued and unpaid interest thereon through the purchase date (the "Change of Control Payment").

Within 30 days following the date upon which the Change of Control occurs, the Company must send, by first class mail, a notice to each holder, with a copy to the Trustee, offering to purchase the notes as described above (a "Change of Control Offer") and, for so long as the notes are admitted to the official list and to trading on the GEM of the Irish Stock Exchange and the rules of the exchange so require, publish such notice as described in "—Notices" below. The Change of Control Offer shall state, among other things, the circumstances and relevant facts regarding such Change of Control and the purchase date, which must be at least 30 but not more than 60 days from the date the notice is mailed, other than as may be required by law (the "Change of Control Payment Date"). Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all notes or portions thereof properly tendered and not withdrawn pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent funds in an amount equal to the Change of Control Payment in respect of all notes or portions thereof so tendered; and

(3) deliver or cause to be delivered to the Trustee the notes so accepted together with an Officer's Certificate stating the aggregate principal amount of notes or portions thereof being purchased by the Company.

If only a portion of a note is purchased pursuant to a Change of Control Offer, a new note in a principal amount equal to the portion thereof not purchased will be issued in the name of the holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a global note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to a Change of Control Offer will be cancelled and cannot be reissued.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent any such rule, laws and regulations are applicable in connection with the purchase of notes in connection with a Change of Control Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with such securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

Other existing and future Indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that Indebtedness be purchased upon a Change of Control. Moreover, the exercise by the holders of their right to require the Company to repurchase the notes upon a Change of Control may cause a default under such Indebtedness even if the Change of Control itself does not.

If a Change of Control Offer occurs, the Company may not have available funds sufficient to make the Change of Control Payment for all the notes that might be delivered by holders seeking to accept the Change of Control Offer. In the event the Company is required to purchase outstanding notes pursuant to a Change of Control Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations it may have. However, there can be no assurance that the Company would be able to obtain necessary financing or on terms favorable to it, and the terms of the Indenture may restrict the ability of the Company to obtain such financing.

Holders will not be entitled to require the Company to purchase their notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which is not a Change of Control.

The Company will not be required to make a Change of Control Offer upon a Change of Control if: (a) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all notes validly tendered and not withdrawn under such Change of Control Offer; or (b) prior to the date the Change of Control Offer is required to be made, the Company has given notice of redemption in respect of all of the outstanding notes in accordance with the Indenture. Covenants in the Indenture restricting the ability of the Company and its Restricted Subsidiaries to Incur additional Indebtedness, to grant Liens on property, to make Restricted Payments and to make Asset Sales may also make more difficult or discourage a takeover of the Company, whether favored or opposed by the management or its Board of Directors. Consummation of any Asset Sale may, in certain circumstances, require redemption or repurchase of the notes, and the Company or the acquiring party may not have sufficient financial resources to effect such redemption or repurchase. In addition, restrictions on transactions with Affiliates may, in certain circumstances, make more difficult or discourage any leveraged buyout of the Company or any of its Subsidiaries. While these restrictions cover a wide variety of arrangements that have traditionally been used to effect highly leveraged transactions, the Indenture may not afford the holders protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, restructuring, merger, recapitalization or similar transaction.

Certain Covenants

Suspension of covenants

If on any date following the Issue Date (i) the notes have Investment Grade Ratings from two of the Rating Agencies, and (ii) no Default or Event of Default has occurred and is continuing under the Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "Covenant Suspension Event"), the Company and its Restricted Subsidiaries will not be subject to the following covenants (collectively, the "Suspended Covenants"):

(3) "—Limitation on Incurrence of Additional Indebtedness";

(4) "—Limitation on Restricted Payments";

(5) "—Limitation on the Ownership of Capital Stock of Restricted Subsidiaries";

(6) "—Limitation on Asset Sales";

(7) "—Limitation on Designation of Unrestricted Subsidiaries";

(8) "—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(9) clause (A)(b) of "—Limitation on Merger, Consolidation and Sale of Assets";

(10) "—Limitation on Transactions with Affiliates"; and

(11) "—Conduct of Business.

No Subsidiary that is a Restricted Subsidiary on the date of the occurrence of a Covenant Suspension Event (the "Suspension Date") may be redesignated as an Unrestricted Subsidiary during the Suspension Period. In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants under the Indenture for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date") one of the Rating Agencies no longer gives the notes Investment Grade Ratings, then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants under the Indenture. The Company shall provide written notice to the Trustee of any Covenant Suspension Event.

The period of time between the occurrence of a Covenant Suspension Event and the Reversion Date is referred to in this description as the "Suspension Period." In the event of any such reinstatement, no action taken or omitted to be taken by the Company or any of its Restricted Subsidiaries prior to such reinstatement will give rise to a Default or Event of Default under the Indenture with respect to notes; *provided* that (1) with respect to Restricted Payments made after any such reinstatement, the amount of Restricted Payments made will be calculated as though the covenant described under "— Limitation on Restricted Payments" had been in effect prior to and throughout the Suspension Period; and (2) all Indebtedness Incurred, or Disqualified Capital Stock or Preferred Stock issued, during the Suspension Period will be classified to have been Incurred or issued pursuant to clause (c) of the second paragraph of "— Limitation on Incurrence of Additional Indebtedness".

Limitation on Incurrence of Additional Indebtedness

(1) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness, including Acquired Indebtedness, except that the Company and/or any of the Restricted Subsidiaries may Incur Indebtedness, including Acquired Indebtedness, if, at the time of and immediately after giving *pro forma* effect to the Incurrence thereof and the application of the proceeds therefrom, the Consolidated Fixed Charge Coverage Ratio of the Company is greater than or equal to 2.0 to 1.0.

(2) Notwithstanding clause (1) above, the Company and/or any of its Restricted Subsidiaries, as applicable, may Incur the following Indebtedness ("Permitted Indebtedness"):

(a) Indebtedness consisting of the notes, excluding Additional Notes;

(b) Guarantees by (x) any Guarantor of Indebtedness of the Company or another Guarantor permitted under the Indenture and (y) the Company of Indebtedness of any Guarantor; *provided* that, if any such Guarantee is of Subordinated Indebtedness, then the obligations of the Company under the notes and the Indenture or the Note Guarantee of such Guarantor, as applicable, will be senior to the Guarantee of such Subordinated Indebtedness;

(c) Indebtedness of the Company and/or any of its Restricted Subsidiaries outstanding on the Issue Date, including any Indebtedness under the Term Loan Facility but excluding Indebtedness permitted under clauses (e), (f), (g) or (j) of this definition of Permitted Indebtedness;

(d) Hedging Obligations not entered into for speculative purposes and any Guarantees thereof and any reimbursement obligations with respect to letters of credit related thereto, in each case entered into by the Company and/or any of its Restricted Subsidiaries; *provided* that, upon the drawing of such letters of credit, such obligations are reimbursed within 30 days following such drawing;

(e) Intercompany Indebtedness between the Company and any Restricted Subsidiary or between any Restricted Subsidiaries; *provided* that:

(1) if the Company or any Guarantor is the obligor on such Indebtedness and the payee is not the Company or any Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full of all obligations under the notes and the Indenture pursuant to the Intercompany Subordination Agreement or any other agreement, in the case of

the Company, or such Guarantor's Note Guarantee, in the case of any such Guarantor, and

(2) in the event that at any time any such Indebtedness (including, for the avoidance of doubt, Indebtedness Incurred pursuant to paragraph (1) of this sub-Section (e)) ceases to be held by the Company or a Restricted Subsidiary, such Indebtedness shall be deemed to be Incurred and not permitted by this clause (e) at the time such event occurs;

(f) Indebtedness of the Company and/or any of its Restricted Subsidiaries represented by endorsements of negotiable instruments in the ordinary course of business;

(g) Indebtedness of the Company and/or any of its Restricted Subsidiaries represented by (i) documentary credits (including all forms of letters of credit), performance bonds or guarantees, advance payments, bank guarantees, bankers' acceptances, surety or appeal bonds or similar instruments for the account of, or guaranteeing performance by, the Company and/or any Restricted Subsidiary in the ordinary course of business, and (ii) reimbursement obligations with respect to letters of credit and performance Guarantees in the ordinary course of business; provided that upon the drawing of such letters of credit or the Incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or Incurrence;

(h) Refinancing Indebtedness in respect of:

(1) Indebtedness (other than Indebtedness owed to the Company or any Restricted Subsidiary of the Company) Incurred pursuant to clause (1) above (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to such clause (1) above), or

(2) Indebtedness Incurred pursuant to clause (a), (b) or (c) above or this clause (h);

(i) Capitalized Lease Obligations, Sale and Leaseback Transactions or export credit facilities with a maturity of at least one year and Purchase Money Indebtedness of, including Guarantees of any of the foregoing by, the Company and/or any Restricted Subsidiary, in an aggregate principal amount at any one time outstanding not to exceed the greater of (x) U.S.$20 million (or the equivalent in other currencies) and (y) 2.0% of Consolidated Tangible Assets;

(j) Indebtedness arising from agreements entered into by the Company and/or a Restricted Subsidiary providing for *bona fide* indemnification, adjustment of purchase price or similar obligations not for financing purposes, in each case, Incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of a Restricted Subsidiary (including minority interests);

(k) Indebtedness of the Company and/or any of its Restricted Subsidiaries for taxes levied, assessments due and other governmental charges required to be paid as a matter of law or regulation in the ordinary course of business;

(l) Indebtedness in respect of netting services, overdraft protections and otherwise in connection with deposit accounts provided that such Indebtedness is extinguished within five Business Days; and

(m) In addition to Indebtedness referred to in clauses (a) through (l) above, Indebtedness of the Company and/or any of its Restricted Subsidiaries, determined on a consolidated basis, in an aggregate amount outstanding not to exceed U.S.$40 million (or the equivalent in other currencies).

(3) The aggregate principal amount of Indebtedness of the Restricted Subsidiaries that are not Guarantors, permitted to be Incurred pursuant to clauses (1) and (2) above, will not exceed at any one time, when taken together with all other Indebtedness of the Restricted Subsidiaries that are not Guarantors, the greater of (a) U.S.$75 million (or the equivalent in other currencies) and (b) 10% of the total Indebtedness of the Company and its Restricted Subsidiaries.

Notwithstanding anything to the contrary contained in this covenant:

(3) The Company shall not, and shall not permit any Guarantor to, Incur any Permitted Indebtedness if the proceeds thereof are used, directly or indirectly, to Refinance any Subordinated Indebtedness unless such Indebtedness shall be subordinated to the notes or the applicable Note Guarantee, as the case may be, to at least the same extent as such Subordinated Indebtedness.

(4) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness Incurred pursuant to and in compliance with this covenant, the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP. Accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Disqualified Capital Stock in the form of additional Disqualified Capital Stock with the same terms will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. For purposes of determining compliance with this covenant, mark-to-market fluctuations of Hedging Obligations or any other derivative obligations outstanding on the Issue Date shall not constitute Incurrence of Indebtedness.

(5) For purposes of determining compliance with this covenant, the principal amount of Indebtedness denominated in foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; *provided* that if such Indebtedness is Incurred to refinance other Indebtedness denominated in foreign currency, and such refinancing would cause the applicable restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

(6) For purposes of determining compliance with this covenant:

(i) in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including, without limitation, the first paragraph of this covenant, the Company, in its sole discretion, will classify such item of Indebtedness at the time of Incurrence and only be required to include the amount and type of such Indebtedness in one of the above clauses and may later reclassify all or a portion of such item of Indebtedness as having been Incurred pursuant to any other clause to the extent such Indebtedness could be Incurred pursuant to such clause at the time of such reclassification; and

(ii) the Company will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described above, including, without limitation, the first paragraph of this covenant.

Limitation on Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, take any of the following actions (each, a "Restricted Payment"):

(b) declare or pay any dividend or return of capital or make any distribution on or in respect of shares of Capital Stock of the Company or any Restricted Subsidiary to holders of such Capital Stock, other than:

(1) dividends, distributions or returns on capital payable in Qualified Capital Stock of the Company,

(2) dividends, distributions or returns on capital payable to the Company and/or a Restricted Subsidiary, and

(3) dividends, distributions or returns of capital made on a *pro rata* basis to the Company and its Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand (or on a less than *pro rata* basis to any minority holder);

(c) purchase, redeem or otherwise acquire or retire for value:

(1) any Capital Stock of the Company, or

(2) any Capital Stock of any Restricted Subsidiary held by an Affiliate of the Company or any Preferred Stock of a Restricted Subsidiary, except for:

(i) Capital Stock held by the Company or a Restricted Subsidiary, or

(ii) purchases, redemptions, acquisitions or retirements for value of Capital Stock on a *pro rata* basis from the Company and/or any Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand, according to their respective percentage ownership of the Capital Stock of such Restricted Subsidiary;

(d) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment of, as the case may be, any Subordinated Indebtedness (excluding (x) any intercompany Indebtedness between or among the Company and/or any Restricted Subsidiaries provided that it is permitted under the Indenture or(y) the purchase, repurchase or other acquisition of Indebtedness that is contractually subordinate to the notes or any Note Guarantee, as the case may be, purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, within one year of such date of purchase, repurchase or acquisition); or

(e) make any Investment (other than Permitted Investments);

if at the time of the Restricted Payment immediately after giving effect thereto:

(7) a Default or an Event of Default shall have occurred and be continuing;

(8) the Company is not able to Incur at least U.S.$1.00 of additional Indebtedness pursuant to clause (1) of "—Limitation on Incurrence of Additional Indebtedness"; or

(9) the aggregate amount (the amount expended for these purposes, if other than in cash, being the Fair Market Value of the relevant property at the time of the making thereof) of the proposed Restricted Payment and all other Restricted Payments made subsequent to the Issue Date up to the date thereof, less any Investment Return, calculated as of the date thereof, would exceed the sum of:

(A) 50% of cumulative Consolidated Net Income of the Company or, if cumulative Consolidated Net Income of the Company is a loss, minus 100% of the loss, accrued during the period, treated as one accounting period, beginning on the first full fiscal quarter after the Issue Date to the end of the most recent fiscal quarter for which consolidated financial information of the Company is available; *plus*

(B) 100% of the aggregate net cash proceeds received by the Company from any Person from any:

- contribution to the equity capital of the Company (not representing an interest in Disqualified Capital Stock) or issuance and sale of Qualified Capital Stock of the Company, in each case, subsequent to the Issue Date, or

- issuance and sale subsequent to the Issue Date (and, in the case of Indebtedness of a Restricted Subsidiary, at such time as it was a Restricted Subsidiary) of any Indebtedness for borrowed money of the Company or any Restricted Subsidiary that has been converted into or exchanged for Qualified Capital Stock of the Company,

excluding, in each case, any net cash proceeds:

(w) received from a Restricted Subsidiary of the Company;

(x) used to redeem notes under "—Optional Redemption—Optional Redemption Upon Equity Offerings";

(y) used to acquire Capital Stock or other assets from an Affiliate of the Company; or

(z) applied in accordance with clause (2)(y) or (3)(x) of the second paragraph of this covenant below.

Notwithstanding the preceding paragraph, this covenant does not prohibit:

(10) the payment of any dividend within 60 days after the date of declaration of such dividend if the dividend would have been permitted on the date of declaration pursuant to the preceding paragraph;

(11) if no Default or Event of Default shall have occurred and be continuing, the acquisition of any shares of Capital Stock of the Company,

(x) in exchange for Qualified Capital Stock of the Company, or

(y) through the application of the Net Cash Proceeds received by the Company from a substantially concurrent sale of Qualified Capital Stock of the Company or a contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock, in each case not received from a Subsidiary of the Company;

provided, that the value of any such Qualified Capital Stock issued in exchange for such acquired Capital Stock and any such Net Cash Proceeds shall be excluded from clause (d)(3)(B) of the first paragraph of this covenant (and were not included therein at any time);

(12) if no Default or Event of Default shall have occurred and be continuing, the voluntary prepayment, purchase, defeasance, redemption or other acquisition or retirement for value of any Subordinated Indebtedness:

(x) solely in exchange for, or through the application of, Net Cash Proceeds of a substantially concurrent sale, other than to a Restricted Subsidiary of the Company, of Qualified Capital Stock of the Company, or

(y) solely in exchange for Refinancing Indebtedness for such Subordinated Indebtedness,

provided, that the value of any Qualified Capital Stock issued in exchange for Subordinated Indebtedness and any Net Cash Proceeds referred to above shall be excluded from clause (d)(3)(B) of the first paragraph of this covenant (and were not included therein at any time);

(13) repurchases by the Company of Common Stock of the Company or options, warrants or other securities exercisable or convertible into Common Stock of the Company from employees or directors of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment or directorship of the employees or directors, in an amount not to exceed U.S.$5 million in any calendar year and any repurchases other than in connection with compensation of Common Stock of the Company pursuant to binding written agreements in effect on the Issue Date;

(14) repurchases by the Company of Capital Stock of the Company solely with the Net Cash Proceeds of any sale of Repurchased Capital Stock; *provided* that the Company shall only be permitted to repurchase such shares from, and sell such shares to, Persons that are not Affiliates of the Company or any of its Restricted Subsidiaries; provided further, that the aggregate cash proceeds applied to repurchase such Capital Stock, when added with the cash proceeds applied to repurchase all other shares repurchased by the Company after the Issue Date, shall not, at the time of any such repurchase, exceed the aggregate cash proceeds received by the Company from the sale of Repurchased Capital Stock after the Issue Date;

(15) payments of dividends on Disqualified Capital Stock issued pursuant to the covenant described under "—Limitation on Incurrence of Additional Indebtedness"; *provided*, however, that such dividends shall be excluded in the calculation of the amount of Restricted Payments;

(16) non-cash repurchases of Capital Stock deemed to occur upon exercise of stock options, warrants or other similar rights if such Capital Stock represents a portion of the exercise price of such options, warrants or other similar rights;

(17) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company;

(18) purchases of any Subordinated Indebtedness of the Company (A) at a purchase price not greater than 101% of the principal amount thereof (together with accrued and unpaid interest) in the event of the occurrence of a Change of Control or (B) at a purchase price not greater than 100% of the principal amount thereof (together with accrued and unpaid interest) in the event of an Asset Sale in accordance with provisions similar to those set forth under "—Limitation on Asset Sales"; *provided*, however, that prior to such purchase of any such Subordinated Indebtedness, the Company has made the Change of Control Offer as provided under "—Change of Control" or "—Limitation on Asset Sales", respectively, and has purchased all notes validly tendered and not properly withdrawn pursuant thereto; and

(19) so long as (i) no Default or Event of Default shall have occurred and be continuing (or result therefrom) and (ii) the Company could Incur at least U.S.$1.00 of additional Indebtedness pursuant to clause (1) of the first paragraph of the covenant described under "—Limitation on Incurrence of Additional Indebtedness," payment of any dividends on Capital Stock (other than Disqualified Capital Stock) of the Company in an aggregate amount which, when taken together with all dividends paid pursuant to this clause (10), does not exceed U.S.$15 million (or the equivalent in other currencies) in any fiscal year.

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date, amounts expended pursuant to clauses (1) (without duplication for the declaration of the relevant dividend), (4) and (9) above shall be included in such calculation and amounts expended pursuant to clauses (2), (3), (5), (6), (7), (8) and (10) above shall not be included in such calculation.

The amount of any Restricted Payments not in cash will be the Fair Market Value on the date of such Restricted Payment of the property, assets or securities proposed to be paid, transferred or issued by the Company or the relevant Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

Limitation on Asset Sales

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(a) the Company or the applicable Restricted Subsidiary, as the case may be, receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (to be determined as of the date on which such sale is contracted) of the assets sold or otherwise disposed of, and

(b) at least 75% of the consideration received for the assets sold by the Company or the Restricted Subsidiary, as the case may be, in the Asset Sale shall be in the form of cash or Cash Equivalents received at the time of such Asset Sale; *provided* that, for purposes of this clause (b), the assumption by the purchasers of Indebtedness or other obligations (other than Subordinated Debt) of the Company or a Restricted Subsidiary pursuant to a customary novation agreement, and instruments or securities received from the purchasers that are promptly, but in any event within 90 days of the closing, converted by the Company or a Restricted Subsidiary to cash, to the extent of the cash actually so received, shall be considered a Cash Equivalent received at the time of such Asset Sale.

The Company or any Restricted Subsidiary may apply (or enter into a commitment to apply) the Net Cash Proceeds of any such Asset Sale within 365 days thereof to:

(x) repay any Senior Indebtedness for borrowed money or constituting a Capitalized Lease Obligation and permanently reduce the commitments with respect thereto,

(y) make capital expenditures in a Permitted Business, or

(z) purchase:

   (1) assets (except for current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business, or

   (2) all or substantially all of the assets of a Permitted Business or Capital Stock of a Person engaged in a Permitted Business that will become, upon purchase, a Restricted Subsidiary

from a Person other than the Company and its Restricted Subsidiaries.

To the extent all of the Net Cash Proceeds of any Asset Sale are not applied or committed to be applied within the 365 days of the Asset Sale as described in clause (x), (y) or (z) of the immediately preceding paragraph, the Company will make an offer to purchase notes (the “Asset Sale Offer”), at a purchase price equal to 100% of the principal amount of the notes to be purchased, plus accrued and unpaid interest thereon, to the date of purchase (the “Asset Sale Offer Amount”). The Company will purchase pursuant to an Asset Sale Offer from all tendering holders on a *pro rata* basis, and, at the Company’s option, on a *pro rata* basis with the holders of any other Senior Indebtedness with similar provisions requiring the Company to offer to purchase the other Senior Indebtedness with the proceeds of Asset Sales, that principal amount (or accreted value in the case of Indebtedness issued with original issue discount) of the notes and the other Senior Indebtedness to be purchased equal to such unapplied Net Cash Proceeds. The Company may satisfy its obligations under this covenant with respect to the Net Cash Proceeds of an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant 365-day period.

Pending the final application of any Net Cash Proceeds pursuant to this covenant, the holder of such Net Cash Proceeds may apply such Net Cash Proceeds temporarily to reduce Indebtedness outstanding under a revolving credit facility or otherwise invest such Net Cash Proceeds in any manner not prohibited by the Indenture.

The purchase of the notes pursuant to an Asset Sale Offer will occur not less than 20 Business Days following the date thereof, or any longer period as may be required by law, nor more than 45 days following the 365th day following the Asset Sale. The Company may, however, defer an Asset Sale Offer until there is an aggregate amount of unapplied Net Cash Proceeds from one or more Asset Sales equal to or in excess of U.S.$30 million. At that time, the entire amount of unapplied Net Cash Proceeds, and not just the amount in excess of U.S.$30 million, will be applied as required pursuant to this covenant.

Each notice of an Asset Sale Offer will be mailed first class, postage prepaid, to the record holders as shown on the register of holders within 20 days following such 365th day (or such earlier date as the Company shall have elected to make such Asset Sale Offer), with a copy to the Trustee offering to purchase the notes as described above. Each notice of an Asset Sale Offer will state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, other than as may be required by law (the "Asset Sale Offer Payment Date"). Upon receiving notice of an Asset Sale Offer, holders may elect to tender their notes in whole or in part in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof in exchange for cash.

On the Asset Sale Offer Payment Date, the Company will, to the extent lawful:

(20) accept for payment all notes or portions thereof properly tendered pursuant to the Asset Sale Offer;

(21) deposit with the Paying Agent funds in an amount equal to the Asset Sale Offer Amount in respect of all notes or portions thereof so tendered; and

(22) deliver or cause to be delivered to the Trustee the notes so accepted together with an Officer's Certificate stating the aggregate principal amount of the notes or portions thereof being purchased by the Company.

To the extent holders of the notes and holders of other Senior Indebtedness, if any, which are the subject of an Asset Sale Offer properly tender and do not withdraw notes or the other Senior Indebtedness in an aggregate amount exceeding the amount of unapplied Net Cash Proceeds, the Company will purchase the notes and the other Senior Indebtedness on a *pro rata* basis (based on amounts tendered). If only a portion of a note is purchased pursuant to an Asset Sale Offer, a new note in a principal amount equal to the portion thereof not purchased will be issued in the name of the holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a global note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to an Asset Sale Offer will be cancelled and cannot be reissued.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws in connection with the purchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the "Asset Sale" provisions of the Indenture, the Company will comply with these laws and regulations and will not be deemed to have breached its obligations under the "Asset Sale" provisions of the Indenture by doing so.

Upon completion of an Asset Sale Offer, the amount of Net Cash Proceeds will be reset at zero. Accordingly, to the extent that the aggregate amount of the notes and other Indebtedness tendered pursuant to an Asset Sale Offer is less than the aggregate amount of unapplied Net Cash Proceeds, the Company may use any remaining Net Cash Proceeds for general corporate purposes of the Company and its Restricted Subsidiaries.

In the event of the transfer of substantially all (but not all) of the property and assets of the Company and its Restricted Subsidiaries as an entirety to a Person in a transaction permitted under "—Limitation on Merger, Consolidation and Sale of Assets," the Successor Company will be deemed to have sold the properties and assets of the Company and its Restricted Subsidiaries not so transferred for purposes of this covenant, and will comply with the provisions of this covenant with respect to the deemed sale as if it were an Asset Sale. In addition, the Fair Market Value of properties and assets of the Company or its Restricted Subsidiaries so deemed to be sold will be deemed to be Net Cash Proceeds for purposes of this covenant.

If at any time any non-cash consideration received by the Company or any Restricted Subsidiary, as the case may be, in connection with any Asset Sale, is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any non-cash consideration), the conversion or disposition will be deemed to constitute an Asset Sale hereunder and the Net Cash Proceeds thereof will be applied in accordance with this covenant within 365 days of conversion or disposition.

Limitation on the Ownership of Capital Stock of Restricted Subsidiaries

The Company will not permit any Person other than the Company or another Restricted Subsidiary to, directly or indirectly, own or control any Capital Stock of any Restricted Subsidiary, except for:

(23) Capital Stock owned by such Person on the Issue Date;

(24) directors' qualifying shares;

(25) the sale or Disposition of 100% of the shares of the Capital Stock of any Restricted Subsidiary held by the Company and its Restricted Subsidiaries to any Person other than the Company or another Restricted Subsidiary effected in accordance with, as applicable, "—Limitation on Asset Sales" and "—Limitation on Merger, Consolidation and Sale of Assets";

(26) in the case of a Restricted Subsidiary other than a Restricted Subsidiary that is a Wholly Owned Subsidiary, the issuance by that Restricted Subsidiary of Capital Stock on a *pro rata* basis to the Company and its Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of such Restricted Subsidiary, on the other hand (or on less than a *pro rata* basis to any minority holder);

(27) the sale of Capital Stock of a Restricted Subsidiary by the Company or another Restricted Subsidiary or the sale or issuance by a Restricted Subsidiary of its newly-issued Capital Stock if such sale or issuance is made in compliance with "—Limitation on Asset Sales" and either:

    (A) such Restricted Subsidiary is no longer a Subsidiary, and the continuing Investment of the Company and its Restricted Subsidiaries in such former Restricted Subsidiary is in compliance with "—Limitation on Restricted Payments"; or

    (B) such Restricted Subsidiary continues to be a Restricted Subsidiary.

Limitation on Designation of Unrestricted Subsidiaries

The Company may designate after the Issue Date any Subsidiary of the Company other than a Guarantor as an "Unrestricted Subsidiary" under the Indenture (a "Designation") only if:

(28) no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such Designation and any transactions between the Company or any of its Restricted Subsidiaries and such Unrestricted Subsidiary are in compliance with "— Limitation on Transactions with Affiliates";

(29) at the time of and after giving effect to such Designation, the Company could Incur U.S.$1.00 of additional Indebtedness pursuant to clause (1) of "—Limitation on Incurrence of Additional Indebtedness";

(30) the Company would be permitted to make an Investment at the time of Designation (assuming the effectiveness of such Designation and treating such Designation as an Investment at the time of Designation) as a Restricted Payment pursuant to the first paragraph of "—Limitation on Restricted

Payments" in an amount (the "Designation Amount") equal to the amount of the Company's Investment in such Subsidiary on such date; and

(31) the terms of any Affiliate Transaction existing on the date of such Designation between the Subsidiary being Designated (and its Subsidiaries) and the Company or any Restricted Subsidiary would be permitted under "—Limitation on Transactions with Affiliates" if entered into immediately following such Designation;

provided, *however*, that, the provisions of clauses (1) and (2) of this paragraph will not apply in the case of a Designation of a Project Finance Subsidiary as an Unrestricted Subsidiary.

Neither the Company nor any Restricted Subsidiary will at any time:

(32) provide credit support for, subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, or Guarantee, any Indebtedness of any Unrestricted Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness);

(33) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary; or

(34) except with respect to the Term Loan Facility, be directly or indirectly liable for any Indebtedness which provides that the holder thereof may (upon notice, lapse of time or both) declare a default thereon or cause the payment thereof to be accelerated or payable prior to its final scheduled maturity upon the occurrence of a default with respect to any Indebtedness of any Unrestricted Subsidiary, except for any non-recourse Guarantee given solely to support the pledge by the Company or any Restricted Subsidiary of the Capital Stock of such Subsidiary.

The Company may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a "Revocation") only if:

(35) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Revocation; and

(36) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation, if Incurred at such time, would have been permitted to be Incurred for all purposes of the Indenture.

The Designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be deemed to include the Designation of all of the Subsidiaries of such Subsidiary as Unrestricted Subsidiaries. All Designations and Revocations must be evidenced by an Officer's Certificate of the Company, delivered to the Trustee certifying compliance with the preceding provisions.

Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) Except as provided in paragraph (b) below, the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

  (1) pay dividends or make any other distributions on or in respect of its Capital Stock to the Company or any other Restricted Subsidiary or pay any Indebtedness owed to the Company or any other Restricted Subsidiary;

  (2) make loans or advances to, or make any Investment in, the Company or any other Restricted Subsidiary; or

  (3) transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(b) Paragraph (a) above will not apply to encumbrances or restrictions existing under or by reason of:

(1) applicable law, rule, regulation or order;

(2) the Indenture, the notes or the Note Guarantees;

(3) the Term Loan Facility;

(4) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the Issue Date, and any amendments, restatements, renewals, replacements or refinancings thereof; *provided*, that any amendment, restatement, renewal, replacement or refinancing is not materially more restrictive, taken as a whole, with respect to such encumbrances or restrictions than those in existence on the Issue Date as determined in good faith by the Company's senior management;

(5) customary non-assignment provisions of any contract and customary provisions restricting assignment or subletting in any lease governing a leasehold interest of any Restricted Subsidiary;

(6) an agreement governing Indebtedness Incurred to Refinance the Indebtedness issued, assumed or Incurred pursuant to an agreement in place at the Issue Date, provided that such Refinancing agreement is not materially more restrictive with respect to such encumbrances or restrictions than those contained in the agreement referred in this clause;

(7) restrictions with respect to a Restricted Subsidiary of the Company imposed pursuant to a binding agreement which has been entered into for the sale or disposition of Capital Stock or assets of such Restricted Subsidiary to the extent permitted under the Indenture; *provided*, that such restrictions apply solely to the Capital Stock or assets of such Restricted Subsidiary being sold (and in the case of Capital Stock, its Subsidiaries);

(8) customary restrictions imposed on the transfer of copyrighted or patented materials;

(9) Liens permitted to be Incurred pursuant to the provisions of the covenant described under "Certain Covenants—Limitation on Liens" that limit the right of any person to transfer the assets subject to such Liens;

(10) Purchase Money Indebtedness for property acquired in the ordinary course of business and Capitalized Lease Obligations that impose restrictions of the nature discussed in clause (3) of paragraph (a) above on the property so acquired;

(11) restrictions on cash or other deposits imposed by customers under contracts or other arrangements entered into or agreed to in the ordinary course of business not materially more restrictive than those existing on the Issue Date as determined in good faith by the Company's senior management;

(12) customary provisions limiting the payment of dividends in organizational documents, shareholders' agreements, joint venture agreements or similar documents of, or related to, Restricted Subsidiaries that are not Wholly Owned Subsidiaries and which have been entered into with the approval of the Company's Board of Directors;

(13) restrictions in Indebtedness Incurred by a Restricted Subsidiary in compliance with the covenant described under "Certain Covenants—Limitation on Incurrence of Additional Indebtedness"; *provided* that such restrictions (i) are not materially more restrictive with respect to such encumbrances and restrictions than those such Restricted Subsidiary was subject to in agreements related to obligations referenced in clause (3) above or (ii) constitute financial covenants or similar restrictions that limit the ability to pay dividends or make distributions upon

the occurrence or continuance of a default or event of default or that would result in a default or event of default under such Indebtedness upon the declaration or payment of dividends or other distributions;

(14) restrictions customarily granted in connection with securitization, factoring or discounting involving receivables that are imposed in connection with a Qualified Receivables Transaction; and

(15) net worth provisions in leases entered into by the Company or any Restricted Subsidiary in the ordinary course of business not materially more restrictive than those existing on the Issue Date as determined in good faith by the Company's senior management.

Limitation on Layered Indebtedness

The Company will not, and will not permit any Guarantor to, directly or indirectly, Incur any Indebtedness that is subordinate in right of payment to any other Indebtedness, unless such Indebtedness is expressly subordinate in right of payment to the notes or, in the case of a Guarantor, its Note Guarantee, to the same extent, on the same terms and for so long as such Indebtedness is subordinate to such other Indebtedness.

Limitation on Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, incur, grant, assume or suffer to exist any Liens of any kind (except for Permitted Liens) (i) against or upon any of their respective properties or assets, whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, to secure any Indebtedness or trade payables or (ii) deemed to exist in respect of Capitalized Lease Obligations (including any Capitalized Lease Obligations in respect of Sale and Leaseback Transactions), in each case unless contemporaneously therewith effective provision is made:

(37) in the case of the Company or any Restricted Subsidiary that is not a Guarantor, to secure the notes and all other amounts due under the Indenture; and

(38) in the case of a Guarantor, to secure such Guarantor's Note Guarantee of the notes and all other amounts due under the Indenture,

in each case, equally and ratably with such Indebtedness or other obligation (or, in the event that such Indebtedness is subordinated in right of payment to the notes or such Note Guarantee, as the case may be, prior to such Indebtedness or other obligation) with a Lien on the same properties and assets securing such Indebtedness or other obligation for so long as such Indebtedness or other obligation is secured by such Lien.

Limitation on Merger, Consolidation and Sale of Assets

(A) The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person (whether or not the Company is the surviving or continuing Person), or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's properties and assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries), to any Person unless:

(a) either:

(2) the Company shall be the surviving or continuing corporation, or

(3) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease,

conveyance or other disposition the properties and assets of the Company and the Restricted Subsidiaries substantially as an entirety (the "Successor Company"):

(i) shall be a corporation organized and validly existing under the laws of México or the United States of America, any State thereof or the District of Columbia, or any other country that is a member country of the European Union or of the OECD (each a "Permitted Merger Jurisdiction"); and

(ii) shall expressly assume all of the Obligations of the Company under the Indenture, the notes by executing a supplemental indenture and such transaction is otherwise in compliance with the Indenture;

(b) immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(ii) above (including giving effect on a pro forma basis to any Indebtedness, including any Acquired Indebtedness, Incurred or anticipated to be Incurred or discharged in connection with or in respect of such transaction), the Company or such Successor Company, as the case may be:

(4) will have a Consolidated Fixed Charge Coverage Ratio that will be not less than the Consolidated Fixed Charge Coverage Ratio of the Company immediately prior to such transaction; or

(5) will be able to Incur at least U.S.$1.00 of additional Indebtedness pursuant to clause (1) of "— Limitation on Incurrence of Additional Indebtedness";

(c) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(ii) above (including, without limitation, giving effect on a pro forma basis to any Indebtedness, including any Acquired Indebtedness, Incurred or anticipated to be Incurred or discharged and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred or be continuing;

(d) in the case of a transaction resulting in a Successor Company, each Guarantor has confirmed, if necessary, by executing a supplemental indenture, that its Note Guarantee will apply for Obligations of the Successor Company in respect of the Indenture and the notes; and

(e) the Company, or the Successor Company, as the case may be, delivers to the Trustee in form and substance acceptable to the Trustee (x) an Officers' Certificate and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with.

The provisions of clauses (b) and (c) of the previous paragraph will not apply to any merger of the Company into a Guarantor or a Wholly Owned Subsidiary of the Company.

The Successor Company will succeed to, and be substituted for, the Company under the Indenture and the notes.

None of the foregoing restrictions in clause (A) shall apply to (i) any transfer of assets by the Company to any Guarantor, (ii) any transfer of assets by any Guarantor to any other Guarantor, or (iii) any transfer of assets by a Restricted Subsidiary that is not a Guarantor to (x) another Restricted Subsidiary that is not a Guarantor or (y) the Company or any Guarantor.

(B) Each Guarantor will not, and the Company will not cause or permit any such Guarantor to, consolidate with or merge into, or sell or dispose of all or substantially all of its assets to, any Person that is not a Guarantor unless:

(b) such Person (if such Person is the surviving entity) (the "Successor Guarantor") assumes all of the obligations of such Guarantor in respect of its Note Guarantee by executing a supplemental indenture and providing the Trustee with an Officer's Certificate and Opinion of Counsel stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with, and such transaction is otherwise in compliance with the Indenture;

(c) such Note Guarantee is to be released as provided under "Note Guarantees"; or

(d) such sale or other disposition of substantially all of such Guarantor's assets is made in accordance with "—Limitation on Asset Sales."

Subject to certain limitations described in the Indenture, the Successor Guarantor will succeed to, and be substituted for, such Guarantor under the Indenture and such Guarantor's Note Guarantee.

The provisions of clause (B) will not apply to:

(1) any transfer of the properties or assets of a Guarantor to the Company or another Guarantor;

(2) any merger of a Guarantor into the Company or another Guarantor; or

(3) any merger of a Guarantor into a Wholly Owned Subsidiary of the Company.

Limitation on Transactions with Affiliates

(39) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an "Affiliate Transaction"), unless:

(a) the terms of such Affiliate Transaction are on fair and reasonable terms not less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company;

(b) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with an aggregate value in excess of U.S.$15 million (or the equivalent thereof at the time of determination), the Company must first deliver to the Trustee an Officers' Certificate to the effect that such transaction or series of related transactions comply with clause (a) above; and

(c) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with an aggregate value in excess of U.S.$25 million (or the equivalent thereof at the time of determination), the Company must first deliver to the Trustee an opinion or resolution of the majority of the members of the Company's Board of Directors that such transaction or series of related transactions comply with clause (a) above.

(40) Paragraph (1) above does not apply to:

(a) any transaction between the Company and any Restricted Subsidiary or between or among Restricted Subsidiaries;

(b) transactions with a Person (other than an Unrestricted Subsidiary) that is an Affiliate of the Company solely because the Company owns (directly or indirectly through an Unrestricted Subsidiary) Capital Stock in, or controls, such Person;

(c) reasonable fees and compensation (whether in cash or Capital Stock of the Company) paid to, and any indemnity provided on behalf of, officers, directors, employees, consultants or agents of the Company or any Restricted Subsidiary as determined in good faith by the Company's Board of Directors or, to the extent consistent with past practice, senior management;

(d) Permitted Investments and any Restricted Payments that do not violate the provisions under the caption "—Limitation on Restricted Payments";

(e) transactions pursuant to any contractual obligations or rights in existence on the Issue Date, as amended, modified or replaced from time to time so long as the amended, modified or new agreements, taken as a whole, are no less favorable to the Company and its Restricted Subsidiaries than those in effect on the Issue Date, as determined in good faith by the Company's senior management;

(f) any Intercompany Indebtedness in compliance with "—Limitation on Incurrence of Additional Indebtedness";

(g) any Sale Leaseback Transaction otherwise permitted under clause (2)(i) in the caption "—Limitation on Incurrence of Additional Indebtedness" if such transaction is on market terms;

(h) transactions with customers, clients, suppliers, contractors, joint venture partners or purchasers or sellers of goods or services that are Affiliates, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture which are fair to the Company and its Restricted Subsidiaries, in the reasonable determination of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(i) loans and advances to officers, directors and employees of (A) the Company in an amount not to exceed US$3 million or (B) any Restricted Subsidiary for travel, entertainment, moving and other relocation expenses, in each case made in the ordinary course of business in amounts consistent with the past practice of the Company or such Restricted Subsidiary;

(j) any employment agreements entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(k) sales of accounts receivable, or participations therein, or any related transaction, in connection with any Qualified Receivables Transaction;

(l) cost-sharing and tax-sharing arrangements among the Company and any of its Affiliates; and

(m) the issuance of Capital Stock (other than Disqualified Capital Stock) of the Company to any of its direct or indirect parent companies or to any of its Restricted Subsidiaries.

Conduct of Business

The Company and its Restricted Subsidiaries will not engage in any business other than a Permitted Business.

Reports to Holders

So long as any notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will furnish to the holders of the notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The Company will furnish or cause to be furnished to the Trustee in English (for distribution only to the holders of notes):

- within 60 days after the close of each fiscal quarter in each fiscal year of the Company commencing with the quarter ending March 31, 2013, copies of (i) the complete unaudited, consolidated balance sheet of the Company and each Guarantor (other than GCC Cemento) for such period, together with the related unaudited, consolidated statement of income, statement of changes in shareholders' equity and statement of cash flows of the Company and such Guarantor for such period, and (ii) the complete unaudited, unconsolidated balance sheet of GCC Cemento for such period, together with the related unaudited, unconsolidated statement of income, statement of changes in shareholders' equity and statement of cash flows of GCC Cemento for such period, all of which shall be prepared in accordance with Reporting GAAP, certified by an Officer's Certificate issued by the chief financial officer of the companies being reported on as fairly presenting, in all material respects, their financial position, results of operations and changes in financial position, subject to normal recurring year-end adjustments; and

- within 120 days after the close of each fiscal year of the Company commencing with the fiscal year ended December 31, 2012, (i) the consolidated and consolidating balance sheets of the Company and of each Guarantor (other than GCC Cemento) for such fiscal year, together with the related consolidated and consolidating statement of income, statement of changes in shareholders' equity and statement of cash flows of the Company and of each Guarantor (other than GCC Cemento) for such period, and (ii) the complete unconsolidated balance sheet of GCC Cemento for such fiscal year, together with the related unconsolidated statement of income, statement of changes in shareholders' equity and statement of cash flows of GCC Cemento for such period, in each case, prepared in accordance with Reporting GAAP, together with an audit report thereon by the Company's independent public accountants.

Each such financial statements will include a management's discussion and analysis of financial condition and results of operations, addressing the Company's consolidated results of operations for the relevant annual period and the most recent comparable period, and the Company's liquidity and capital resources.

For the avoidance of doubt, compliance by the Company with respect to all covenants in the Indenture other than this reporting covenant shall be governed exclusively by GAAP. Reporting GAAP shall only be applicable to financial statements and reports prepared by the Company for the purpose of complying with the matters specified in the second paragraph above.

So long as the notes are outstanding, the Company will make available the information specified in the preceding paragraphs at the specified office of each paying agent of the notes.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such reports shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's or any other Person's compliance with any of its covenants under the Indenture or the notes (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

The Trustee shall not be obligated to monitor or confirm, on a continuing basis or otherwise, the Company's or any other Person's compliance with the covenants described above or with respect to any reports or other documents filed under the Indenture, nor shall the Trustee have any responsibility for the timeliness or content of any filing.

Notwithstanding anything in the Indenture to the contrary, the Company will not be deemed to have failed to comply with any of its obligations hereunder for purposes of clause (4) under "Events of Default" or for any other purpose hereunder until 60 days after the date any report hereunder is due.

Listing

Application has been made to the Irish Stock Exchange for the approval of this document as Listing Particulars. Application has been made to the Irish Stock Exchange for the notes to be admitted to the official list and to trading on the GEM of the Irish Stock Exchange. The GEM is not a regulated market for the purposes of Directive 2004/39/EC. There can be no guarantee that the notes become listed, and if listed, that they remain listed. See "Risk Factors—Risks Related to our Indebtedness, the Notes and the Guarantees—There may not be a liquid trading market for the notes."

Notices

All notices to holders of the notes will be validly given if mailed to them at their respective addresses in the register of the holders of such notes, if any, maintained by the registrar. For so long as any notes are represented by global notes, all notices to holders of the notes will be delivered to Euroclear, Clearstream and DTC, delivery of which shall be deemed to satisfy the requirements of this paragraph.

Each such notice shall be deemed to have been given on the date of delivery or mailing. Any notice or communication mailed to a holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to them if so mailed within the time prescribed. Failure to mail a notice or communication to a holder or any defect in it shall not affect its sufficiency with respect to other holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

In addition, from and after the date the notes are admitted to the official list and to trading on the GEM of the Irish Stock Exchange and so long as it is required by the rules of such exchange, all notices to holders of notes will be published in English:

(1) in a leading newspaper having a general circulation in Ireland;

(2) if such Irish publication is not practicable, in one other leading English language newspaper being published on each day in morning editions, whether or not it will be published in Saturday, Sunday or holiday editions; or

(3) on the website of the Irish Stock Exchange at www.ise.ie.

Notices will be deemed to have been given on the date of mailing or of publication as aforesaid or, if published on different dates, on the date of the first such publication.

Events of Default

The following are "Events of Default":

(41) default in the payment when due of the principal of or premium, if any, or any related Additional Amount, if any, on any note, including the failure to make a required payment to purchase notes tendered pursuant to an optional redemption, a Change of Control Offer or an Asset Sale Offer;

(42) default for 30 days or more in the payment when due of interest or Additional Amounts on any notes;

(43) the failure to perform or comply with any of the provisions described under "Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets";

(44) the failure by the Company or any Restricted Subsidiary to comply with, or in the case of non-guarantor Restricted Subsidiaries, to perform according to, any other covenant or agreement contained in the Indenture or in the notes for 45 consecutive days or more after written notice to the Company from the Trustee or the holders of at least 25% in aggregate principal amount of the outstanding notes;

(45) default by the Company or any Restricted Subsidiary under any Indebtedness which:

    (a) is caused by a failure to pay principal of or premium, if any, when due or interest on such Indebtedness prior to the later of the expiration of any applicable grace period provided in such Indebtedness on the date of such default or five days past when due; or

    (b) results in the acceleration of such Indebtedness prior to its stated maturity;

and the principal or accreted amount of Indebtedness covered by (a) or (b) at the relevant time, aggregates U.S.$25 million or more;

(46) failure by the Company or any of its Restricted Subsidiaries to pay and discharge one or more final judgments against any of them, aggregating U.S.$25 million or more, which judgment(s) are not paid, discharged or stayed for a period of 60 consecutive days after the entry thereof or discharged within 120 days after the expiration of such stay;

(47) certain events of bankruptcy under applicable law (including *concurso mercantil* or *quiebra*) affecting the Company or any of its Restricted Subsidiaries;

(48) except as permitted by the Indenture, any Note Guarantee is held to be unenforceable or invalid in a judicial proceeding or ceases for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms such Guarantor’s obligations under its Note Guarantee;

(49) any security interest of the Trustee and the holders of notes created by the Security Documents is held to be unenforceable or invalid in a judicial proceeding or ceases to be in full force and effect; or

(50) all or substantially all of the undertaking, assets and revenues of the Company or any of its Restricted Subsidiaries, taken as a whole, are condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government or the Company or any of its Restricted Subsidiaries is prevented by any such Person for a period of 60 consecutive days or longer from exercising normal control over all or substantially all of their undertakings, assets and revenues on a consolidated basis.

If an Event of Default (other than an Event of Default specified in clause (7) above with respect to the Company) shall occur and be continuing, the Trustee or the holders of at least 25% in principal amount of outstanding notes may declare the unpaid principal of (and premium, if any) and accrued and unpaid interest on all the notes to be immediately due and payable by notice in writing to the Company and the Trustee specifying the Event of Default and that it is a “notice of acceleration.” If an Event of Default specified in clause (7) above occurs with respect to the Company, then the unpaid principal of (and premium, if any) and accrued and unpaid interest on all the notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any holder.

At any time after a declaration of acceleration with respect to the notes as described in the preceding paragraph, the holders of a majority in principal amount of the notes may rescind and cancel such declaration and its consequences:

(51) if the rescission would not conflict with any judgment or decree;

(52) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;

(53) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and

(54) if the Company has paid the Trustee its reasonable compensation and reimbursed the Trustee for its reasonable expenses, disbursements and advances.

No rescission will affect any subsequent Default or impair any rights relating thereto.

The holders of a majority in principal amount of the notes may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any notes.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the holders, unless such holders have offered to the Trustee indemnity satisfactory to it. Subject to all provisions of the Indenture and applicable law, the holders of a majority in aggregate principal amount of the then outstanding notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

No holder of any notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless:

(55) such holder gives to the Trustee written notice of a continuing Event of Default;

(56) holders of at least 25% in principal amount of the then outstanding notes make a written request to pursue the remedy;

(57) such holders of the notes provide the Trustee indemnity satisfactory to it;

(58) the Trustee does not comply within 60 days; and

(59) during such 60 day period the holders of a majority in principal amount of the outstanding notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request;

provided, that a holder of a note may institute suit for enforcement of payment of the principal of and premium, if any, or interest on such note on or after the respective due dates expressed in such note.

The Company is required to deliver to the Trustee written notice of any event which would constitute Defaults or Events of Default, their status and what action the Company is taking or proposes to take in respect thereof. In addition, the Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous fiscal year. The Indenture provides that if a Default or Event of Default occurs, is continuing and is actually known to the Trustee, the Trustee must mail to each holder notice of the Default or Event of Default within 90 days after the occurrence thereof. Except in the case of a Default or Event of Default in the payment of principal of, premium, if any, or interest on any note, the Trustee may withhold notice if and so long as it determines that withholding notice is in the interest of the holders.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have its obligations discharged with respect to the outstanding notes after the deposit referred to below has been made ("Legal Defeasance"). Such Legal Defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the outstanding notes upon fulfillment of the conditions described below, except for:

(60) the rights of holders to receive payments in respect of the principal of, premium, if any, and interest on the notes when such payments are due from the trust described below;

(61) the Company's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payments;

(62) the rights, powers, trust, duties and immunities of the Trustee and the Company's obligations in connection therewith; and

(63) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations released with respect to certain covenants that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with such obligations will not constitute a Default or Event of Default with respect to the notes. In the event Covenant

Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, reorganization and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(64) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the holders, cash in U.S. Dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest (including Additional Amounts) on the notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(65) in the case of Legal Defeasance, the Company must deliver to the Trustee an Opinion of Counsel from counsel in the United States reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that:

(a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

(b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(66) in the case of Covenant Defeasance, the Company must deliver to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) to the effect that the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(67) no Default or Event of Default shall have occurred and be continuing on the date of the deposit pursuant to clause (1) of this paragraph (except any Default or Event of Default resulting from the failure to comply with "Certain Covenants—Limitation on Incurrence of Additional Indebtedness" as a result of the borrowing of funds required to effect such deposit);

(68) the Trustee has received an Officer's Certificate stating that such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under the Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(69) the Company has delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(70) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel independent of the Company, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(71) the Company has delivered to the Trustee an Opinion of Counsel independent of the Company to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act of 1940.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes, as expressly provided for in the Indenture) as to all outstanding notes when:

(72) either:

(a) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all notes not theretofore delivered to the Trustee for cancellation have become due and payable, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States sufficient without reinvestment to pay and discharge the entire Indebtedness on the notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the notes to the date of deposit, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment;

(73) the Company has paid all other sums payable under the Indenture and the notes by it; and

(74) the Company has delivered to the Trustee an Officer's Certificate stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of the Indenture

From time to time, the Company, the Guarantors and the Trustee, without the consent of the holders, may amend the Indenture or the notes for certain specified purposes, including curing ambiguities, defects or inconsistencies, adding Note Guarantees or covenants, issuing Additional Notes, and making other changes which do not adversely affect the rights of any of the holders in any material respect. In executing such supplemental indentures, the Trustee will be entitled to rely on such evidence as it deems appropriate, including solely on an Opinion of Counsel and an Officer's Certificate. Other modifications and amendments of the Indenture or the notes may be made with the consent of the holders of a majority in principal amount of the then outstanding notes issued under the Indenture, except that, without the consent of each holder affected thereby, no amendment may:

(75) reduce the amount of notes whose holders must consent to an amendment or waiver;

(76) reduce the rate of or change or have the effect of changing the time for payment of interest, including defaulted interest, on any notes;

(77) reduce the principal of or change or have the effect of changing the fixed maturity of any notes, or change the date on which any notes may be subject to redemption, or reduce the redemption price therefor;

(78) make any notes payable in money other than that stated in the notes;

(79) make any change in provisions of the Indenture entitling each holder to receive payment of principal of, premium, if any, and interest on such note on or after the due date thereof or to bring suit to enforce such payment, or permitting holders of a majority in principal amount of notes to waive Defaults or Events of Default;

(80) amend, change or modify in any material respect the obligation of the Company to make and consummate a Change of Control Offer in respect of a Change of Control that has occurred or make and consummate an Asset Sale Offer with respect to any Asset Sale that has been consummated;

(81) make any change in the provisions of the Indenture described under “Additional Amounts” that adversely affects the rights of any holder or amend the terms of the notes in a way that would result in a loss of exemption from Taxes; and

(82) make any change to the provisions of the Indenture or the notes that adversely affect the ranking of the notes.

Governing Law; Jurisdiction

The Indenture and the notes will be governed by, and construed in accordance with, the law of the State of New York. The Company and the Guarantors have consented to the jurisdiction of the Federal and State courts located in The City of New York, Borough of Manhattan and have appointed an agent for service of process with respect to any actions brought in these courts arising out of or based on the Indenture or the notes.

The Trustee

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Indenture contains certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payments of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise.

No Personal Liability

An incorporator, director, officer, employee, stockholder or controlling person, as such, of the Company or any Guarantor will not have any liability for any obligations of the Company or any Guarantor under the notes (including the Note Guarantees) or the Indenture or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a note, each holder waives and releases all such liability.

Currency Indemnity

The Company and each Guarantor will pay all sums payable under the notes solely in U.S. Dollars. Any amount that you receive or recover in a currency other than U.S. Dollars in respect of any sum expressed to be due to you from the Company or any Guarantor will only constitute a discharge to us to the extent of the U.S. Dollar amount which you are able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery or, if it is not practicable to make the purchase on that date, on the first date on which you are able to do so. If the U.S. Dollar amount is less than the U.S. Dollar amount expressed to be due to you under any note, the Company and each Guarantor will indemnify you, to the greatest extent permitted by law, against any loss you sustain as a result. In any event, the Company and each Guarantor will indemnify you, to the greatest extent permitted by law, against the cost of making any purchase of U.S. Dollars. For the purposes of this paragraph, it will be sufficient for you to certify in a satisfactory manner that you would have suffered a loss had an actual purchase of U.S. Dollars been made with the amount received in that other currency on the date of receipt or recovery or, if it was not practicable to make the purchase on that date, on the first date on which you were able to do so. In addition, you will also be required to certify in a satisfactory manner the need for a change of the purchase date.

The indemnities described above:

- constitute a separate and independent obligation from the other obligations of the Company and the Guarantors;

- will give rise to a separate and independent cause of action;

- will apply irrespective of any indulgence granted by any holder; and

- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for a full definition of all such terms, as well as any other terms used herein for which no definition is provided.

"*Acquired Indebtedness*" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or any of its Restricted Subsidiaries or is assumed in connection with the acquisition of assets from such Person. Such Indebtedness will be deemed to have been Incurred at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or a Restricted Subsidiary or at the time such Indebtedness is assumed in connection with the acquisition of assets from such Person.

"*Acquisition*" means any merger, consolidation, acquisition or lease of assets, acquisition of securities or business combination or acquisition, or any two or more of such transactions, if, upon the completion of such transaction or transactions, the Company or any Restricted Subsidiary thereof has acquired an interest in any Person who would be deemed to be a Restricted Subsidiary under the Indenture and was not a Restricted Subsidiary prior thereto.

"*Additional Amounts*" has the meaning set forth under "—Additional Amounts" above.

"*Additional Notes*" has the meaning set forth under "—Additional Notes" above.

"*Adjusted Consolidated EBITDA*" means, with respect to any period, the sum (without duplication), of (i) the Consolidated Operating Income for such period, plus (ii) depreciation and amortization of assets, any provision for an allowance for doubtful accounts, any provision for obsolete inventory, and the positive difference, if any, between any pension expense less any pension contributions made during such period, in each case determined in accordance with GAAP for such period, *provided* that, to the extent otherwise included therein, Adjusted Consolidated EBITDA shall be decreased by the amount of any equity payments that are actually paid in cash (or to the extent converted into cash) to the Company or its consolidated Subsidiaries in respect of such period; *provided further* that, (x) any Person that became a consolidated Subsidiary of the Company or all or substantially all of whose assets were acquired by the Company or a consolidated Subsidiary of the Company during such period shall be included in the calculation of Adjusted Consolidated EBITDA on a *pro forma* basis and calculated as if such acquisition occurred on the first day of such period, to the extent that such acquisition is not so included as a result of consolidation under GAAP, and (y) any disposition of a consolidated Subsidiary or all or substantially all of its assets or of any division or line of business occurring during such period (but after the Issue Date) shall be excluded on a *pro forma* basis in a similar fashion, it being understood that, if the proceeds of any such disposition are applied to repay, repurchase or redeem any indebtedness (other than ordinary working capital borrowings), the application thereof shall be deemed to have occurred at the beginning of the period for which the Leverage Ratio is being calculated; *provided even further* that, notwithstanding any requirements of GAAP to the contrary, the determination of Adjusted Consolidated EBITDA for purposes of determining the Leverage Ratio on the last day of each fiscal quarter of the Company shall be calculated on a Dollar-basis by converting any Peso-denominated income-statement accounts of the Company and its consolidated Subsidiaries into Dollars as of the end of each calendar month during such four-quarter period on the basis of the Period Average Exchange Rate (this is, monthly conversions in accordance with GAAP).

"*Affiliate*" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. Solely for purposes of this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Affiliate Transaction*" has the meaning set forth in "Certain Covenants—Limitations on Transactions with Affiliates" above.

"*Asset Sale*" means any direct or indirect sale, disposition, issuance, conveyance, transfer, lease (other than an operating lease entered into in the ordinary course of business), assignment or other transfer, including a Sale and Leaseback Transaction (each, a "disposition") by the Company or any Restricted Subsidiary of:

(a) any Capital Stock other than Capital Stock of the Company (other than directors' qualifying shares); or

(b) any property or assets (other than cash, Cash Equivalents or Capital Stock) of the Company or any Restricted Subsidiary.

Notwithstanding the preceding, the following will not be deemed to be Asset Sales:

(83) the disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries as permitted under "Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets" or any disposition which constitutes a Change of Control;

(84) any disposition of (i) property or equipment that, in the reasonable determination of the Company, is not usable or has become obsolete, worn out or damaged or is otherwise no longer useful or unused in the ordinary course of business or (ii) any disposition of inventory or goods (or other assets) held for sale or no longer used in the ordinary course of business;

(85) for purposes of "Certain Covenants—Limitation on Asset Sales" only, the making or disposition of a Permitted Investment or Restricted Payment permitted under "Certain Covenants—Limitation on Restricted Payments";

(86) a disposition to the Company or a Restricted Subsidiary, including a Person that is or will become a Restricted Subsidiary immediately after the disposition;

(87) the creation of a Lien permitted under the Indenture (other than a deemed Lien in connection with a Sale and Leaseback Transaction);

(88) (i) the disposition of Receivables Assets pursuant to a Qualified Receivables Transaction and (ii) the disposition of other accounts receivable in the ordinary course of business;

(89) (i) the licensing or sublicensing of intellectual property or other general intangibles, including entering into cross-licensing arrangements, in the ordinary course of business and (ii) the abandonment or other disposition of intellectual property that is, in the reasonable judgment of management of the Company or the relevant Restricted Subsidiary, no longer economically convenient to maintain or useful in the conduct of the Permitted Business;

(90) the disposition of inventory pursuant to an Inventory Financing or similar arrangement in the ordinary course of business that is otherwise permitted under the Indenture;

(91) the disposition of any asset compulsorily acquired by a Governmental Authority;

(92) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements;

(93) the good faith surrender or waiver of contract rights, tort claims or statutory rights in connection with a settlement to the extent permitted under this Indenture;

(94) sales, leases, licensing, conveyances or other dispositions, including, without limitation, exchanges or swaps of assets, for the development of the Company's or any of its Restricted Subsidiaries' projects in the ordinary course of business;

(95) the lease, assignment, licensing or sub-lease or sub-licensing of any real or personal property in the ordinary course of business;

(96) sales, transfers and other dispositions of any interest in a Project Finance Subsidiary; and

(97) any disposition or series of related dispositions involving property or assets with a Fair Market Value not to exceed the greater of U.S.$5 million (or the equivalent in other currencies).

"*Asset Sale Offer*" has the meaning set forth under "Certain Covenants—Limitation on Asset Sales" above.

"*Board of Directors*" means, as to any Person, the board of directors, management committee or similar governing body of such Person or any duly authorized committee thereof.

"*Business Day*" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City, New York or México, D.F., México are authorized or required by law or other governmental action to remain closed.

"*Capital Stock*" means:

(98) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person;

(99) with respect to any Person that is not a corporation, any and all partnership or other equity or ownership interests of such Person; and

(100) any warrants, rights or options to purchase any of the instruments or interests referred to in clause (1) or (2) above, but excluding any Indebtedness exchangeable into such equity interest in existence on the Issue Date or Incurred pursuant to "Certain Covenants—Limitation on Incurrence of Additional Indebtedness."

"*Capitalized Lease Obligations*" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP. For purposes of this definition, the amount of such obligations at any date will be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"*Cash Equivalents*" means:

(101) marketable direct obligations issued by, or unconditionally guaranteed by, the United States government or issued by any agency or instrumentality thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof;

(102) marketable direct obligations issued by the Mexican government, or issued by any agency thereof, including but not limited to, *Certificados de la Tesorería de la Federación* (Cetes), *Bonos de Desarrollo del Gobierno Federal* (Bondes) or *Bonos Ajustables del Gobierno Federal* (Ajustabonos), in each case, issued by the government of México and maturing not later than one year after the acquisition thereof;

(103) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Fitch or any successor thereto;

(104) commercial paper or corporate debt obligations issued by any Person maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 or AAA from S&P, at least F-1 or AAA from Fitch or P-1 or Aaa from Moody's;

(105) demand deposits, certificates of deposit, time deposits or bankers' acceptances or other short-term unsecured debt obligations (and any cash or deposits in transit in any of the foregoing) maturing within one year from the date of acquisition thereof issued by (a) any bank organized under the laws of the United States of America or any state thereof or the District of Columbia, (b) any U.S. branch of a non-U.S. bank having at the date of acquisition thereof combined capital and surplus of not less than U.S.$500 million, or (c) in the case of Mexican peso deposits, any financial institution in good standing with Banco de México organized under the laws of México having outstanding indebtedness rated at least "A-" by S&P or at least A3 by Moody's (or the equivalent of such rating by such rating organization, or, if no rating of S&P or Moody's then exists because neither of the foregoing then rates obligations of the type described in this clause, the equivalent of such rating by any other United States nationally recognized securities rating agency).

(106) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (1) and (2) above entered into with any bank meeting the qualifications specified in clause (5) above;

(107) investments in money market funds which invest substantially all of their assets in securities of the types described in clauses (1) through (6), (8) and (9);

(108) certificates of deposit issued by any of Nacional Financiera, S.N.C., Banco Nacional de Comercio Exterior, S.N.C., Banco Nacional de Obras y Sevicios Públicos, S.N.C. or any other development bank controlled by the Mexican government;

(109) any other debt instrument rated "investment grade" (or the local equivalent thereof according to local criteria in a country in which the Company or a Restricted Subsidiary operates and in which local pensions are permitted by law to invest) with maturities of one year or less from the date of acquisition; and

(110) Investments in mutual funds, managed by banks, with a local currency credit rating of at least MxAA by S&P or other equally reputable local rating agency, that invest principally in marketable direct obligations issued by the Mexican Government, or issued by any agency or instrumentality thereof.

In the case of Investments by any Restricted Subsidiary, Cash Equivalents will also include (a) investments of the type and maturity described in clauses (1) through (10) of any Restricted Subsidiary outside of México in the country in which such Restricted Subsidiary operates, which Investments or obligors (or the parents of such obligors) have ratings described in such clauses or equivalents ratings from comparable foreign rating agencies, (b) local currencies and other short-term investments utilized by Restricted Subsidiaries in accordance with normal investment practices for cash management in investments analogous to the foregoing investments in clauses (1) through (10) and in this paragraph and (c) investments of the type described in clauses (1) through (9) maturing within one year of the Issue Date.

"*Change of Control*" means the occurrence of one or more of the following events:

(1) any Person who is not a Controlling Shareholder, or two or more Persons who are not Controlling Shareholders acting in concert shall have acquired beneficial ownership, directly or indirectly, of Voting Stock of the Company (or other securities convertible into such voting securities) representing 51% or more of the combined voting power of all Voting Stock of the Company; or

(2) any Person who is not a Controlling Shareholder, or two or more Persons who are not Controlling Shareholders acting in concert, shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of the power directly or indirectly to name the majority of the members of the Board of Directors of the Company or

directly or indirectly to vote or control the vote of a majority of the Voting Stock of the Company (or other securities convertible into such voting securities).

As used in the foregoing definition, "*Controlling Shareholder*" means any of the related (by blood or marriage) individuals whose names were, on September 30, 2012, set forth in the shareholder registries of Acciones y Valores del Norte, S.A. de C.V. and Promotora de Inversiones Mexicanas, S.A. de C.V., the principal indirect shareholders of Camcem, S.A. de C.V., which individuals, as of such date, owned indirectly a majority of the combined voting power of all Voting Stock of the Company.

"*Change of Control Offer*" has the meaning set forth under "—Change of Control" above.

"*Change of Control Payment*" has the meaning set forth under "—Change of Control" above.

"*Change of Control Payment Date*" has the meaning set forth under "—Change of Control" above.

"*Collateral*" has the meaning set forth under "Security Interest" above.

"*Collateral Agent*" means Deutsche Bank Trust Company Americas, as collateral agent under the Intercreditor and Collateral Agency Agreement.

"*Commission*" means the U.S. Securities and Exchange Commission, or any successor agency thereto with respect to the regulation or registration of securities in the United States of America.

"*Commodity Price Purchase Agreement*" means, in respect of any Person, any forward contract, commodity swap agreement, commodity option agreement or other similar agreement or arrangement designed to protect such Person from fluctuations in commodity prices.

"*Common Stock*" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common equity interests, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common equity interests.

"*Consolidated EBITDA*" means, for any Person for any period, Consolidated Net Income for such Person for such period, plus the following, without duplication, to the extent deducted or added in calculating such Consolidated Net Income:

(1) Consolidated Income Tax Expense and workers' profit sharing for such Person for such period;

(2) Consolidated Interest Expense for such Person for such period;

(3) any exchange gain (or loss) and other related expenses;

(4) any income or loss from discontinued operations;

(5) any income or loss from foreign exchange translation or change in net monetary position;

(6) Consolidated Non-Cash Charges for such Person for such period;

(7) net after-tax losses from Asset Sale transactions or abandonments, impairments or reserves (write offs) relating thereto for such period;

(8) any income or loss from extraordinary transactions, including non-recurring severance payments to employees or any income or loss from sales of Subsidiaries' Capital Stock; and

(9) the cumulative effect of changes in accounting principles.

less (x) all non-cash credits and gains increasing Consolidated Net Income for such Person for such period, other than any items which represent the reversal in such period of any accrual of, or cash reserve for, anticipated charges in any prior period where such accrual or reserve is no longer required under GAAP and (y) all cash payments made by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) during such period relating to non-cash charges that were added back in determining Consolidated EBITDA in any prior period.

Notwithstanding any requirements of GAAP to the contrary, the determination of Consolidated EBITDA for purposes of determining compliance with the Consolidated Fixed Charge Coverage Ratio shall be calculated on a Dollar-basis by converting any Peso-denominated income-statement accounts of the Company and its consolidated Subsidiaries into Dollars as of the end of each calendar month during such four-quarter period on the basis of the Period Average Exchange Rate (this is, monthly conversions in accordance with GAAP).

"*Consolidated Fixed Charge Coverage Ratio*" means, with respect to any Person as of any date of determination, the ratio of the aggregate amount of Consolidated EBITDA of such Person for the four most recent full fiscal quarters for which financial statements are available ending prior to the date of such determination (the "*Four Quarter Period*") to Consolidated Fixed Charges for such Person for such Four Quarter Period. For purposes of this definition, Consolidated EBITDA and Consolidated Fixed Charges will be calculated after giving effect on a *pro forma* basis in good faith for the period of such calculation for the following:

(1) the Incurrence, repayment or redemption of any Indebtedness (including Acquired Indebtedness) of such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company) and the application of the proceeds thereof, including the Incurrence of any Indebtedness (including Acquired Indebtedness), and the application of the proceeds thereof, giving rise to the need to make such determination, occurring during such Four Quarter Period and at any time subsequent to the last day of such Four Quarter Period and prior to or on such date of determination, as if such Incurrence, and the application of the proceeds thereof, repayment or redemption occurred on the first day of such Four Quarter Period; and

(2) any Asset Sale transaction or Acquisition by such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company), including any Asset Sale or Acquisition giving rise to the need to make such determination, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and prior to or on such date of determination, as if such Asset Sale transaction or Acquisition occurred on the first day of such Four Quarter Period.

Furthermore, in calculating "Consolidated Fixed Charges" for purposes of determining the denominator (but not the numerator) of this "Consolidated Fixed Charge Coverage Ratio":

(a) interest on any Indebtedness bearing a floating rate of interest will be calculated as if the rate in effect on the applicable date of determination had been the applicable rate for the entire Four Quarter Period;

(b) interest on any Indebtedness under a revolving credit facility will be computed based upon the average daily balance of such Indebtedness during such Four Quarter Period, or if such facility was created after the end of such Four Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation;

(c) interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, will be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Company may designate;

(d) interest on a Capital Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capital Lease Obligation in accordance with GAAP; and

(e) notwithstanding clause (a) above, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by Hedging Obligations, will be deemed to accrue at the rate per annum resulting after giving effect to the operation of such agreements.

"*Consolidated Fixed Charges*" means, for any Person for any period, the sum, without duplication, of:

(1) Consolidated Interest Expense for such Person for such period, plus

(2) the amount of all cash and non-cash dividend payments on any series of Preferred Stock or Disqualified Capital Stock of such Person (other than dividends paid in Qualified Capital Stock) or any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) paid, accrued or scheduled to be paid or accrued during such period, excluding dividend payments on Preferred Stock or Disqualified Capital Stock paid, accrued or scheduled to be paid to such Person or another Subsidiary (Restricted Subsidiary in the case of the Company).

"*Consolidated Income Tax Expense*" means, with respect to any Person for any period, the provision for U.S. federal, state and local and any other non-U.S. income and asset taxes payable, including current and deferred taxes, by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period as determined on a consolidated basis in accordance with GAAP.

"*Consolidated Indebtedness*" means, at any time and without duplication, all outstanding Indebtedness of the Company and its consolidated Subsidiaries outstanding at such time determined in accordance with GAAP; *provided* that, notwithstanding any requirements of GAAP to the contrary, the determination of Consolidated Indebtedness for purposes of the Leverage Ratio on the last day of each fiscal quarter of the Company shall be calculated on a U.S. Dollar-basis by converting any Peso-denominated Indebtedness of the Company and its consolidated Subsidiaries into Dollars as of the end of such fiscal quarter.

"*Consolidated Interest Expense*" means, for any Person for any period, the sum of, without duplication determined on a consolidated basis in accordance with GAAP, the aggregate of cash and non-cash interest expense of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period determined on a consolidated basis in accordance with GAAP, including, without limitation (whether or not interest expense in accordance with GAAP):

(1) any amortization or accretion of debt discount or any interest paid on Indebtedness of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) in the form of additional Indebtedness;

(2) any amortization of deferred financing costs but excluding the amortization of any capitalized amount of any fees and expenses in connection with (a) any Indebtedness existing prior to the Issue Date that is being Refinanced with Senior Indebtedness, (b) the Senior Notes and (c) the Term Loan Facility;

(3) the net costs under Hedging Obligations (but excluding amortization of fees);

(4) all capitalized interest, except in the case of capitalized interest relating to financing for construction of, or improvement to, plants, properties or equipment, prior to the date of completion of such construction or improvement, as permitted by GAAP;

(5) the interest portion of any deferred payment obligation;

(6) commissions, discounts and other fees and charges Incurred in respect of letters of credit or bankers' acceptances; and

(7) any interest expense paid in respect of Indebtedness of another Person that is Guaranteed by such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company) or secured by a Lien on the assets of such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company).

Notwithstanding any requirements of GAAP to the contrary, the determination of Consolidated Interest Expense for purposes of determining compliance with the Consolidated Fixed Charge Coverage Ratio shall be calculated on a Dollar-basis by converting any Peso-denominated interest expense accounts of the Company and its consolidated Subsidiaries into Dollars as of the end of each calendar month during such four-quarter period on the basis of the Period Average Exchange Rate (this is, monthly conversions in accordance with GAAP).

"*Consolidated Net Income*" means, with respect to any Person for any period, the consolidated net income (or loss) of such Person and its Subsidiaries for such period on a consolidated basis, determined in accordance with GAAP; provided, that there shall be excluded therefrom to the extent reflected in such aggregate net income (loss):

(1) net after-tax gains or losses from Asset Sale transactions, abandonments, reserves or non-cash impairment of fixed assets or non-cash asset write-offs relating thereto;

(2) any unrealized gains and losses due solely to fluctuations in inflation or currency values and the related tax effects;

(3) net after-tax items classified as extraordinary gains or losses, including non-recurring severance payments to employees and sales of Subsidiaries' Capital Stock;

(4) the net income (but not loss) of any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) to the extent that (and only so long as) a corresponding amount could not be distributed to such Person at the date of determination as a result of any restriction pursuant to the constituent documents of such Subsidiary (Restricted Subsidiary in the case of the Company) or any law, regulation, agreement or judgment applicable to any such distribution;

(5) any income or loss from discontinued operations;

(6) any gains or losses (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of Indebtedness and Hedging Obligations; and

(7) the cumulative effect of changes in accounting principles.

"*Consolidated Non-Cash Charges*" means for any Person for any period the aggregate depreciation, amortization, other non-cash expenses or losses, any provision for an allowance for doubtful accounts, any provision for obsolete inventory, and the positive difference, if any, between any pension expense less any pension contributions made during such period, of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period, determined on a consolidated basis in accordance with GAAP.

"*Consolidated Operating Income*" means, for any period, the consolidated operating income (or loss), before interest, taxes and extraordinary items, of the Company and its consolidated Subsidiaries for such period determined in accordance with GAAP.

"*Consolidated Tangible Assets*" means, with respect to any Person at any time, the total consolidated assets of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) as set forth on the balance sheet as of the most recent fiscal quarter of such Person, prepared in accordance with GAAP, less Intangible Assets.

"*Covenant Defeasance*" has the meaning set forth under "Legal Defeasance and Covenant Defeasance" above.

"*Covenant Suspension Event*" has the meaning set forth under "Certain Covenants—Suspension of Covenants" above.

"*Currency Agreement*" means, with respect to any Person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party designed to hedge foreign currency risk of such Person.

"*Default*" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"*Designation*" and "*Designation Amount*" have the meanings set forth under "Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries" above.

"*Disposition* " means, with respect to any property, any sale, lease, Sale and Leaseback Transaction, assignment, conveyance, transfer or other disposition thereof.

"*Disqualified Capital Stock*" means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof, in any case, on or prior to the 91st day after the final maturity date of the notes, but excluding with respect to Mexican companies, any shares of such Mexican company that are part of the variable portion of its Capital Stock and that are redeemable under the Mexican General Law of Business Corporations (*Ley General de Sociedades Mercantiles*).

"*Equity Offering*" has the meaning set forth under "Optional Redemption" above.

"*Event of Default*" has the meaning set forth under "Events of Default" above.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"*Exchange Rate*" means, as of any date, the Peso/Dollar exchange rate published by *Banco de México* in the *Diario Oficial de la Federación* as the rate "*para solventar obligaciones denominadas en moneda extranjera pagaderas en la República Mexicana*" on the Business Day immediately prior to the relevant calculation date to be in effect on such calculation date; *provided* that if *Banco de México* ceases to publish such exchange rate, the Exchange Rate shall equal the Peso/Dollar average exchange rates published by Banco Nacional de México, S.A., BBVA Bancomer and Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat at the close of business on the Business Day immediately prior to the relevant calculation date (*i.e.*, twenty-four (24) hours forward), to be in effect on such calculation date.

"*Fair Market Value*" means, with respect to any asset, the price (after taking into account any liabilities relating to such assets) which could be negotiated in an arm's length free market transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction. Fair Market Value shall be determined conclusively, except as otherwise provided, by the Company in good faith.

"*Fitch*" means Fitch Ratings and any successor to its rating agency business.

"*Four Quarter Period*" has the meaning set forth in the definition of Consolidated Fixed Charge Coverage Ratio above.

"*GAAP*" means, with respect to any Person, (i) prior to the adoption of IFRS in accordance with clause (ii) below, generally accepted accounting principles, financial reporting standards or *Normas de Información Financiera*, as applicable, in the jurisdiction of organization of such Person (or, with respect to any Person organized under the laws of a State of the United States, in the United States), or (ii) on and after the date of adoption of IFRS, IFRS, in each case, as in effect on the Issue Date. At any time, and from time to time, after the Issue Date, the Company may elect to apply IFRS as in effect at such time in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS as in effect on the date of such election; *provided* that any such election, once made, shall be irrevocable, except in the case that a Governmental Authority requires otherwise. The Company shall give notice of any such election to the Trustee.

"*Reporting GAAP*" means, with respect to any Person, (i) prior to the adoption of IFRS in accordance with clause (ii) below, generally accepted accounting principles, financial reporting standards or *Normas de Información Financiera*, as applicable, in the jurisdiction of organization of such Person (or, with respect to any Person organized under the laws of a State of the United States, in the United States), (ii) on and after the date of adoption of IFRS, IFRS or any subsequent financial reporting standards authorized by a Governmental Authority and used by the Company or any Guarantor.

"*Governmental Authority*" shall mean any ministry, administrative department, agency, commission, bureau, board, regulatory authority, registry, instrumentality, corporation or other governmental body, entity or court exercising executive, legislative, judicial, monetary, regulatory or administrative functions (including, without limitation, central banks and other banking and taxing authorities) of or owned or controlled by, as the case may be, United Mexican States, the United States or any other jurisdiction, or any political subdivision thereof.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person:

(111) to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness of such other Person, whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise; or

(112) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part;

provided, that "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. "Guarantee" used as a verb has a corresponding meaning.

"*Guarantors*" has the meaning set forth under "General" above; *provided* that any Person constituting a Guarantor shall cease to constitute a Guarantor when its respective Note Guarantee is released in accordance with the terms of the Indenture.

"*Hedging Obligations*" means the obligations of any Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Price Purchase Agreement.

"*IFRS*" means the International Financial Reporting Standards, as issued by the International Accounting Standards Board.

"*Incur*" means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Indebtedness or other obligation on the balance sheet of such Person (and "Incurrence," "Incurred" and "Incurring" will have meanings correlative to the preceding); *provided* that any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary of the Company will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary of the Company, unless otherwise stated under the Indenture.

"*Indebtedness*" means with respect to any Person, without duplication:

(113) the principal amount (or, if less, the accreted value) of all obligations of such Person for borrowed money;

(114) the principal amount (or, if less, the accreted value) of all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, including any perpetual bonds, debenture notes or similar instruments without regard to maturity date;

(115) all Capitalized Lease Obligations;

(116) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all payment obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities accounted for as current liabilities (in accordance with GAAP) arising in the ordinary course of business) due more than 365 days after such property is acquired (unless contested in good faith and by appropriate proceedings for which adequate reserves have been established), except any earn out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP and only if not paid after becoming due and payable;

(117) reimbursement obligations with respect to letters of credit, bankers' acceptances or similar credit transactions;

(118) Guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clauses (8) through (10) below;

(119) all Indebtedness of any other Person of the type referred to in clauses (1) through (6) which is secured by any Lien on any property or asset of the first Person, the amount of such Indebtedness being deemed to be

the lesser of (x) the Fair Market Value of such property or asset and (y) the amount of the Indebtedness so secured;

(120) all obligations under Hedging Obligations of such Person on a net basis (to the extent the netting mechanisms apply in the corresponding instrument governing such Hedging Obligations);

(121) all liabilities (contingent or otherwise) recorded on the balance sheet of such Person in connection with a sale or other disposition of accounts receivable and related assets (not including Qualified Receivables Transactions), irrespective of their treatment under GAAP or IFRS; and

(122) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any; *provided*, that:

(a) if the Disqualified Capital Stock does not have a fixed repurchase price, such maximum fixed repurchase price will be calculated in accordance with the terms of the Disqualified Capital Stock as if the Disqualified Capital Stock were purchased on any date on which Indebtedness will be required to be determined pursuant to the Indenture; and

(b) if the maximum fixed repurchase price is based upon, or measured by, the fair market value of the Disqualified Capital Stock, the fair market value will be the Fair Market Value thereof.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingency obligations at such date.

For the avoidance of doubt, the recognition and acknowledgement by the Company or any Restricted Subsidiary of its obligation to make payment of a trade payable arising in the ordinary course of business to a bank following the sale and assignment thereof pursuant to any non-recourse factoring or similar arrangements, shall not be Indebtedness.

"*Indenture*" has the meaning set forth in the first paragraph of this Description of notes.

"*Intangible Assets*" means, with respect to any Person, all unamortized debt discount and expense, unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, software and all other items which would be treated as intangibles on the consolidated balance sheet of such Person prepared in accordance with GAAP.

"*Intercompany Subordination Agreement*" means the intercompany subordination agreement, to be dated on or about February 8, 2013, entered into among the Company and certain of its Subsidiaries and Deutsche Bank Trust Company Americas, as Collateral Agent.

"*Intercompany Trust Agreement*" shall mean the *Contrato de Fideicomiso Irrevocable de Administración con Derechos de Reversión*, to be dated on or about February 8, 2013, among the Company and the Subsidiaries of the Company party thereto, as grantors (*fideicomitentes*), the trustee party thereto, the Sub-Collateral Agent and with the designation of the Secured Creditors as *pari passu* beneficiaries (*fideicomisarios en primer lugar*).

"*Intercreditor and Collateral Agency Agreement*" means the intercreditor and collateral agency agreement, to be dated on or about February 8, 2013, entered into among the Company and certain of its Subsidiaries, the financial institutions party thereto, BBVA Bancomer S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, as Administrative Agent, the Trustee, Deutsche Bank Trust Company Americas, as Collateral Agent, Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria, as Sub-Collateral Agent, as such agreement may be amended from time to time.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement (including, without limitation, interest rate swaps, caps, floors, collars, derivative instruments and similar agreements) and/or other types of hedging agreements designed to hedge interest rate risk of such Person.

“*Inventory Financing*” means a financing arrangement pursuant to which the Company or any of its Restricted Subsidiaries sells inventory to a bank or other institution (or a special purpose vehicle or partnership incorporated or established by or on behalf of such bank or other institution or an Affiliate of such bank or other institution) and has an obligation to repurchase such inventory to the extent that it is not sold to a third party within a specified period.

“*Investment*” means, with respect to any Person, any:

(123) direct or indirect loan, advance or other extension of credit (including, without limitation, a Guarantee) to any other Person;

(124) capital contribution (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to any other Person; or

(125) purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by any other Person.

“*Investment*” will exclude accounts receivable, advances or extensions of credit in connection with supplier or customer financings consistent with industry or past practice, advance payment of capital expenditures arising in the ordinary course of business, deposits arising in the ordinary course of business and transactions (other than (i) any sale, lease, license, transfer or other disposal and (ii) the granting or creation of a Lien or the Incurring or permitting to subsist of Indebtedness) conducted in the ordinary course of business on arm’s length terms. “Invest,” “Invested” and “Investing” will have meanings correlative to the preceding.

For purposes of the “Limitation on Restricted Payments” covenant, the Company will be deemed to have made an “Investment” in an Unrestricted Subsidiary at the time of its Designation, which will be valued at the Fair Market Value of the sum of the net assets of such Unrestricted Subsidiary multiplied by the percentage equity ownership of the Company and its Restricted Subsidiaries in such Designated Unrestricted Subsidiary at the time of its Designation and the amount of any Indebtedness of such Unrestricted Subsidiary or owed to the Company or any Restricted Subsidiary immediately following such Designation. Any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary (including any issuance and sale of Capital Stock by a Restricted Subsidiary) such that, after giving effect to any such sale or disposition, such Restricted Subsidiary would cease to be a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the sum of the Fair Market Value of the Capital Stock of such former Restricted Subsidiary held by the Company or any Restricted Subsidiary immediately following such sale or other disposition and the amount of any Indebtedness of such former Restricted Subsidiary Guaranteed by the Company or any Restricted Subsidiary or owed to the Company or any other Restricted Subsidiary immediately following such sale or other disposition. The acquisition by the Company or any Restricted Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person. Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made without giving effect to subsequent changes in value.

“*Investment Grade Rating*” means a rating equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by S&P.

“*Investment Return*” means, in respect of any Investment (other than a Permitted Investment) made after the Issue Date by the Company or any Restricted Subsidiary:

(126) the cash proceeds received by the Company upon the sale, liquidation or repayment of such Investment or, in the case of a Guarantee, the amount of the Guarantee upon the unconditional release of the Company and its Restricted Subsidiaries in full, less any payments previously made by the Company or any Restricted subsidiary in respect of such Guarantee;

(127) in the case of the Revocation of the Designation of an Unrestricted Subsidiary, an amount equal to the lesser of:

(a) the Company's Investment in such Unrestricted Subsidiary at the time of such Revocation;

(b) that portion of the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time of Revocation that is proportionate to the Company's equity interest in such Unrestricted Subsidiary at the time of Revocation; and

(c) the Designation Amount with respect to such Unrestricted Subsidiary upon its Designation which was treated as a Restricted Payment; and

(128) in the event the Company or any Restricted Subsidiary makes any Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, the existing Investment of the Company and its Restricted Subsidiaries in such Person,

in the case of each of (1), (2) and (3), up to the amount of such Investment that was treated as a Restricted Payment under "Certain Covenants—Limitation on Restricted Payments" less the amount of any previous Investment Return in respect of such Investment.

"*Issue Date*" means the first date of issuance of notes under the Indenture and following a Covenant Suspension Event (except under "Optional Redemption—Optional Redemption for Changes in Withholding Taxes", "Certain Covenants—Suspension of Covenants" and the definition of "Permitted Liens") the most recent Reversion Date.

"*Legal Defeasance*" has the meaning set forth under "Legal Defeasance and Covenant Defeasance" above.

"*Leverage Ratio*" means, at any determination date, Consolidated Indebtedness as of the last day of the most recently ended fiscal quarter of the Company, divided by Adjusted Consolidated EBITDA for the period of four consecutive fiscal quarters of the Company ending on such day.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, *fideicomiso de garantía*, *fideicomiso de administración*, charge, security interest or encumbrance of any kind in respect of such asset. The Company or any Restricted Subsidiary shall be deemed to own, subject to a Lien, any asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capitalized Lease Obligations or other title retention lease relating to such asset, or any account receivable transferred by it with recourse (including any such transfer subject to a holdback or similar arrangement that effectively imposes the risk of collectability on the transferor).

"*Mexican Guarantor*" has the meaning set forth under "General" above.

"*Moody's*" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"*Net Cash Proceeds*" means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents received by the Company or any of its Restricted Subsidiaries from such Asset Sale, net of:

(129) reasonable out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);

(130) taxes paid or payable in respect of such Asset Sale after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;

(131) repayment of Indebtedness secured by a Lien permitted under the Indenture that is required to be repaid in connection with such Asset Sale;

(132) all distributions and other payments made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Sale to the extent permitted under the Indenture; and

(133) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, but excluding any reserves with respect to Indebtedness.

"*Note Guarantee*" means any guarantee of the Company's Obligations under the notes and the Indenture by any Guarantor pursuant to the Indenture.

"*Obligations*" means, with respect to any Indebtedness, any principal, interest (including, without limitation, Post-Petition Interest), penalties, fees, indemnifications, reimbursements, damages, and other liabilities payable under the documentation governing such Indebtedness, including in the case of the notes and the Note Guarantees and the Indenture.

"*OECD*" means the Organization for Economic Co-operation and Development, or its successor.

"*Officer's Certificate*" means a certificate signed on behalf of a Person by an Officer, duly authorized to act on behalf, of such Person, who must be the principal executive officer, the principal financial officer, the controller, the treasurer, the principal accounting officer, the general counsel or the secretary of such Person, that meets the requirements set forth in the Indenture and is provided to the Trustee.

"*Opinion of Counsel*" means a written opinion of counsel, who may be an employee of or counsel for the Company (except as otherwise provided in the Indenture) and who shall be reasonably acceptable to the Trustee.

"*Paying Agent*" has the meaning set forth in the first paragraph of this Description of notes.

"*Period Average Exchange Rate*" shall mean the average daily Exchange Rate for each calendar month or fiscal quarter, as applicable, during such period, as determined in accordance with the methodology described in the definition of "Exchange Rate."

"*Permitted Business*" means (i) the business or businesses conducted or proposed to be conducted as disclosed in this offering memorandum by the Company and its Restricted Subsidiaries as of the Issue Date and any business ancillary, incidental, complementary or related thereto or (ii) any other business that would not constitute a substantial change to the general nature of its business from that carried on by the Company and its Restricted Subsidiaries as of the Issue Date.

"*Permitted Indebtedness*" has the meaning set forth under clause (2) of "Certain Covenants—Limitation on Incurrence of Additional Indebtedness" above.

"*Permitted Investments*" means:

(134) Investments by the Company or any Restricted Subsidiary in any Person that is, or that result in any Person becoming, immediately after such Investment, a Restricted Subsidiary or constituting a merger or consolidation of such Person into the Company or with or into a Restricted Subsidiary;

(135) any Investments in the Company;

(136) Investments in cash and Cash Equivalents;

(137) any extension, modification or renewal of any Investments existing as of the Issue Date (but not Investments involving additional advances, contributions or other investments of cash or property or other increases thereof, other than as a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms of such Investment as of the Issue Date);

(138) Investments permitted pursuant to clause (2)(d) of "Certain Covenants—Limitation on Transactions with Affiliates";

(139) Investments received as a result of the bankruptcy or reorganization of any Person or taken in settlement of or other resolution of claims or disputes, and, in each case, extensions, modifications and renewals thereof;

(140) Investments made by the Company or its Restricted Subsidiaries as a result of non-cash consideration permitted to be received in connection with an Asset Sale made in compliance with the covenant described under "Certain Covenants—Limitation on Asset Sales";

(141) Investments in the form of Hedging Obligations permitted under clause 2(d) of "Certain Covenants—Limitation on Incurrence of Additional Indebtedness";

(142) Investments in Intercompany Indebtedness permitted pursuant to clause 2(e) of "Certain Covenants—Limitation on Incurrence of Additional Indebtedness";

(143) Investments in existence on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or any Investment consisting of any extension, modification or renewal of any Investment existing on the Issue Date; provided that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted by the Indenture;

(144) Investments by the Company or any Restricted Subsidiary in a Receivables Entity in connection with a Qualified Receivables Transaction which does not constitute an Asset Sale by virtue of clause (7) of the definition thereof; *provided*, however, that any such Investments are made only in the form of Receivables Assets;

(145) Investments made solely in the form of common equity of the Company constituting Qualified Capital Stock;

(146) Investments in prepaid expenses, marketable securities or negotiable instruments held for collection and lease, utility and workers compensation, to fund the Company's or a Restricted Subsidiary's pension and other employee related obligations, performance and similar deposits entered into as a result of the operations of the business in the ordinary course of business;

(147) loans or advances to officers, employees and agents made in the ordinary course of business in a principal amount that in the aggregate does not exceed U.S.$3 million;

(148) Investments in the Capital Stock of any Person other than a Restricted Subsidiary that are required to be held pursuant to an involuntary governmental order of condemnation, nationalization, seizure or expropriation or other similar order with respect to Capital Stock of such Person (prior to which order such Person was a Restricted Subsidiary); *provided* that such Person contests such order in good faith in appropriate proceedings;

(149) repurchases of the notes in accordance with the terms of the Indenture;

(150) Investments by the Company or any of its Restricted Subsidiaries in infrastructure or other projects that are sponsored by a Governmental Authority of the United Mexican States, *provided* that such Investment relates to a Permitted Business;

(151) Investments by the Company or any of its Restricted Subsidiaries, together with all other Investments pursuant to this clause (18), in an aggregate amount outstanding at any one time not to exceed the greater of (x) U.S.$30 million (or the equivalent in other currencies) and (y) 3.0% of Consolidated Tangible Assets; and

(152) Investments to which the Company or any of its Restricted Subsidiaries is contractually committed as of the Issue Date in any Person other than a Subsidiary in which the Company or any of its Restricted Subsidiaries maintains an Investment in equity securities.

"*Permitted Liens*" means any of the following:

(153) (i) Liens existing on the Issue Date other than in respect of the Collateral and (ii) Liens in respect of the Collateral (including the shares of the Guarantors to be pledged as part of the Collateral in accordance with the Security Documents) to the extent permitted by the first paragraph under "Security Interest" above (including Liens created in respect of the Term Loan Facility) and, in each case, any extension, renewal or replacement, in whole or in part, of any such Lien described in clauses (i) and (ii), *provided*, *however*, that the total amount of Indebtedness so secured is not increased in connection with such extension, renewal or replacement (other than with respect to any premiums, fees and expenses incurred in connection with such extension, renewal or replacement);

(154) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet due or the payment of which is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and for which such reserves or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;

(155) Liens in respect of pledges or deposits in connection with workers' compensation, unemployment insurance and other types of social security legislation, including any Lien securing letters of credit issued in the ordinary course of business, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, customs duties, bids, leases, reclamation activity required by any Governmental Authority, government performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of Indebtedness);

(156) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate, the purchase, shipment or storage of such inventory or other goods;

(157) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(158) Liens encumbering deposits made to secure obligations from statutory or regulatory requirements of the Company or a Restricted Subsidiary, including rights of offset and set-off to the extent required by the applicable law or regulation;

(159) Liens for taxes, assessments or other governmental charges or levies not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings, *provided* that appropriate reserves required pursuant to GAAP have been made in respect thereof;

(160) Liens on patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to the extent such Liens arise from the granting of license to use such patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to any Person in the ordinary course of business of the Company or any of its Restricted Subsidiaries;

(161) encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or liens incidental to the conduct of the business of such Person or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(162) deposits securing liability for reimbursement obligations of insurance carriers providing insurance to the Company or its Restricted Subsidiaries in the ordinary course of business and any Liens thereon;

(163) Liens with respect to any judgment, decree or order of any court not giving rise to, or arising from, an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired;

(164) Liens arising solely by virtue of any statutory or common law provisions relating to bankers' Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary institution;

(165) Liens securing Hedging Obligations not entered into for speculative purposes;

(166) Liens to secure any Refinancing Indebtedness which is Incurred to Refinance any Indebtedness which has been secured by a Lien permitted under the covenant described under "—Covenants—Limitation on Liens" not incurred pursuant to clause (17) or (24) and which Indebtedness has been Incurred in accordance with "—Covenants—Limitation on Incurrence of Additional Indebtedness"; *provided* that such new Liens:

(a) are no less favorable to the holders of notes and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced; and

(b) do not extend to any property or assets other than the property or assets securing the Indebtedness Refinanced by such Refinancing Indebtedness;

(167) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Company or another Restricted Subsidiary and permitted to be Incurred under the Indenture;

(168) Liens securing Acquired Indebtedness Incurred in accordance with "—Covenants—Limitation on Incurrence of Additional Indebtedness" not incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation or the Incurrence of such Acquired Indebtedness; *provided* that:

(a) such Liens secured such Acquired Indebtedness at the time of and prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary; and

(b) such Liens do not extend to or cover any property of the Company or any Restricted Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Restricted Subsidiary and are no more favorable to the lienholders than the Liens securing the Acquired Indebtedness prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary;

(169) Liens securing Purchase Money Indebtedness or Capitalized Lease Obligations Incurred to finance the acquisition or leasing of property of the Company or a Restricted Subsidiary used in a Permitted Business; *provided* that:

(a) the related Purchase Money Indebtedness does not exceed the cost of such property and will not be secured by any property of the Company or any Restricted Subsidiary other than the property so acquired;

(b) the Lien securing such Indebtedness will be created within 365 days of such acquisition; and

(c) such Purchase Money Indebtedness or Capitalized Lease Obligation is permitted to be Incurred under the Indenture.

(170) Liens securing the notes and any Guarantees;

(171) Liens on Receivables Assets or Capital Stock of a Receivables Subsidiary, in each case granted in connection with a Qualified Receivables Transaction;

(172) Sale and Leaseback Transactions permitted to be Incurred under the Indenture;

(173) Liens arising from precautionary Uniform Commercial Code financing statement and similar filings in other jurisdictions regarding operating leases entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(174) any Lien permitted by the Trustee, acting on the instructions of a number of votes representing a majority of the outstanding notes;

(175) Liens on property existing on such property at the time of acquisition thereof (other than Liens created in contemplation of such acquisition);

(176) Liens on the Capital Stock of any Unrestricted Subsidiary; and

(177) in addition to the Liens permitted by the foregoing clauses (1) through (24), Liens securing an amount of Indebtedness outstanding at any one time not to exceed U.S.$40 million (or the equivalent in other currencies), *provided* such Indebtedness is permitted to be Incurred under the Indenture.

"*Permitted Merger Jurisdiction*" has the meaning set forth in "Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets" above.

"*Person*" means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"*Pesos*" or "*Ps*" means the lawful money of México.

"*Post-Petition Interest*" means all interest accrued or accruing after the commencement of any insolvency or liquidation proceeding (and interest that would accrue but for the commencement of any insolvency or liquidation proceeding) in accordance with and at the contract rate (including, without limitation, any rate applicable upon default) specified in the agreement or instrument creating, evidencing or governing any Indebtedness, whether or not, pursuant to applicable law or otherwise, the claim for such interest is allowed as a claim in such insolvency or liquidation proceeding.

"*Preferred Stock*" means, with respect to any Person, any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends, distributions or redemptions or upon liquidation.

"*Project Finance Subsidiary*" means any direct or indirect special-purpose Subsidiary of the Company (i) that is formed and organized to acquire, develop and/or operate a defined property, asset or project not held or owned by the Company or its Subsidiaries as of the date hereof and the sole business of which is to own, develop and/or operate such property, asset or project and (ii) the Indebtedness of which is (x) incurred solely to finance such acquisition, development and operation of such property, asset or project, (y) secured only by Liens applicable to such property, asset or project, and (z) payable solely from the net revenues and other proceeds arising from the ownership, development and operation or other realization of such property, asset or project, with no recourse whatsoever to the Company and its other Subsidiaries or their respective properties or assets.

"*Purchase Money Indebtedness*" means Indebtedness Incurred for the purpose of financing all or any part of the purchase price or other cost of construction or improvement of any property other than Capital Stock; *provided*, that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such property or such purchase price or cost, including any Refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) thereof as of the date of such Refinancing.

"*Qualified Capital Stock*" means any Capital Stock that is not Disqualified Capital Stock and any warrants, rights or options to purchase or acquire Capital Stock that is not Disqualified Capital Stock that are not convertible into or exchangeable into Disqualified Capital Stock.

"*Qualified Receivables Transaction*" means any transaction or series of transactions that may be entered into by the Company or any Restricted Subsidiary pursuant to which the Company or any Restricted Subsidiary may sell, convey, assign or otherwise transfer to a Receivables Entity any Receivables Assets to obtain funding for the operations of the Company and its Restricted Subsidiaries:

(178) for which no term of any portion of the Indebtedness or any other obligations (contingent or otherwise) or securities Incurred or issued by any Person in connection therewith:

(a) directly or indirectly provides for recourse to, or any obligation of, the Company or any Restricted Subsidiary in any way, whether pursuant to a Guarantee or otherwise, except for Standard Undertakings,

(b) directly or indirectly subjects any property or asset of the Company or any Restricted Subsidiary (other than Capital Stock of a Receivables Subsidiary) to the satisfaction thereof, except for Standard Undertakings, or

(c) results in such Indebtedness, other obligations or securities constituting Indebtedness of the Company or a Restricted Subsidiary, including following a default thereunder, and

(179) for which the terms of any Affiliate Transaction between the Company or any Restricted Subsidiary, on the one hand, and any Receivables Entity, on the other, other than Standard Undertakings and Permitted Investments, are no less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate of the Company, and

(180) in connection with which, neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve a Receivable Entity's financial condition, cause a Receivables Entity to achieve certain levels of operating results, fund losses of a Receivables Entity, or except in connection with Standard Undertakings, purchase assets of a Receivables Entity.

"*Rating Agencies*" mean Fitch, Moody's and S&P. In the event that Fitch, Moody's or S&P is no longer in existence or issuing ratings, such organization may be replaced by a nationally recognized statistical rating organization (as such term is defined by the Commission for purposes of Rule 3(a)(62) under the Exchange Act or any successor provision) designated by the Company with notice to the Trustee.

"*Receivables Assets*" means:

(181) accounts receivable, leases, conditional sale agreements, instruments, chattel paper, installment sale contracts, obligations, general intangibles, and other similar assets, in each case relating to goods, inventory or services of the Company and its Subsidiaries,

(182) equipment and equipment residuals relating to any of the foregoing,

(183) contractual rights, Guarantees, letters of credit, Liens, insurance proceeds, collections and other similar assets, in each case related to the foregoing, and

(184) proceeds of all of the foregoing.

"*Receivables Entity*" means a Receivables Subsidiary or any other Person not an Affiliate of the Company, in each case whose sole business activity is to engage in Qualified Receivables Transactions, including to issue securities or other interests in connection with a Qualified Receivables Transaction.

"*Receivables Subsidiary*" means an Unrestricted Subsidiary of the Company that engages in no activities other than Qualified Receivables Transactions and activities related thereto and that is designated by the Company as a Receivables Subsidiary. Any such designation by the Company will be evidenced to the Trustee by filing with the Trustee an Officer's Certificate of the Company.

"*Refinance*" means, in respect of any Indebtedness, to issue any Indebtedness in exchange for or to refinance, repay, redeem, replace, defease or refund such Indebtedness in whole or in part. "Refinanced" and "Refinancing" will have correlative meanings.

"*Refinancing Indebtedness*" means Indebtedness of the Company or any Restricted Subsidiary issued to Refinance any other Indebtedness of the Company or a Restricted Subsidiary so long as:

(185) the aggregate principal amount (or initial accreted value, if applicable) of such new Indebtedness as of the date of such proposed Refinancing does not exceed the aggregate principal amount (or accreted value as of such date, if applicable) of the Indebtedness being Refinanced (plus all accrued interest and any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of reasonable expenses incurred by the Company in connection with such Refinancing);

(186) such new Indebtedness has:

(a) a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced, and

(b) a final maturity that is equal to or later than the final maturity of the Indebtedness being Refinanced; and

(187) if the Indebtedness being Refinanced is:

(a) Indebtedness of the Company, then such Refinancing Indebtedness will be Indebtedness of the Company and/or any Guarantor,

(b) Indebtedness of a Guarantor, then such Refinancing Indebtedness will be Indebtedness of the Company and/or any Guarantor,

(c) Indebtedness of any of the Restricted Subsidiaries, then such Refinancing Indebtedness will be Indebtedness of such Restricted Subsidiary, the Company and/or any Guarantor, and

(d) Subordinated Indebtedness, then such Refinancing Indebtedness shall be subordinate to the notes or the relevant Note Guarantee, if applicable, at least to the same extent and in the same manner as the Indebtedness being Refinanced.

"*Repurchased Capital Stock*" means, at any time, any Capital Stock of the Company repurchased from any shareholders of the Company that are not Affiliates of the Company or any of its Restricted Subsidiaries, which are held for resale pursuant to the Company's share repurchase program, as approved by its board of directors and at its annual shareholders' meeting.

"*Required Secured Creditors*" means (a) at any time prior to the discharge of obligations under the Term Loan Facility, the lenders thereunder having greater than 50% of the aggregate principal amount of the loans outstanding at such time, and (b) on and after the discharge of obligations under the Term Loan Facility, (i) if such obligations were refinanced in whole or in part with bank financing or if existing refinancing indebtedness was refinanced in whole or in part with bank financing, the new lenders thereunder having greater than 50% of the aggregate principal amount of the loans outstanding at such time, or (ii) in all other cases, including if such obligations were refinanced in whole with a bond financing, the holders of more than 50% of the then aggregate outstanding senior debt obligations thereunder.

"*Restricted Payment*" has the meaning set forth under "Certain Covenants—Limitation on Restricted Payments" above.

"*Restricted Subsidiary*" means any Subsidiary of the Company which at the time of determination is not an Unrestricted Subsidiary.

"*Reversion Date*" has the meaning set forth under "Certain Covenants—Suspension of Covenants" above.

"*Revocation*" has the meaning set forth under "Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries" above.

"*S&P*" means Standard & Poor's Ratings Group and any successor to its rating agency business.

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such Property.

"*Security Documents*" has the meaning set forth under "Security Interest" above.

"*Senior Indebtedness*" means (i) the notes and any other Indebtedness of the Company or any Guarantor that ranks equal in right of payment with the notes or the relevant Note Guarantee, as the case may be (including, for the avoidance of doubt, the Term Loan Facility) or (ii) Indebtedness for borrowed money or constituting Capitalized Lease Obligations of any Restricted Subsidiary other than a Guarantor.

"*Significant Event*" means any of (a) the sale of all or substantially all of the assets of the Company or any Guarantor or the merger, consolidation, dissolution or liquidation of the Company or any Guarantor (unless permitted under each of the Term Loan Facility, any document relating to a refinancing thereof and the Indenture), (b) the declaration by any class of secured creditors that the secured obligations due to such class of secured creditors are or have become due and payable before the stated maturity or before the regularly scheduled dates of payment of such secured obligations, (c) the commencement of any enforcement action by the Collateral Agent acting on the instructions of the Required Secured Creditors, to the extent permitted under the Term Loan Facility, any document relating to a refinancing thereof and the Indenture, as applicable, following an Event of Default or (d) the commencement of a bankruptcy proceeding by or against the Company or any Guarantor.

"*Standard Undertakings*" means representations, warranties, covenants, indemnities and similar obligations, including servicing obligations, entered into by the Company or any Subsidiary of the Company in connection with a Qualified Receivables Transaction, which are customary in similar non-recourse receivables securitization, purchase or financing transactions.

"*Sub-Collateral Agent*" means Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria, as sub-collateral agent under the Intercreditor and Collateral Agency Agreement.

"*Subordinated Indebtedness*" means, with respect to the Company or any Guarantor, any Indebtedness of the Company or such Guarantor, as the case may be, which is expressly subordinated in right of payment to the notes or the relevant Note Guarantee, as the case may be.

"*Subsidiary*" means with respect to any Person, any corporation, partnership, joint venture, limited liability company, trust, estate or other entity of which (or in which) more than fifty percent (50%) of (a) in the case of a corporation, the issued and outstanding Capital Stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time Capital Stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency that has not occurred and is not in the control of such Person), (b) in the case of a limited liability company, partnership or joint venture, the voting or other power to control the actions of such limited liability company, partnership or joint venture or (c) in the case of a trust or estate, the voting or other power to control the actions of such trust or estate, is at the time directly or indirectly owned or controlled by (X) such Person, (Y) such Person and one or more of its other Subsidiaries or (Z) one or more of such Person's other Subsidiaries. Unless the context otherwise requires, all references herein to a "Subsidiary" shall refer to a Subsidiary of the Company.

"*Successor Company*" has the meaning set forth under "Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets" above.

"*Successor Guarantor*" has the meaning set forth under "Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets" above.

"*Suspended Covenants*" has the meaning set forth under "Certain Covenants—Suspension of Covenants" above.

"*Suspension Date*" has the meaning set forth under "Certain Covenants—Suspension of Covenants" above.

"*Suspension Period*" has the meaning set forth under "Certain Covenants—Suspension of Covenants" above.

"*Taxes*" has the meaning set forth under "Additional Amounts" above.

"*Taxing Jurisdiction*" has the meaning set forth under "Additional Amounts" above.

"*Term Loan Facility*" means the term loan facility, to be entered into among the Company, the Guarantors, the financial institutions party thereto, BBVA Bancomer S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, as new administrative agent, and the Collateral Agent, as such agreement may be amended, modified or waived from time to time, including any refinancing thereof in full or in part.

"*Trustee*" has the meaning set forth in the first paragraph of this Description of notes.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company Designated as such pursuant to "Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries" above. Any such Designation may be revoked by the Company, subject to the provisions of such covenant.

"*Voting Stock*" means, with respect to any Person, securities of any class of Capital Stock of such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of any contingency) to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years (calculated to the nearest one-twelfth) obtained by dividing:

(188) the sum of the products obtained by multiplying:

(a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by

(b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment; by

(189) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness.

"*Wholly Owned Subsidiary*" means, for any Person, any Subsidiary (Restricted Subsidiary in the case of the Company) of such Person of which all of the outstanding Capital Stock (other than, in the case of a Subsidiary not organized in the United States, directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) is owned by such Person or any other Person that satisfies this definition in respect of such Person.

DIVIDENDS

Under Mexican law, subject to certain quorum requirements, only shareholders at a general meeting have the authority to declare a dividend. We do not have an official policy related to dividends. The payment of dividends, their amount and the date of payment are determined by a majority vote of the shareholders at the shareholders' annual meeting, with the recommendation of the Board, although such recommendation is not required by law. Additionally, under Mexican law, we may pay dividends from retained earnings only after losses from previous fiscal years have been offset and subject to the assignment of at least 5% of net income for such fiscal year to legal reserves, which must equal 20% of our paid-in capital.

Since 1992, we paid dividends every year through 2008. We did not pay dividends in 2009, 2010, 2011 or 2012. The table below sets forth the nominal amount of dividends paid per share for the years indicated in Mexican pesos.

Year ended December 31,	pesos per share
2011	—
2010	—
2009	—
2008	Ps. 0.53
2007	Ps. 0.46

The amount and payment of future dividends, if any, will be subject to applicable law and will depend upon a variety of factors that may be considered by the Board or our shareholders, including our future operating results, financial condition, capital requirements, contractual restrictions contained in the instruments governing our indebtedness and our ability to obtain funds from our subsidiaries. Such factors may limit our ability to pay future dividends and may be considered by the Board in recommending, or by our shareholders in approving, the payment of future dividends.

As we are a holding company with no significant assets other than the stock of our direct and indirect subsidiaries, our income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions that we receive from our subsidiaries. The payment of dividends or other distributions by our subsidiaries will depend upon their operating results, financial condition, capital expenditures plans, contractual restrictions in the instruments governing our or their indebtedness, applicable regulations, including provisions restricting the payment of dividends based on interim financial results or minimum net worth, applicability of exchange controls on remittances to other jurisdictions and other factors that their respective boards of directors deem relevant. See "Risk Factors— Risks Related to our Company—Our ability to repay debt, including the notes, depends on our subsidiaries' ability to transfer income and dividends to us."

BOOK-ENTRY; DELIVERY AND FORM

The Global Notes

The notes are being offered and sold to QIBs in reliance on Rule 144A. The notes may also be offered and sold to persons other than U.S. persons in offshore transactions in reliance on Regulation S. Except as set forth below, all of the notes will be issued in registered, global form in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof. Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A global notes initially will be represented by one or more global notes in registered form without interest coupons. Regulation S global notes initially will be represented by one or more temporary Regulation S global notes in registered form without interest coupons. The Rule 144A global notes and the temporary Regulations S global notes will be deposited upon issuance with the trustee as custodian for DTC in New York, New York, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period, through and including such 40th day, the "distribution compliance period" as defined in Regulation S under the Securities Act), beneficial ownership interests in the temporary Regulation S global notes may be held only through Euroclear and Clearstream, Luxembourg as indirect participants in DTC, unless transferred to a person that takes delivery through a Rule 144A global note in accordance with the certification requirements described under "—Exchanges among Global Notes" below.

Following the expiration of the "distribution compliance period" as defined in Regulation S under the Securities Act, the temporary Regulation S global notes may be exchanged for one or more permanent Regulation S global notes in registered form without interest coupons or a definitive note in registered certificated form (a "Certificated Note") upon (i) delivery to DTC of certification of compliance with the transfer restrictions applicable to the notes and pursuant to Regulation S as provided in the indenture, (ii) a certification in form satisfactory to the trustee that beneficial ownership interests in such temporary Regulation S global notes are owned either by non-U.S. persons or U.S. persons who purchased such interests in a transaction that did not require registration under the Securities Act and (iii) in the case of an exchange for Certificated Notes, in compliance with the requirements described under "—Exchange of Global Notes for Certificated Notes" below. Beneficial interests in the Rule 144A global notes may not be exchanged for beneficial interests in the Regulation S global notes at any time except in the limited circumstances described under "—Exchanges among Global Notes" below. Each global note will be deposited with the registrar and transfer agent as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Except as set forth below, global notes may be transferred only to another nominee of DTC or to a successor of DTC or its nominee, in whole and not in part. Except in the limited circumstances described below, beneficial interests in global notes may not be exchanged for notes in certificated form and owners of beneficial interests in global notes will not be entitled to receive physical delivery of notes in certificated form. See "—Exchange of Global Notes for Certificated Notes."

Rule 144A global notes and Regulation S global notes (including beneficial interests in the notes they represent) will be subject to certain restrictions on transfer and will bear restrictive legends as described under "Transfer Restrictions; Notice to Investors." In addition, transfers of beneficial interests in global notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including Euroclear and Clearstream, Luxembourg (as indirect participants in DTC)), which may change from time to time.

Book-Entry Procedures for the Global Notes

Ownership of beneficial interests in each global note will be limited to persons who have accounts with DTC, or DTC participants, or persons who hold interests through DTC participants. We expect that under procedures established by DTC:

- upon deposit of each global note with DTC's custodian, DTC will credit portions of the principal amount of the global note to the accounts of the DTC participants designated by the initial purchasers; and

- ownership of beneficial interests in each global note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global note).

All interests in the global notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream, Luxembourg. We provide the following summaries of those operations and procedures solely for the convenience of investors. The information in this section concerning DTC, Euroclear and Clearstream, Luxembourg and their book-entry systems has been obtained from sources that we believe to be reliable, but none of us, the initial purchasers, the trustee, or any of their respective agents take any responsibility for or make any representation or warranty with respect to the accuracy of this information. DTC, Euroclear and Clearstream are under no obligation to follow the procedures described herein to facilitate the transfer of interest in global notes among participants and account holders of DTC, Euroclear and Clearstream, and such procedures may be discontinued or modified at any time. Neither we, nor the trustee or any paying agent will have any responsibility for the performance of DTC, Euroclear and Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York;

- a "banking organization" within the meaning of the New York State Banking Law;

- a member of the Federal Reserve System;

- a "clearing corporation" within the meaning of the Uniform Commercial Code; and

- a "clearing agency" registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC's participants include securities brokers and dealers, including the initial purchasers; banks and trust companies; clearing corporations and other organizations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC's nominee is the registered owner of a global note, that nominee will be considered the sole owner or holder of the notes represented by that global note for all purposes under the indenture.

As a result, each investor who owns a beneficial interest in a global note must rely on the procedures of DTC to exercise any rights of a holder of notes under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium (if any) and interest with respect to the notes represented by a global note will be made by the paying agent to DTC's nominee as the registered holder of the global note. Neither we nor the paying agent will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a global note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream, Luxembourg will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream, Luxembourg. To deliver or receive an interest in a global note held in a Euroclear or Clearstream, Luxembourg account, an investor must send transfer instructions to Euroclear or Clearstream, Luxembourg, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, Luxembourg, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream, Luxembourg participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream, Luxembourg.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant that purchases an interest in a global note from a DTC participant will be credited on the business day for Euroclear or Clearstream, Luxembourg immediately following the DTC settlement date. Cash received in Euroclear or Clearstream, Luxembourg from the sale of an interest in a global note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account as of the business day for Euroclear or Clearstream, Luxembourg following the DTC settlement date.

DTC, Euroclear and Clearstream, Luxembourg have agreed to the above procedures to facilitate transfers of interests in the global notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither we nor the trustee or any of our respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their participants or indirect participants of their obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A global note is exchangeable for a certificated note if:

- DTC (a) notifies us that it is unwilling or unable to continue as depositary for the global notes or (b) has ceased to be a clearing agency registered under the Exchange Act, at a time when DTC is required to be so registered in order to act as a depository, and, in each case, a successor depositary is not appointed within 90 days of such notice;

- we, at our option, notify the trustee in writing that we elect to cause the issuance of certificated notes; or

- there has occurred and is continuing an Event of Default with respect to the notes subject, in the case of a temporary Regulation S global note, to the certification required under "—Certifications by Holders of the Temporary Regulation S Global Notes."

In addition, beneficial interests in a global note may be exchanged for certificated notes upon prior written notice given to the trustee by or on behalf of DTC in accordance with the indenture. In all cases, certificated notes delivered in exchange for any global note or beneficial interests in a global note will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Transfer Restrictions; Notice to Investors," unless that legend is not required by applicable law.

Exchange of Certificated Notes for Global Notes

If certificated notes are issued in the future, they will not be exchangeable for beneficial interests in any global note unless the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that the transfer will comply with the appropriate transfer restrictions applicable to the notes being transferred. See "Transfer restrictions; Notice to Investors."

Exchanges among Global Notes

Beneficial interests in a Rule 144A global note may be transferred to a person who takes delivery in the form of an interest in a Regulation S global note (whether before or after the expiration of the "distribution compliance period" as defined in Regulation S under the Securities Act) only if the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that the transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 (if available) and that, if such transfer occurs prior to the expiration of the "distribution compliance period" as defined in Regulation S under the Securities Act, the interest transferred will be held immediately thereafter through Euroclear or Clearstream, Luxembourg.

Transfers of beneficial interest in the temporary Regulation S global note may be made to a person who takes delivery in the form of an interest in the Rule 144A global note; *provided* that a written certification (in the form provided in the indenture) is delivered to the trustee to the effect that such transfer is being made to a person who is reasonably believed to be a QIB acquiring for its own account or the account of a QIB in a transaction complying with Rule 144A and any applicable securities laws of the states of the United States and other jurisdictions. Beneficial interests in the permanent Regulation S global note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A global note without compliance with this certification requirement.

Transfers involving exchanges of beneficial interests between a Regulation S global note and a Rule 144A global note will be effected in DTC by means of an instruction originated by the trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect the changes in the principal amounts of the Regulation S global note and the Rule 144A global note, as applicable. Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in the other global note will, upon transfer, cease to be an interest in the original global note and will become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the other global note. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S global note prior to the expiration of the "distribution compliance period" as defined in Regulation S under the Securities Act.

Certifications by Holders of the Temporary Regulation S Global Notes

A holder of a beneficial interest in the temporary Regulation S global notes must provide Euroclear or Clearstream, Luxembourg, as the case may be, with a certificate in the form required by the indenture certifying that the beneficial owner of the interest in the temporary Regulation S global notes is either a non-U.S. person or a U.S. person that has purchased such interest in a transaction that is exempt from the registration requirements under the Securities Act, and Euroclear or Clearstream, Luxembourg, as the case may be, must deliver to the trustee a certificate in the form required by the indenture, prior to any exchange of such beneficial interest for a beneficial interest in the permanent Regulation S global notes.

TRANSFER RESTRICTIONS; NOTICE TO INVESTORS

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the notes offered hereby.

The notes have not been registered under the Securities Act or any other applicable securities laws and may not be offered or sold within the United States or to U.S. Persons except pursuant to an exception from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. Accordingly, the notes are being offered hereby only to (1) QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (2) persons other than U.S. Persons in offshore transactions meeting the requirements of Regulation S. As used herein, the terms “offshore transaction,” “U.S.” and “U.S. Person” have the respective meanings given to them in Regulation S.

As a purchaser of the notes offered hereby, by accepting the notes, you will be deemed to have represented and agreed with us and the initial purchasers as follows (terms used herein that are defined in Rule 144A or Regulation S are used herein as defined therein):

(1) You are (A)(i) a QIB, (ii) aware that the sale of the notes to you is being made in reliance on Rule 144A and (iii) acquiring such notes for your own account or for the account of a QIB, as the case may be, or (B) not a U.S. Person and are acquiring the notes in an offshore transaction pursuant to Regulation S.

(2) You understand that the notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the notes have not been and will not be registered under the Securities Act and that the notes may not be reoffered, resold, pledged or otherwise transferred except (A)(i) to a person whom you reasonably believe is a QIB in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or 904 of Regulation S, (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (iv) pursuant to an effective registration statement under the Securities Act, or (v) to us or a subsidiary of ours and (B) in accordance with all applicable securities laws of the states of the United States, and you will, and each subsequent holder is required to, deliver to each person to whom this note or interest therein is transferred a notice substantially to the effect hereof.

(3) You understand that the notes will, unless we determine otherwise in compliance with applicable law, bear a legend substantially to the following effect:

“THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, AND TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS MADE IN RELIANCE ON RULE 144A (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES, AND ANY SELLER AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.”

In the case of notes sold pursuant to Regulation S, the notes will bear an additional legend substantially to the following effect unless otherwise agreed to by us and the holder thereof:

“BY ITS ACQUISITION HEREOF, THE HOLDER THEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON, NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON, AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.”

Regulation S temporary global notes will bear an additional legend substantially to the following effect:

"THIS GLOBAL NOTE IS A TEMPORARY GLOBAL NOTE FOR PURPOSES OF REGULATION S UNDER THE SECURITIES ACT. NEITHER THIS TEMPORARY GLOBAL NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD, DELIVERED OR EXCHANGED FOR AN INTEREST IN A PERMANENT GLOBAL NOTE OR OTHER NOTE EXCEPT UPON DELIVERY OF THE CERTIFICATIONS SPECIFIED IN THE INDENTURE."

(4) If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, you acknowledge that until the expiration of the "40-day distribution compliance period" within the meaning of Rule 903 of Regulation S, any offer or sale of these notes shall not be made by you to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the Securities Act, except in accordance with all applicable securities laws of the states of the United States.

(5) You understand that in accordance with the Employee Retirement Income Security Act of 1974, as amended, no employee benefit plan as to which we are a party in interest or disqualified person, or a qualified institutional buyer acting on behalf of such a plan, may acquire a note unless the acquisition would constitute an exempt transaction under a statutory exemption or any one of the administrative exemptions issued by the U.S. Department of Labor.

(6) You (a) are able to act on your own behalf in the transactions contemplated by this offering memorandum, (b) have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of your prospective investment in the notes, and (c) (or the account for which you are acting) have the ability to bear the economic risks of your prospective investment in the notes and can afford the complete loss of such investment.

(7) You acknowledge that (a) none of us or our affiliates, nor the initial purchasers, nor any person acting on behalf of any of the foregoing has made any statement, representation, or warranty, express or implied, to it with respect to us or the offer or sale of any notes, other than the information we have included in this offering memorandum (and as supplemented to the issue date), (b) you acknowledge that no representation or warranty is made by the initial purchasers as to the accuracy or completeness of such materials, (c) you are relying only on this offering memorandum in making your investment decision with respect to the notes and (d) any information you desire concerning us, the notes or any other matter relevant to your decision to acquire the notes (including a copy of the offering memorandum) is or has been made available to you.

(8) You acknowledge that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If you are acquiring any notes for the account of one or more QIBs, you represent that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of such account. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of notes is no longer accurate, you will promptly notify us and the initial purchasers.

TAXATION

The following summary contains a description of the principal United States federal and Mexican income tax consequences of the purchase, ownership and disposition of the notes, but does not purport to be a comprehensive discussion of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the notes. The summary is not applicable to all categories of investors, some of which may be subject to special rules, and it does not describe any tax consequences arising under the laws of any state, municipality, locality or taxing jurisdiction other than the federal laws of the United States and Mexico.

This summary is based upon the tax laws of the United States and Mexico as in effect on the date of this offering memorandum (including the provisions of the income tax treaty between the United States and Mexico described below), as well as on regulations, rulings and decisions of the United States and rules and regulations of Mexico available on or before such date and now in effect. All of the foregoing is subject to change, possibly with retroactive effect, which change could apply retroactively and could affect the continued validity of this summary.

Prospective purchasers of the notes should consult their tax advisors concerning the United States, Mexican or other tax consequences of the purchase, ownership and disposition of the notes, including, in particular, the application to their particular situations of the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

Certain Material U.S. Federal Income Tax Considerations

The following discussion is a general summary of certain anticipated material U.S. federal income tax consequences of the acquisition, ownership and disposition of notes to holders or other beneficial owners that acquire the notes for cash at their original issue price pursuant to this offer. The discussion is based on the Internal Revenue Code of 1986, as amended, (the "Code"), final, temporary and proposed Treasury regulations promulgated thereunder, judicial decisions, published positions of the Internal Revenue Service (the "IRS"), and other applicable authorities, all as in effect as of the date hereof and all of which are subject to change (possibly with retroactive effect). The discussion does not address all of the U.S. federal income tax consequences that may be relevant to a particular person or to persons subject to special treatment under U.S. federal income tax laws (such as broker dealers, insurance companies, expatriates, tax-exempt organizations, U.S. Holders (as defined below) whose functional currency is not the U.S. dollar or persons that are, or hold their notes through, partnerships or other pass-through entities) or to persons that hold notes as part of a straddle, hedge, conversion, synthetic security or constructive sale transaction for U.S. federal income tax purposes, all of whom may be subject to tax rules that differ from those summarized below. Moreover, this discussion does not address any applicable foreign, state, or local tax laws, any tax consequences relating to the alternative minimum tax or the Medicare Tax on investment income or any tax consequences other than U.S. federal income tax consequences (such as the estate or gift tax). This summary deals only with persons who hold the notes as capital assets within the meaning of the Code (generally, property held for investment) and does not apply to banks and other financial institutions. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of those set forth below.

Holders should consult their tax advisors as to the particular U.S. federal income tax consequences to them of acquiring, owning and disposing of the notes, as well as the effects of other U.S. federal tax laws or state, local and non-U.S. tax laws.

Pursuant to U.S. Treasury Department Circular 230, holders of notes or prospective purchasers are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this offering memorandum or any document referred to herein is not intended or written to be used, and cannot be used, by holders or other beneficial owners of notes for the purpose of avoiding penalties that may be imposed under the Code; (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) holders or other beneficial owners of notes should seek advice based on their particular circumstances from an independent tax advisor.

For purposes of this discussion, a "U.S. Holder" means a beneficial owner of a note (as determined for U.S. federal income tax purposes) that, for U.S. federal income tax purposes, is an individual who is a citizen or resident of the United States, a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia, an estate the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if

(i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more "United States persons" (within the meaning of the Code) have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under applicable Treasury regulations to be treated as a "United States person." A "non-U.S. Holder" means any beneficial owner of a note that, for U.S. federal income tax purposes, is an individual, corporation, estate or trust and that is not a "U.S. Holder."

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes is a holder or other beneficial owner of a note, the U.S. federal income tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Partners in such a partnership should consult their tax advisors as to the particular U.S. federal income tax consequences applicable to them.

U.S. Holders

Stated interest. Stated interest on the notes, including Additional Amounts with respect thereto, will be taxable to U.S. Holders as ordinary income at the time the interest accrues or is paid, in accordance with the Holder's regular method of tax accounting. Mexican tax withheld from interest paid on the notes and Mexican tax withheld from payments of any Additional Amounts may be eligible for a foreign tax credit against a U.S. Holder's U.S. federal income tax liability, or, if a U.S. Holder has elected to deduct such taxes, generally may be deducted in computing taxable income for U.S. federal income tax purposes. Interest income on the notes and Additional Amounts will be treated as foreign-source passive category income for U.S. federal income tax purposes, which may be relevant in calculating a U.S. Holder's foreign tax credit limitation for U.S. federal income tax purposes. The U.S. foreign tax credit limitation is calculated separately with respect to specific classes of income. The foreign tax credit rules are complex, and U.S. Holders should consult their own tax advisors regarding the availability of a foreign tax credit and the application of the limitation in their particular circumstances.

Sale, exchange or other disposition of the notes. Upon the sale, exchange or other disposition of a note (including a retirement or redemption), a U.S. Holder will generally recognize capital gain or loss equal to the difference, if any, between the amount realized upon such disposition (other than amounts representing accrued and unpaid stated interest, which will be taxable as ordinary income to the extent not previously included in income) and such U.S. Holder's adjusted tax basis in the note at such time. A U.S. Holder's adjusted tax basis in a note will generally equal the note's issue price. Any such gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period with respect to the note disposed of is more than one year at the time of the disposition. For non-corporate U.S. Holders, certain preferential tax rates may apply to gain recognized as long-term capital gain. The deductibility of capital losses by a U.S. Holder is subject to limitations.

Mexican tax withheld from amounts paid on the sale, exchange or other disposition of a note may be eligible for a foreign tax credit against a U.S. Holder's U.S. federal income tax liability, or, if a U.S. Holder has elected to deduct such taxes, generally may be deducted in computing taxable income for U.S. federal income tax purposes. Capital gains of a U.S. Holder will be treated as U.S.-source, passive category income, which may be relevant in calculating a U.S. Holder's foreign tax credit limitation for U.S. federal income tax purposes. The U.S. foreign tax credit limitation is calculated separately with respect to specific classes of income. The foreign tax credit rules are complex, and U.S. Holders should consult their own tax advisors regarding the availability of a foreign tax credit and the application of the limitation in their particular circumstances.

Non-U.S. Holders

Subject to the discussion of backup withholding below, a non-U.S. Holder will generally not be subject to U.S. federal income or withholding tax with respect to interest income on the notes, or with respect to gain recognized on the sale, exchange or other taxable disposition (including a retirement or redemption) of a note, that is not effectively connected with such non-U.S. Holder's conduct of a trade or business in the United States.

To the extent that a non-U.S. Holder receives or accrues interest income on a note, or recognizes gain from the sale, exchange, or other taxable disposition (including a retirement or redemption) of a note, that is effectively connected with the non-U.S. Holder's conduct of a trade or business in the United Sates (and, in the case of certain tax treaties, is attributable to a permanent establishment or fixed base within the United States), such non-U.S. Holder will be subject to U.S. federal income tax generally in the same manner as if it were a U.S. Holder. In addition, if such non-U.S. Holder is a corporation (or an entity treated as a corporation for U.S. federal income tax purposes), it may also be subject to a branch profits tax of 30% (or a lower applicable treaty rate) on any effectively connected earnings and profits.

In the case of gain recognized by an individual non-U.S. Holder that is present in the United States for 183 days or more during the taxable year in which such gain is recognized, and certain other conditions are met, such non-U.S. Holder generally will be subject to a 30% U.S. federal income tax on the gain recognized on the sale or other disposition, which may be offset by certain U.S. source capital losses.

Information reporting and backup withholding

U.S. Holders. The paying agent will be required to file information returns with the IRS with respect to payments or accruals of interest on, and the proceeds from a sale, exchange or other disposition (including a retirement or redemption) of, the notes unless such U.S. Holder establishes an exemption from the information reporting rules. In addition, certain U.S. Holders may be subject to backup withholding tax in respect of such payments, accruals or proceeds if they fail to furnish us or our paying agent with an accurate taxpayer identification number on a properly completed IRS Form W-9 or otherwise satisfy the requirements of the backup withholding rules.

Non-U.S. Holders. In certain circumstances, certain non-U.S. Holders may be subject to backup withholding tax in respect of payments or accruals of interest, and the proceeds from a sale, exchange or other disposition (including a retirement or redemption) of, the notes if they fail to furnish us or our paying agent with appropriate documentation of their status as non-U.S. Holders. Non-U.S. Holders should consult their tax advisors as to the qualifications for exemption from backup withholding and the procedures for obtaining such an exemption.

Backup withholding is not an additional tax. Any amounts withheld pursuant to the backup withholding rules in respect of payments, accruals or proceeds to a beneficial owner of a note will be allowed as a refund or credit against such person's U.S. federal income tax liability, provided that the person timely provides the required information to the IRS.

Mexican Taxation

General

The following is a general summary of the principal Mexican federal income tax consequences of the purchase, ownership and disposition of the notes by holders that are not residents of Mexico, for Mexican federal income tax purposes, and that do not hold such notes through a permanent establishment in Mexico for tax purposes, to which income under the notes is attributable; for purposes of this summary, each such holder is referred to as a "foreign holder."

This summary is based on the Mexican Federal Income Tax Law, the Federal Fiscal Code (*Código Fiscal de la Federación*) and regulations in effect on the date of this offering memorandum, all of which are subject to change, possibly with retroactive effect, or to new or different interpretations, which could affect the continued validity of this general summary.

This summary does not address all of the Mexican tax consequences that may be applicable to specific holders of the notes and does not purport to be a comprehensive description of all the Mexican tax considerations that may be relevant to a decision to purchase, own or dispose of the notes. In particular, this summary does not describe any tax consequences arising under the laws of any state, locality, municipality or taxing jurisdiction other than certain federal laws of Mexico.

Potential investors should consult with their own tax advisors regarding the particular consequences of the purchase, ownership or disposition of the notes under the federal laws of Mexico or any other jurisdiction or under any applicable double taxation treaty to which Mexico is a party, which is in effect.

For purposes of Mexican taxation, an individual or corporation that does not satisfy the requirements to be considered a resident of Mexico for tax purposes, as specified below, is deemed a non-resident of Mexico for tax purposes and a foreign holder for purposes of this summary.

An individual is a resident of Mexico for tax purposes, if he/she established his/her home in Mexico. When the individual in question has a home in another country, the individual will be deemed a resident in Mexico if his/her center of vital interests is located in Mexican territory. This will be deemed to occur if (i) more than 50.0% of the aggregate income realized by such individual in the calendar year is from a Mexican source or (ii) the principal center of his/her professional activities is located in Mexico. Mexican nationals who filed a change of tax residence to a country or jurisdiction that does not have a comprehensive exchange of information agreement with Mexico and where his/her income is subject to a preferential tax regime as defined by Mexican law, will be considered Mexican residents for tax purposes during the year of the filing of notice of such residence change and during the following three years.

A legal entity is a resident of Mexico if it maintains the principal administration of its business or the effective location of its management in Mexico. Under applicable regulations, the principal administration of a business or the effective location of management is deemed to exist in Mexico if the individual or individuals having the authority to decide or execute the decisions of control, management, operation or administration are in Mexico.

If a legal entity or an individual is deemed to have a permanent establishment in Mexico for Mexican tax purposes, any and all income attributable to that permanent establishment will be subject to Mexican income taxes, in accordance with applicable tax laws.

Mexico has also entered into and is negotiating tax treaties for the avoidance of double taxation with several countries.

Payments of Interest

Pursuant to the Mexican Income Tax Law, payments of interest on the notes (including original issue discount, if any, which is deemed to be interest) made by us or by any of the Guarantors to foreign holders will be subject to Mexican withholding tax at a rate of 4.9%, if, as expected, the following requirements are met:

- issuance of the notes (including the principal characteristics of the notes) is notified to the CNBV pursuant to Article 7 of the Mexican Securities Market Law;
- the notes, as expected, are placed outside of Mexico through banks or brokerage houses, in a country with which Mexico has in force a treaty for the avoidance of double taxation which is in effect (which currently includes the United States of America); and
- we timely file with the Tax Administrative Service (*Servicio de Administración Tributaria* ("SAT")), fifteen (15) days after the placement of the notes, information regarding such placement and, on a quarterly basis, information, among other things, setting forth that (i) no shareholders that hold more than 10% of our voting shares, directly or indirectly, and individually or jointly with related parties or (ii) legal entities more than 20% of whose voting shares are owned by us, whether directly or indirectly, and individually or jointly with related parties, are the effective beneficiaries of more than 5.0% of the aggregate amount of each interest payment and we maintain records that evidence compliance with this requirement.

If any of the above mentioned requirements is not met, the Mexican withholding tax will be 10.0% or higher.

Payments of interest on the notes made by us to non-Mexican pension and retirement funds will be exempt from Mexican withholding tax, provided that:

- the applicable fund is duly incorporated pursuant to the laws of its country of residence and is the effective beneficiary of the interest payment;
- such income is exempt from income tax in its country of tax residence; and
- such fund is registered with the SAT in accordance with rules issued by the SAT for these purposes.

Holders or beneficial owners of the notes may be requested to, subject to specified exceptions and limitations, provide certain information or documentation necessary to enable us and the Guarantors to apply the appropriate Mexican withholding tax rate on interest payments under the notes made by us or the Guarantors to such holders or beneficial owners. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not timely provided, we or the Guarantors may withhold Mexican tax from interest payments on the notes to that holder or beneficial owner at the maximum applicable rate in effect.

Payments of Principal

Under Mexican Income Tax Law, payments of principal on the notes made by us or the Guarantors to foreign holders will not be subject to any Mexican income tax withholding.

Taxation of Capital Gains

Under the Mexican Income Tax Law and regulations thereunder, capital gains resulting from the sale or other disposition of the notes by a foreign holder to another foreign holder are not taxable in Mexico. Gains resulting from the sale of the notes by a foreign holder to a Mexican resident for tax purposes or to a foreign holder deemed to have a permanent establishment in Mexico for tax purposes, will be subject to the Mexican taxes pursuant to the rules described above with respect to interest payments.

Other Mexican Taxes

Under current Mexican tax laws, generally there are no estate, inheritance, succession or gift taxes applicable to the acquisition, ownership or disposition of the notes by a foreign holder. Gratuitous transfers of the notes in certain circumstances may result in the imposition of a Mexican federal tax upon the recipient. There are no Mexican stamp, issuer registration or similar taxes or duties payable by foreign holders of the notes with respect to the notes.

The above description is not intended to constitute a complete analysis of all Mexican federal tax consequences relating to the acquisition, ownership and disposition of the notes. Prospective purchasers of the notes should consult their own tax advisors concerning the tax consequences of their particular situations.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in the purchase agreement among us and the initial purchasers, we have agreed to sell to the initial purchasers, and the initial purchasers have agreed to purchase from us, the entire principal amount of the notes.

The obligations of the initial purchasers under the purchase agreement, including their agreement to purchase notes from us, are several and not joint. The purchase agreement provides that the initial purchasers will purchase all of the notes being sold pursuant to the purchase agreement if any of them are purchased.

The following table sets forth the amount of notes to be purchased by each initial purchaser in the offering:

Initial Purchasers	**Principal Amount**	
Banco Bilbao Vizcaya Argentaria, S.A.	U.S.$	86,666,000*
Citigroup Global Markets Inc.	U.S.$	86,667,000
Scotia Capital (USA) Inc.	U.S.$	86,667,000
Total	**U.S.$**	**260,000,000**

* Includes Regulation S notes only.

The initial purchasers initially propose to offer the notes for resale at the issue price that appears on the cover page of this offering memorandum. After the initial offering, the initial purchasers may change the offering price and any other selling terms. The initial purchasers may offer and sell notes through certain of their affiliates.

The purchase agreement provides that the obligations of the initial purchasers to pay for and accept delivery of the notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel.

In the purchase agreement, we have agreed that:

- We will not offer, sell, contract to sell, pledge or otherwise dispose of any of our debt securities (other than the notes) for a period through and including the date that is 90 days after the date of this offering memorandum without the prior consent of the initial purchasers.

- We will indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The notes are a new issue of securities, and there is currently no established trading market for the notes. In addition, the notes are subject to certain restrictions on resale and transfer as described under "Transfer Restrictions; Notice to Investors." We have applied, through our listing agent, to list the notes on the Irish Stock Exchange and to trade the notes on the GEM; however, we cannot assure you that such listing will be accepted or maintained.

The initial purchasers have advised us that they intend to make a market in the notes, but the initial purchasers will not be obligated to do so and may discontinue any market-making in the notes, at any time, in their sole discretion. Accordingly, we cannot assure you as to the development or liquidity of any trading market for the notes. If a market for any of the notes does develop, the price of the notes may fluctuate and liquidity may be limited. If a market for any of the notes does not develop, purchasers may be unable to resell such notes for an extended period of time, if at all. If an active market for the notes does not develop or is interrupted, the market price and liquidity of the notes may be adversely affected.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

In connection with the offering of the notes, the initial purchasers may engage in overallotment, stabilizing transactions and syndicate covering transactions and impose penalty bids. Overallotment involves sales in excess of the offering size, which creates a short position for the initial purchasers. Stabilizing transactions involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the initial purchasers to reclaim a selling concession from a broker/dealer when the notes originally sold by such broker/dealer are purchased in a stabilizing or covering transaction to cover short positions. Stabilizing transactions and syndicate covering transactions may have the effect of preventing or retarding a decline in the market price of the notes or cause the price of the notes to be higher than it would otherwise be in the absence of those transactions. There is no assurance that the initial purchasers will engage in overallotment or stabilizing transactions, or impose penalty bids. If the initial purchasers engage in stabilizing or syndicate covering transactions, they may discontinue them at any time, and any stabilizing transactions must be brought to an end after a limited period. Any overallotment, stabilizing transactions, syndicate covering transactions or penalty bids must be conducted or imposed by the initial purchasers in accordance with all applicable laws and rules.

No action has been taken in any jurisdiction, including the United States and the United Kingdom that would permit a public offering of the notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the notes in any jurisdiction where action for this purpose is required. Accordingly, the notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the notes, the distribution of this offering memorandum and resale of the notes. See “Transfer Restrictions; Notice to Investors.”

Conflicts of Interest

Our CEO, Manuel Antonio Milán Reyes, is on the Advisory Counsel of Banamex, an affiliate of one of the initial purchasers in this offering.

Certain of the initial purchasers and their affiliates have engaged, and may in the future engage, in investment banking, commercial banking and other financial advisory and commercial dealings with us and our associates. They have received (or will receive) customary fees and commissions for these transactions.

Affiliates of the initial purchasers are lenders under our Existing Credit Facility and as such are entitled to be repaid with the proceeds that are used to repay the Existing Credit Facility and will receive their portion of such repayment. Further, affiliates of the initial purchasers will be lenders under the Term Loan Facility. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Our Indebtedness—Concurrent Transaction.”

In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of us. The initial purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Settlement

We expect that delivery of the notes will be made to investors on or about February 8, 2013, which will be the fifth business day following the date of this offering memorandum (such settlement being referred to as “T+ 5”). Under Rule

15c6-1 under the Exchange Act, trades in the secondary market are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes prior to the delivery of the notes hereunder will be required, by virtue of the fact that the notes initially settle in T+ 5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to their date of delivery hereunder should consult their own advisor.

Selling Restrictions

United Kingdom

Each of the initial purchasers has represented, warranted and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Market Act ("FSMA")) received by it in connection with the issue or sale of any notes which are the subject of the offering by this offering memorandum in circumstances in which Section 21(1) of the FSMA does not apply to us or the Guarantors; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Italy

The offering of the notes has not been registered pursuant to Italian securities legislation and, accordingly, no notes may be offered, sold or delivered, nor may copies of this document or of any other document relating to the notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "Italian Financial Services Act") and Article 34-ter, first paragraph, letter b) of Regulation No.11971 of 14 May 1999, as amended from time to time ("Regulation No.11971"); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the notes or distribution of copies of this document or any other document relating to the notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act, CONSOB Regulation No.16190 of 23 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "Banking Act"); and

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; or

(c) in compliance with any other applicable laws and regulations, or requirement imposed by the Italian Securities and Exchange Commission (*Commissione Nazionale per le Società e la Borsa*, or "CONSOB") or any other Italian authority.

Please note that in accordance with Article 100-bis of the Italian Financial Services Act, where no exemption applies under (i) and (ii) above, notes which are initially offered and placed in Italy or abroad to qualified investors only but in the following year are regularly ("*sistematicamente*") distributed on the secondary market in Italy to non qualified investors become subject to the public offer and the prospectus requirement rules set out in the Financial Services Act and

Regulation No. 11971. Failure to comply with such rules may result in the sale of the notes being declared null and void and in the liability of the intermediary transferring the notes for any damages suffered by the investors.

Hong Kong

Each of the initial purchasers has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

The offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the "SFA") and accordingly, the initial purchasers may not offer nor sell the notes pursuant to an offering nor make the notes the subject of an invitation for subscription or purchase, nor will the initial purchasers circulate or distribute this offering memorandum or and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the notes, whether directly or indirectly, to any person in Singapore other than under exemptions provided in the SFA for offers made (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) or any person, pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA.

Each holder of the notes should note that any subsequent sale of the notes acquired pursuant to an offer in this offering memorandum made under exemptions (a) or (b) above within a period of six months from the date of initial acquisition is restricted to: (i) institutional investors (as defined in Section 4A of the SFA); (ii) relevant persons as defined in Section 275(2) of the SFA; and (iii) persons pursuant to an offer referred to in Section 275(1A) of the SFA.

Where the notes are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

Chile

The notes will not be registered under the Securities Market Law (*Ley de Mercado de Valores No. 18,045*), as amended, of Chile with the Chilean Securities Commission (*Superintendéncia de Valores y Seguros*) and, accordingly, they may not be offered to persons in Chile except in circumstances that do not constitute a public offering under Chilean law.

Other Jurisdictions

No action has been or will be taken in any jurisdiction by us that would permit a public offering of notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this offering memorandum comes are required by us to comply with all applicable laws at their own expense.

LEGAL MATTERS

Certain matters relating to the validity of the notes will be passed upon for us by Mijares, Angoitia, Cortés y Fuentes, S.C., Mexico City, Mexico, our special Mexican counsel, and for the initial purchasers by Ritch Mueller, S.C., Mexican counsel to the initial purchasers. Certain legal matters in connection with this offering are being passed upon for us by Cleary Gottlieb Steen & Hamilton LLP, New York, New York, and for the initial purchasers by Allen & Overy LLP, New York, New York.

INDEPENDENT AUDITORS

The consolidated financial statements of Grupo Cementos de Chihuahua, S.A.B. de C.V. at December 31, 2011, and 2010, and for each of the three years in the period ended December 31, 2011, included in the offering memorandum, have been audited by Mancera, S.C., a member practice of Ernst & Young Global, independent auditors, as stated in their report appearing herein.

LISTING AND GENERAL INFORMATION

Clearing Information

The global notes representing the notes will be accepted into the applicable systems used by DTC, Euroclear and Clearstream, Luxembourg. The CUSIP, ISIN and Common Code numbers for the notes are as follows:

144A Note CUSIP	144A Note ISIN	144A Note Common Code
40053D AA1	US40053DAA19	088732332

Regulation S Note CUSIP	Regulation S Note ISIN	Regulation S Note Common Code
P4954U AA2	USP4954UAA27	088732448

Listing

We have applied for the notes to be admitted to the official list and to trading on the GEM of the Irish Stock Exchange. The expenses in relation to the admission of the notes to trading on the GEM will be approximately U.S.$5,000. Copies of our by-laws, the indenture, as it may be amended or supplemented from time to time, our published annual financial statements, including for the years ended December 31, 2011, 2010 and 2009, and any published interim financial statements will be available in physical form, for the life of the Listing Particulars, at our principal executive offices, as well as at the offices of the trustee, registrar, paying agent and transfer agent, as such addresses are set forth in this offering memorandum. We believe the independent auditors' reports included herein have been accurately reproduced.

Authorization

The Shareholders authorized the issuance of the notes and their generic terms and conditions in a meeting on December 27, 2012. We have obtained all other consents and authorizations necessary under Mexican law for the issuance of the notes.

Irish Stock Exchange Information

Listing Particulars

The GEM is not a regulated market for the purposes of Directive 2004/39/EC.

Irish Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for us in connection with the notes and is not itself seeking admission of the notes to trading on the GEM of the Irish Stock Exchange.

Company Information

We are domiciled in Chihuahua, Mexico and our registered offices are located at Avenida Vicente Suárez y calle Sexta S/N, Colonia Nombre de Dios, C.P. 31110, Chihuahua, Chihuahua, México, telephone number +52 (614) 442-3100. Our company was organized on August 12, 1991 as a *sociedad anónima de capital variable* (a variable capital stock corporation) under the laws of Mexico. On June 28, 2006, as required by amendments to the Mexican Securities Market Law, we became a *sociedad anónima bursátil de capital variable* (a listed variable capital stock corporation) with registration number 10313*13.

Guarantor Information—Contribution in Excess of 20% to our EBITDA or Net Assets

U.S. dollar amounts in the text below are translated from the Mexican peso amounts for the assets and liabilities at the closing exchange rate of Ps.12.9170 per U.S.$1.00 and for the items in the consolidated interim statement of comprehensive income at a weighted average exchange rate of Ps.13.2365 per U.S.$1.00 in accordance with the procedures for the presentation of the Company's reporting currency in the interim consolidated financial statements.

The Company's obligations under the notes will be unconditionally guaranteed by GCC Cemento, Cementos de Chihuahua and GCC of America. The Guarantors and their respective direct and indirect subsidiaries, after eliminations from consolidation, accounted for Ps.6,353 million (U.S.$480 million), or 100%, of our revenues and contributed Ps.1,329 million (U.S.$100 million), or 114%, of our EBITDA for the nine months ended September 30, 2012, and Ps.20,671 million (U.S.$1,600 million), or 96%, of our net assets and Ps.1,986 million (U.S.$154 million), or 22%, of our total liabilities as of September 30, 2012. The Guarantors and their respective direct and indirect subsidiaries, after eliminations from consolidation, accounted for Ps.7,197 million (U.S.$579 million), or 100%, of our revenues and contributed Ps.1,540 million (U.S.$124 million), or 116%, of our EBITDA for the year ended December 31, 2011, and Ps.21,390 million (U.S.$1,529 million), or 94%, of our net assets and Ps.2,084 million (U.S.$149 million), or 21%, of our total liabilities as of December 31, 2011.

Certain of our non-Guarantor subsidiaries generate expenses but not revenues and offset the EBITDA presented above for the Guarantors. As of September 30, 2012, our non-Guarantor subsidiaries had net assets of Ps.604 million (U.S.$47 million), or 3% of our net assets of Ps.21,438 million (U.S.$1,660 million). EBITDA for the non-guarantor subsidiaries for the nine months ended, September 30, 2012 was Ps.(144) million (U.S.$(11) million), or (12%) of our EBITDA. As of December 31, 2011, our non-Guarantor subsidiaries had net assets of Ps.716 million (U.S.$51 million), or 3% of our net assets of Ps.22,743 million (U.S.$1,626 million). EBITDA for the non-guarantor subsidiaries for the year ended, December 31, 2011, was Ps.(185) million (U.S.$(15) million), or (14)% of our EBITDA.

As of September 30, 2012, GCC holding's net assets were Ps.163 million (U.S.$13 million), or 1% of our net assets, in each case on an unconsolidated basis. EBITDA of GCC holding for the nine months ended September 30, 2012 was Ps.(21) million (U.S.$(2) million), or (2)% of our EBITDA, in each case on an unconsolidated basis. As of December 31, 2011, the net assets of GCC holding were Ps.637 million (U.S.$46 million), or 3% of our net assets, in each case on an unconsolidated basis. EBITDA of GCC holding for the year ended December 31, 2011 was Ps.(28) million (U.S.$(2) million), or (2)% of our EBITDA, in each case on an unconsolidated basis.

GCC Cemento, located at Vicente Suárez y Sexta S/N, Col. Nombre de Dios, Chihuahua, Chihuahua, was incorporated on October 2, 1999, registration number 14627 under Mexican law. GCC Cemento's main activity is the production of cement. Its main facilities are located in the state of Chihuahua, Mexico. As of September 30, 2012, the net assets of GCC Cemento together with its direct and indirect subsidiaries were Ps.2,398 million (U.S.$186 million), or 11% of our net assets. EBITDA of GCC Cemento together with its direct and indirect subsidiaries for the nine months ended September 30, 2012 was Ps.518 million (U.S.$39 million), or 44% of our EBITDA. As of December 31, 2011, the net assets of GCC Cemento together with its direct and indirect subsidiaries were Ps.2,400 million (U.S.$172 million), or 11% of our net assets. EBITDA of GCC Cemento together with its direct and indirect subsidiaries for the year ended December 31, 2011 was Ps.707 million (U.S.$57 million), or 53% of our EBITDA. There are no risks specific to GCC Cemento that could materially affect its ability to meet the obligations under its guarantee.

Cementos de Chihuahua, located at Vicente Suárez y Sexta S/N, Col. Nombre de Dios, Chihuahua, Chihuahua, Mexico, was incorporated on September 9, 1941, registration number 1615 under Mexican law. Cementos de Chihuahua's serves as a holding company for our Mexican operations. Its main facilities are located in the state of Chihuahua, Mexico. As of September 30, 2012, the net assets of Cementos de Chihuahua together with its direct and indirect subsidiaries were Ps.18,273 million (U.S.$1,415 million), or 85% of our net assets. EBITDA of Cementos de Chihuahua together with its direct and indirect subsidiaries was Ps.811 million (U.S.$61 million), or 70% of our EBITDA for the nine months ended September 30, 2012. As of December 31, 2011, the net assets of Cementos de Chihuahua together with its direct and indirect subsidiaries were Ps.18,990 million (U.S.$1,357 million), or 83% of our net assets. EBITDA of Cementos de Chihuahua together with its direct and indirect subsidiaries was Ps.833 million (U.S.$67 million), or 63% of our EBITDA for the year ended December 31, 2011. The figures presented in this paragraph include the results from GCC of America, its subsidiary. There are no risks specific to Cementos de Chihuahua that could materially affect its ability to meet the obligations under its guarantee.

GCC of America, located at 1013 Centre Road, Wilmington, New Castle, Delaware, was incorporated on June 16, 1994, under the laws of Delaware. As of September 30, 2012, the net assets of GCC of America together with its direct and indirect subsidiaries were Ps.14,095 million (U.S.$1,091 million), or 66% of our net assets. EBITDA of GCC of America together with its direct and indirect subsidiaries was Ps.666 million (U.S.$50 million), or 57% of our EBITDA for the nine months ended September 30, 2012. As of December 31, 2011, the net assets of GCC of America together with its direct and indirect subsidiaries were Ps.14,752 million (U.S.$1,054 million), or 65% of our net assets. EBITDA of GCC of America together with its direct and indirect subsidiaries was Ps.652 million (U.S.$52 million), or 49% of our EBITDA for the year ended December 31, 2011. There are no risks specific to GCC of America that could materially affect its ability to meet the obligations under its guarantee.

Financial Statements

Our annual consolidated financial statements are prepared on a consolidated basis, including our Guarantor and non-Guarantor subsidiaries.

No Material Adverse Change

There has been no material adverse change in our prospects since December 31, 2011 and no significant adverse change in our financial or trading position since September 30, 2012, except as otherwise disclosed herein.

SUMMARY OF DIFFERENCES BETWEEN MFRS AND U.S. GAAP

Our annual consolidated financial statements are prepared and presented in accordance with MFRS. MFRS differ in certain respects from U.S. GAAP. The following summarizes certain differences between MFRS and U.S. GAAP that may be material. We are not providing any reconciliation to U.S. GAAP of our consolidated financial statements or other financial information in this offering memorandum. We have not quantified any of the differences mentioned below or any others that may exist and therefore we cannot guarantee that the following summary of differences between MFRS and U.S. GAAP is complete. If we were to prepare a quantitative reconciliation, additional differences, including some that may be material, could arise. Potential investors should consult their own professional advisors for an understanding of the differences between MFRS and U.S. GAAP and how those differences might affect the financial information contained herein. See "Risk Factors—Risks Related to Our Company—Our consolidated financial statements are prepared in accordance with MFRS and IFRS, which differ in significant respects from U.S. GAAP."

Accounting for the effects of inflation

MFRS

Through December 31, 2007, MFRS required that the effects of inflation be recorded in financial information and that financial statements be restated to constant Mexican pesos as of the latest balance sheet date presented. Beginning January 1, 2008, MFRS modified the accounting for the recognition of the effects of inflation and defines two economic environments: (i) an "inflationary environment," where the cumulative inflation of the three preceding years is 26.0% or more, in which case the effects of inflation should be recognized using the comprehensive method; and (ii) a "non-inflationary environment," where the cumulative inflation of the three preceding years is less than 26.0%, in which case no inflationary effects should be recognized in the financial statements.

U.S. GAAP

Under U.S. GAAP, companies are generally required to prepare financial statements using historical cost, whereby amounts are not subsequently adjusted for inflation except when the entity operates in a hyperinflationary environment, generally defined as comprehensive inflation over the three-preceding years of greater than 100%.

Capitalization of comprehensive financing cost

MFRS

MFRS requires comprehensive financing cost to be capitalized on qualifying assets, which are assets that require a period of time to be ready for their intended use. Comprehensive financial results to be capitalized include interest expense, foreign currency exchange gains and losses and inflationary monetary gain or loss related to financial liabilities.

U.S. GAAP

Under U.S. GAAP, interest expense incurred during the construction or acquisition of a qualifying asset must also be capitalized as part of the cost of the qualifying asset. U.S. GAAP does not permit the capitalization of foreign exchange gains or losses.

Consolidation criteria

MFRS

Under MFRS, an entity is required to consolidate subsidiaries over which it has established control, which is defined as the ability to govern the operating and financial policies so as to obtain benefits from the entity's activities. Thus, the basis for consolidating an entity depends on governance and risks and rewards. Control is presumed to exist when an entity directly or indirectly holds more than half of the voting common stock of the subsidiary, considering currently exercisable or convertible potential voting rights. However, control can also exist even if the entity does not hold more than half of the voting stock if there are other factors present that demonstrate the entity's ability to control based on an assessment of corporate governance and economic risks and benefits.

U.S. GAAP

U.S. GAAP requires consolidation when a company has a controlling financial interest over another entity, either through a majority voting interest or through the existence of other control factors. Additionally, it permits consolidation of variable interest entities for which the company is the primary beneficiary, which is defined as the entity that (i) will absorb a majority of the investee's expected losses and (ii) is entitled to receive a majority of the investee's expected residual returns or both.

However, if there is a non-controlling interest in an investment and such non-controlling interest has substantive rights to effectively participate in significant decisions related to the investee's ordinary course of business, the majority investor is precluded from consolidating such entity.

Fair value of financial instruments

MFRS

MFRS defines fair value as the amount an interested and informed market participant would be willing to exchange for the purchase or sale of an asset or to assume or settle a liability in a free market. As such, this definition can result in the use of either an entry or an exit price. An entity's own credit risk is not considered in the valuation of financial instruments.

U.S. GAAP

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, this definition only considers an exit price. In addition, U.S. GAAP requires the consideration of the principal and most advantageous market and the highest and best use of the asset in order to determine its fair value, and not only the intentions of the entity with respect to such asset. As such, assets are valued on how they are best used, whether in conjunction with other assets ("in use") or on a stand-alone basis ("in exchange"); the fair value of liabilities is determined on the basis of the price that would be paid to transfer the obligation to another market participant. U.S. GAAP also prioritizes the inputs to valuation techniques used to measure fair value into three different levels, depending on whether or not the input is observable in an active market. Finally, U.S. GAAP requires that the fair value determination include consideration of the entity's own credit risk rating.

Labor obligations

MFRS

MFRS does not require recognition of the over or under-funded status of a defined postretirement plan and, therefore, unrecognized items do not form part of the labor obligation liability until the amounts are amortized to such liability over future years.

U.S. GAAP

Under U.S. GAAP, the accounting for defined benefit postretirement plans, which include seniority premiums within Mexico, requires that the over- or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) be recognized within the balance sheet, as an asset or liability, as the case may be. Changes in the funded status in the year must be recognized through other comprehensive income and are subsequently amortized from other comprehensive income to results in future years.

Deferred income tax and statutory employee profit sharing

MFRS

MFRS is similar to U.S. GAAP with respect to accounting for deferred income taxes in that an asset and liability approach is required. Under this approach, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as the recognition of operating loss and tax credit carryforwards. These temporary differences are measured using enacted tax rates expected to apply to taxable income in the years in which such temporary differences are expected to be recovered or settled. Under MFRS, (i) any deferred tax assets recorded must be reduced by a valuation allowance if it is "highly probable" that all or a portion of the deferred tax asset will not be realized and (ii) the net deferred income tax asset or liability is presented as a long-term asset or liability.

In addition, during 2007, the Mexican tax authorities issued the flat rate business tax. For MFRS purposes, companies must determine whether they will be subject to regular income tax or flat rate business tax in the future and recognize the deferred income tax accordingly. Therefore, deferred taxes are calculated by scheduling the reversal of temporary differences under each tax regime and applying either the income tax or flat rate business tax rate to such temporary differences, based on what the entity expects to pay in each period. If, based on its projections, a company determines that it will be subject to both the flat rate business tax and regular income tax in the future, it is required to schedule out the reversal of temporary differences under each tax regime and record the amount that represents the larger liability or the smaller benefit.

Effective January 1, 2008, MFRS was modified to require a balance sheet methodology for determining deferred employee profit sharing similar to that used for deferred income taxes.

Finally, during 2009, the Mexican tax authorities enacted various tax reforms that included, among other changes, changes in tax rates and other changes with respect to the consolidation tax regime, which became effective in 2010. MFRS issued an interpretation specifically addressing the accounting for these tax changes enacted in 2009, indicating that certain effects could be recognized directly through retained earnings, as opposed to affecting 2009 results.

U.S. GAAP

U.S. GAAP also requires a balance sheet approach to calculating deferred income taxes. However, a valuation allowance is recognized against deferred income tax assets if, based on the weight of available evidence, it is "more likely than not" that all or a portion of the deferred tax asset will not be realized.

U.S. GAAP permits the recognition of a deferred tax asset or liability, but they are calculated using specific equations. Additionally, U.S. GAAP does not permit the recognition of a deferred tax liability related to goodwill even though a taxable temporary difference exists.

In addition, with respect to the flat rate business tax, similar to MFRS, companies must determine whether they will be subject to regular income tax or the flat rate business tax in the future based on company projections, and accordingly recognize deferred taxes based on the tax they expect to pay in each period. However, if a company's projections indicate that it will be subject to both the flat rate business tax and regular income tax in the future, U.S. GAAP requires the entity to schedule out the reversal of temporary differences for both regular income tax and the flat rate business tax, by year, and recognize a corresponding deferred tax asset or liability accordingly. This approach results in the recognition of a deferred tax asset or liability that includes both income tax and flat rate business tax effects.

With respect to the Mexican income tax reforms enacted in 2009, U.S. GAAP would require that any and all changes resulting from the application of the tax reforms be recorded through income tax expense in 2009 results, rather than the special treatment through retained earnings as permitted by MFRS.

Finally, U.S. GAAP does, and requires the use of the balance sheet methodology similar to MFRS, but U.S. GAAP does not allow the recognition of a net deferred employee profit sharing asset.

Impairment of long-lived assets other than goodwill

MFRS

MFRS requires long-lived assets with definite lives, such as property, plant and equipment, including certain intangible assets, be evaluated periodically to determine whether there is an indication of potential impairment. When impairment indicators exist, an impairment loss is recognized based on the recoverable amount of the asset. The recoverable amount of the asset is the greater of the net selling price of the asset and its value in use, determined on the basis of recognized valuation techniques like discounted future net cash flows.

In addition, under certain limited circumstances, the reversal of previously recognized impairment losses is permitted. Any recorded impairment losses are presented as non-ordinary expenses.

U.S. GAAP

U.S. GAAP requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of an asset is not recoverable when the estimated future undiscounted cash flows expected to result from the use of the asset are less than the carrying value of the asset. The impairment loss is measured as the difference between the carrying value of the asset and its fair value. Any impairment loss recorded for an asset to be held and used establishes a new cost basis and, therefore, cannot be reversed in the future. Any recorded impairment losses are presented in operating expenses.

Impairment of goodwill

MFRS

The determination of impairment of goodwill under MFRS is a one-step test which compares the carrying value of goodwill to its recoverable value. Recoverable value is the greater of net selling price of the asset, if obtainable, and its value in use, determined based on recognized valuation techniques like discounted future net cash flows. Goodwill impairments can be reversed under certain circumstances.

U.S. GAAP

Impairment of goodwill is performed at the reporting unit level under U.S. GAAP, which is equivalent to an operating segment or one level below an operating segment. U.S. GAAP requires a two-step approach to measuring impairment on goodwill, which includes (i) comparing the fair value of the reporting unit to its carrying value and if it is less, then goodwill is considered impaired; (ii) the goodwill impairment is measured as the excess of the carrying amount of goodwill over its implied fair value. The implied fair value of goodwill is determined by a hypothetical purchase price allocation in which the fair value determined in the first step is allocated to the various assets and liabilities included in the reporting unit in the same manner that goodwill is determined in a business combination. Goodwill impairments may not be reversed.

Statement of changes in cash flows

MFRS

Beginning January 1, 2008, MFRS requires the presentation of a cash flow statement, using either the direct or indirect method, presented in nominal Mexican pesos. A statement of cash flows presents cash inflows and outflows stemming from operating, investing and financing activities of a company on a gross basis.

U.S. GAAP

U.S. GAAP requires a statement of cash flows describing the cash flows provided by or used in operating, investing and financing activities, similar to that presented under MFRS. Non-cash transactions are excluded from the statement of cash flows. Supplemental disclosure of interest and income taxes paid must be disclosed, and interest and dividends are generally presented within operating activities.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Grupo Cementos de Chihuahua, S.A.B. de C.V. and subsidiaries:

GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V. AND SUBSIDIARIES

Interim consolidated financial statements as of September 30, 2012, December 31, 2011 and as of January 1, 2011 (transition date to IFRS) and for the nine months ending September 30, 2012 and 2011

GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated interim statements of financial position

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$))

	Note	2012 US$ Convenience Translation (Note 6)	As of September 30, 2012 (Unaudited)	As of December 31, 2011 (Unaudited)	As of January 1, 2011 (Unaudited)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	10	US$ 72,667	Ps. 934,720	Ps. 1,163,149	Ps. 959,016
Accounts receivable:					
Trade accounts receivable	11	108,600	1,396,927	1,104,937	942,443
Due from related parties	12	3,210	41,294	18,533	9,066
Other accounts receivable	11	26,078	335,429	343,734	258,637
		137,888	**1,773,650**	**1,467,204**	**1,210,146**
Inventories	13	107,661	1,384,839	1,472,204	1,319,388
Prepaid expenses	14	10,843	139,458	74,818	68,187
Total current assets		**329,059**	**4,232,667**	**4,177,375**	**3,556,737**
NON-CURRENT ASSETS					
Investments in associates and others	15	8,483	109,113	104,097	100,008
Investment in joint venture Sociedad Boliviana de Cemento, S.A. (SOBOCE)		-	-	-	1,279,382
Property, machinery and equipment, net	16	955,571	12,291,514	13,208,942	12,954,034
Goodwill	17	338,840	4,358,505	4,720,101	4,166,126
Intangible assets, net	18	12,532	161,200	200,214	240,449
Other assets	19	22,126	284,604	331,905	234,604
Total non-current assets		**1,337,552**	**17,204,936**	**18,565,259**	**18,974,603**
TOTAL ASSETS		**US$ 1,666,611**	**Ps. 21,437,603**	**Ps. 22,742,634**	**Ps. 22,531,340**

See notes to accompanying interim consolidated financial statements.

GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated interim statements of financial position

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$))

	Note	2012 US$ Convenience Translation (Note 6)	As of September 30, 2012 (Unaudited)	As of December 31, 2011 (Unaudited)	As of January 1, 2011 (Unaudited)
LIABILITIES AND EQUITY					
SHORT-TERM LIABILITIES					
Debt and current portion of long-term financial debt	20b	US$ 520,603	Ps. 6,696,520	Ps. 521,808	Ps. 934,944
Trade accounts payable		53,623	689,753	595,409	423,251
Due to related parties	12	598	7,693	9,914	37,841
Accrued expenses and other accounts payable	22a	23,524	302,594	502,670	293,567
Short term employee benefits	21	8,664	111,450	83,833	69,474
Provisions	22b	1,699	21,857	95,583	76,574
Total short-term liabilities		**608,711**	**7,829,867**	**1,809,217**	**1,835,651**
LONG-TERM LIABILITIES					
Long-term financial debt	20b	-	-	6,972,292	7,275,222
Employee benefits	21	30,095	387,106	359,205	281,008
Restoration provisions	22 c	2,799	35,998	33,922	31,843
Income taxes payable	24a	25,938	333,633	349,764	369,153
Deferred taxes	24f	28,861	371,229	550,975	883,752
Total liabilities		**696,404**	**8,957,833**	**10,075,375**	**10,676,629**
EQUITY	25				
Capital stock		30,807	396,270	396,270	395,770
Additional paid-in capital		142,497	1,832,940	1,832,940	1,824,542
Legal reserve		21,768	279,998	279,998	279,998
Retained earnings		768,917	9,890,585	9,587,091	9,351,252
Other comprehensive income		5,940	76,402	567,386	-
Equity attributable to equity holders of the parent		**969,929**	**12,476,195**	**12,663,685**	**11,851,562**
Non-controlling interest		278	3,575	3,574	3,149
Total equity		**970,207**	**12,479,770**	**12,667,259**	**11,854,711**
TOTAL LIABILITIES AND EQUITY		**US$ 1,666,611**	**Ps. 21,437,603**	**Ps. 22,742,634**	**Ps. 22,531,340**

See notes to accompanying interim consolidated financial statements.

GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated interim statements of comprehensive income

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except earnings per share)

		For the three month period ended September 30,		For the nine month period ended September 30,		
	Note	2012 (Unaudited)	2011 (Unaudited)	2012 U.S. Dlls. Convenience Translation (Note 6)	2012 (Unaudited)	2011 (Unaudited)
Net sales	7d	Ps. 2,583,867	Ps. 2,294,202	US$ 493,934	Ps. 6,353,473	Ps. 5,230,749
Cost of sales	26	2,004,001	1,717,359	393,262	5,058,527	4,190,311
Gross profit		**579,866**	**576,843**	**100,672**	**1,294,946**	**1,040,438**
Administrative and selling expenses	26	259,398	289,786	58,682	754,829	785,144
Operating income		**320,468**	**287,057**	**41,990**	**540,117**	**255,294**
Other expenses	27	239	1,797	56	718	1,957
Financial expenses	28	134,368	132,950	30,527	392,670	401,658
Financial income		5,998	7,481	1,942	24,977	25,201
Exchange (loss) gain, net		(6,703)	20,904	(1,504)	(19,352)	25,796
Income (loss) before taxes		185,156	180,695	11,845	152,354	(97,324)
Income taxes	24c	(33,617)	(25,032)	11,750	151,141	(49,046)
Net consolidated income (loss) from continuing operations		**151,539**	**155,663**	**23,595**	**303,495**	**(146,370)**
Discontinued operations, net of income taxes	2	-	(341,915)	-	-	(306,615)
Consolidated net income (loss)		**Ps. 151,539**	**Ps. (186,252)**	**US$ 23,595**	**Ps. 303,495**	**Ps. (452,985)**
Other comprehensive income:						
Effect of foreign operation Translation		(120,400)	983,608	(31,701)	(407,771)	698,784
Actuarial gains and losses from employee benefits		(10,375)	(8,774)	(2,420)	(31,126)	(26,334)
Income tax		2,905	2,629	(4,049)	(52,087)	48,145
Net comprehensive (loss) income net of tax		(127,870)	977,463	(38,170)	(490,984)	720,595
Consolidated comprehensive (loss) income		**Ps. 23,669**	**Ps. 791,211**	**US$(14,575)**	**Ps. (187,489)**	**Ps. 267,610**
Consolidated income (loss) related to:						
Equity holders of the parent		151,535	(185,973)	23,595	303,494	(452,657)
Non-controlling interests		4	(279)	-	1	(328)
Consolidated net income (loss)		Ps. 151,539	Ps. (186,252)	US$ 23,595	Ps. 303,495	Ps. (452,985)
Consolidated comprehensive (loss) income related to:						
Equity holders of the parent		23,665	791,490	(14,575)	(187,490)	267,938
Non-controlling interest		4	(279)	-	1	(328)
Consolidated comprehensive (loss) income		Ps. 23,669	Ps. 791,211	US$ (14,575)	Ps. (187,489)	Ps. 267,610
Basic earnings per share:						
Weighted average of outstanding shares (thousands)		332,535	331,290	332,535	332,535	331,290
Basic earnings (loss) per share from continuing operations		Ps. .46	Ps. .47	US$ .07	Ps. .91	Ps. (.44)
Basic earnings per share of discontinued operations		-	(1.03)	-	-	(.93)
Basic earnings (loss) per share of controlling interest		Ps. .46	Ps. (.56)	US$ .07	Ps. .91	Ps. (1.37)

See notes to accompanying interim consolidated financial statements.

GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated interim statements of equity

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$))

For the nine month period ended September 30, 2011

	Note		Capital stock		Additional paid-in capital		Legal reserve
Balances as of January 1, 2011 (unaudited)		Ps.	395,770	Ps.	1,824,542	Ps.	279,998
Sale of repurchased shares			500		8,398		
Net loss			-		-		-
Comprehensive income			-		-		-
Balances as of September 30, 2011(unaudited)		Ps.	396,270	Ps.	1,832,940	Ps.	279,998

For the nine month period ended September 30, 2012

	Note		Capital stock		Additional paid-in capital		Legal reserve
Balances as of January 1, 2012(unaudited)		Ps.	396,270	Ps.	1,832,940	Ps.	279,998
Net income			-		-		-
Comprehensive income			-		-		-
Balances as of September 30, 2012(unaudited)		Ps.	396,270	Ps.	1,832,940	Ps.	279,998
Convenience translation U.S. dollars	6	US$	30,807	US$	142,497	US$	21,768

For the nine month period ended September 30, 2011

	Note		Retained earnings		Other comprehensive income		Equity attributable to equity holders of the parent		Non-controlling' interest		Total equity
Balances as of January 1, 2011 (unaudited)		Ps.	9,351,252	Ps.	-	Ps.	11,851,562	Ps.	3,149	Ps.	11,854,711
Sale of repurchased shares			171,507				180,405				180,405
Net loss			(452,657)		-		(452,657)		(328)		(452,985)
Comprehensive income			-		720,595		720,595		-		720,595
Balances as of September 30, 2011 (unaudited)		Ps.	9,070,102	Ps.	720,595	Ps.	12,299,905	Ps.	2,821	Ps.	12,302,726

For the nine month period ended September 30, 2012

	Note		Retained earnings		Other comprehensive income		Equity attributable to equity holders of the parent		Non-controlling' interest		Total equity
Balances as of January 1, 2012 (unaudited)		Ps.	9,587,091	Ps.	567,386	Ps.	12,663,685	Ps.	3,574	Ps.	12,667,259
Net income			303,494		-		303,494		1		303,495
Comprehensive loss			-		(490,984)		(490,984)		-		(490,984)
Balances as of September 30, 2012 (unaudited)		Ps.	9,890,585	Ps.	76,402	Ps.	12,476,195	Ps.	3,575	Ps.	12,479,770
Convenience translation U.S. dollars	6	US$	768,917	US$	5,940	US$	969,929	US$	278	US$	970,207

See notes to accompanying interim consolidated financial statements.

GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated interim statements of cash flows

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$))

	Note	2012 U.S. Dlls. Convenience Translation (Note 6)	Periods ended September 30, 2012 (Unaudited)	2011 (Unaudited)
Operating activities				
Income (loss) before taxes and discontinued operations		US$ 11,845	Ps. 152,354	Ps. (97,324)
Adjustments to reconcile profit before tax to net cash flows:				
Increase in pensions, seniority and premium	21	3,550	51,607	37,597
Depreciation and amortization	16-18	48,505	623,919	667,528
(Loss) gain on disposals of property, machinery and		(107)	(1,371)	3,821
Financial expense		30,527	392,670	401,658
Financial income		(1,942)	(24,977)	(25,201)
Changes in operating assets and liabilities:				
Trade accounts receivable		(26,983)	(347,084)	(388,948)
Related parties		(1,942)	(24,983)	(34,280)
Other accounts receivable		(2,088)	(26,858)	(133,598)
Inventories		3,164	40,697	17,398
Prepaid expenses		(1,567)	(20,162)	9,956
Other assets		2,090	26,887	22,979
Trade accounts payable		9,574	123,147	256,532
Direct benefits paid to employees		(1,544)	(22,489)	(31,067)
Accrued provisions and liabilities		(14,496)	(189,783)	117,732
Cash generated from operations		58,586	753,574	824,783
Interest received		1,942	24,977	25,201
Income tax paid		(2,301)	(29,599)	(30,393)
Net cash flows from operating activities		58,227	748,952	819,591
Investing activities				
Additions of property, machinery and equipment		(27,423)	(352,742)	(116,054)
Dividends received from discontinued operations		-	-	56,085
Proceeds from the sale of property, machinery and equipment		203	2,618	28,158
Proceeds from the sale of investment in joint venture (Note 2)		-	-	927,637
Net cash flow from investing activities		(27,220)	(350,124)	895,826
Financing activities				
Payments of short-term and long-term financing		(16,845)	(216,679)	(1,529,916)
Interest paid		(28,810)	(370,584)	(386,180)
Treasury shares repurchased		-	-	180,405
Net cash flows from financing activities		(45,655)	(587,263)	(1,735,691)
Net decrease in cash and cash equivalents		(14,648)	(188,435)	(20,274)
Adjustment to cash flows for variations in exchange rates		(3,110)	(39,994)	55,488
Cash and cash equivalents at beginning of year		90,425	1,163,149	959,016
Cash and cash equivalents at end of period		US$ 72,667	Ps 934,720	Ps. 994,230

See notes to accompanying interim consolidated financial statements.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

1. Description of operations

Grupo Cementos de Chihuahua, S.A.B. de C.V. and subsidiaries (hereinafter “the Company” or “GCC”) is a subsidiary of the ultimate parent Company CAMCEM, S.A. de C.V. and is a holding company whose subsidiaries are engaged primarily in producing and selling hydraulic cement, concrete and aggregates. The Company is organized under the laws of Mexico as publicly listed variable stock corporation, or Sociedad Anónima Bursátil de Capital Variable. The Company is a 74.0960% owned subsidiary of Control Administrativo Mexicano, S.A. de C.V. (direct holding company) and the remaining 25.904% of GCC’s shares trade on the Bolsa Mexicana de Valores, S.A.B. de C.V. (BMV: GCC).

The corporate offices are located at Avenida Vicente Suárez y calle Sexta s/n, Colonia Nombre de Dios, C.P. 31110, Chihuahua, Chihuahua, México,

The Company’s primary activities are carried out through different operating entities which are its direct or indirect subsidiaries. The main subsidiaries and their activities are shown below:

Subsidiary	Country	Activity	Functional Currency	September 30, 2012 % Ownership	December 31, 2011 % Ownership	January 1,2011 % Ownership
GCC Cemento, S.A. de C.V.	Mexico	Production and sale of cement, mortar and aggregates.	Mexican Peso	99.999	99.999	99.999
GCC Concreto, S.A. de C.V.	Mexico	Production and sale of ready-mix concrete, concrete blocks and precast concrete products.	Mexican Peso	99.990	99.990	99.990
GCC Rio Grande, Inc.	U.S.A.	Production and sale of cement	U.S. dollars	99.999	99.999	99.999
GCC Dacotah, Inc.	U.S.A.	Production and sale of cement.	U.S. dollars	99.999	99.999	99.999
Consolidated Ready Mix, Inc.	U.S.A.	Production and sale of ready-mix concrete and construction	U.S. dollars	99.999	99.999	99.999
Mid Continent Concrete Company, Inc.	U.S.A.	Production and sale of ready mixed concrete and construction materials.	U.S. dollars	99.999	99.999	99.999
GCC Alliance Concrete, Inc.	U.S.A.	Production and sale of ready mixed concrete and construction materials.	U.S. dollars	99.999	99.999	99.999

Through August 2011 the Company owned 47.02% equity interest of Sociedad Boliviana de Cemento, S.A.

2. Disposal of SOBOCE

Through August 2011, the Company had a 47.02% investment on Sociedad Boliviana de Cemento, S.A. (SOBOCE), a company engaged in the production and sale of cement in Bolivia. The remaining 52.98% was held by Compañía Inversiones Mercantiles, S.A. ("CIMSA"), SOBOCE's majority shareholder. Prior to the adoption of IFRS, the Company accounted for SOBOCE using a proportional consolidation method of accounting. However, effective on the adoption of IFRS, the Company changed its accounting to the equity method of accounting. During July 2011, the Company management decided that the equity method investment should be treated as a discontinued operation given (i) the expropriation of SOBOCE's subsidiary, Fabrica Nacional de Cemento, S.A. (Fancesa) by the Bolivian government during August 2010 (since that date SOBOCE did not recognize the equity method results of its investment), and (ii) on August 18, 2011 the Company sold its 47.02% interest in SOBOCE's operations to the Peruvian company Consorcio Cementero del Sur, S.A. (Consorcio) (a subsidiary of Grupo Gloria) for the amount of Ps. 927,637 (US$ 75,000). The funds obtained by this transaction were used to decrease the Company's debt.

The loss of Ps. 306,615 recorded in discontinued operations for the nine months ended September 30, 2011 consists of impairment loss amounting to Ps. 201,616, a loss due to the sale of shares for Ps. 140,299 and earnings from its equity interest through July 31, 2011 of Ps. 35,300.

3. Basis of presentation

a) The Company's consolidated interim financial statements have been prepared on a going-concern basis. As discussed in Note 7x, on June 29, 2012, the Company's bank and bond creditors waived its obligation to comply with certain financial covenants under its Credit Facility and the Privately Placed Notes with respect to the fiscal quarters ended on June 30, 2012 and September 30, 2012. Given that the waiver does not extend for a period of more than 12 months from September 30, 2012, the Company has classified such borrowings as current in the consolidated statement of financial position as of such date (see Note 20b) which raises significant doubt about the Company's ability to continue as going concern. As mentioned in Note 20, as of the end of this financial reporting date, the Company is planning to refinance its debt. The Company has a commitment in place to obtain a syndicated loan of US$250,000, which is subject to the issuance of a secured bond as part of an integrated restructuring plan. However there is no assurance that this plan will be achieved.

b) The Company's consolidated interim financial statements for the nine month periods ended September 30, 2012 and 2011, and recent quarters ended on these dates are part of the first annual consolidated financial statements prepared under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board, and are presented based on International Accounting Standard (IAS) 34, *Interim Financial Statements*.

c) Beginning January 1, 2012, the Company adopted the IFRS issued by International Accounting Standards Board ("IASB") in effect as of December 31, 2012, as the regulatory base to prepare and present consolidated financial statements. Based on the above, the accompanying consolidated interim financial statements were prepared under such anticipated accounting standards. Therefore, any subsequent change in IFRS recognized in the Company's annual consolidated financial statements for the year ended December 31, 2012, related to the early adoption of a new standard or accounting policy change may result in an amendment to the information reported, including retroactive adjustments.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

These are the Company's first consolidated interim financial statements that have been prepared under IFRS applying the principles of IFRS 1, *First Adoption of International Financial Reporting Standards.* Previously, the individual financial statements as of December 31, 2011 and 2010, had been prepared based on Mexican Financial Reporting Standards ("MFRS"). The effects of transition to IFRS on the financial position and on the comprehensive income of 2011 periods are shown in Note 30.

d) The information contained in the accompanying consolidated interim financial statements and referred explaining notes as of December 31, 2011 and September 30, 2011, are presented exclusively for comparison purposes to that referred to as of September 30, 2012.

4. Basis of Consolidation of the financial statements

The interim consolidated financial statements include those of Grupo Cementos de Chihuahua, S.A.B. de C.V., and those of the companies on which it exercises control of the entity's administrative, financial and operating policies. The subsidiaries included in the consolidated interim financial statements are presented as follows:

Mexican operations

	% of Equity Interest		
Subsidiaries	**September 30, 2012**	**December 31, 2011**	**January 1, 2011**
Direct equity interest in Mexican subsidiaries:			
Cementos de Chihuahua, S.A. de C.V.	99.999	99.999	99.999
GCC Ingeniería y Proyectos, S.A. de C.V.	99.999	99.999	99.999
GCC Cemento, S.A. de C.V.	99.999	99.999	99.999
GCC Corporativo, S.A. de C.V.	99.990	99.990	99.990
Indirect equity interest in Mexican subsidiaries:			
Materiales Industriales de Chihuahua, S.A. de C.V.	99.964	99.964	99.964
GCC Concreto, S.A. de C.V.	99.989	99.989	99.989
Minera Rarámuri, S.A.	99.990	99.990	99.990
Construcentro de Chihuahua, S.A. de C.V.	99.990	99.990	99.990
GCC Edificaciones y Servicios, S.A. de C.V.	99.990	99.990	99.990
GCC Inversiones y Comercialización, S.A. de C.V.	99.319	99.319	99.319
GCC Transporte, S.A. de C.V.	99.950	99.950	99.950
GCC Comercial, S.A. de C.V.	99.990	99.990	99.990
GCC Proyectos y Administración, S.A. de C.V.	99.749	99.749	99.749
Urbanizaciones Contemporáneas, S.A. de C.V.	99.990	99.990	99.990
GCC Latinoamérica, S.A. de C.V.	99.990	99.990	99.990
Promotora de Hospitales Mexicanos, S.A. de C.V.	52.457	52.457	52.457

Foreign operations (located mainly in the United States of America)

	% of Equity Interest		
Subsidiaries	**September 30, 2012**	**December 31,2011**	**January 1, 2011**
Direct equity interest in foreign subsidiaries:			
GCC of America, Inc.	99.999	99.999	99.999
GCC Rio Grande, Inc. (GCCRG)	99.999	99.999	99.999
Rio Grande Materials, Inc.	99.999	99.999	99.999
GCC Dacotah, Inc. (Dacotah)	99.999	99.999	99.999
GCC Ready Mix, LLC. (GCCRM)	99.999	99.999	99.999
Mid Continent Concrete Company, Inc. (Midco)	99.999	99.999	99.999
Alliance Transportation, Inc.	99.999	99.999	99.999
GCC Holding Company, LLC.	99.999	99.999	99.999
American Investments Company, LLC.	99.999	99.999	99.999
GCC Energy, LLC.	99.999	99.999	99.999
Consolidated Ready Mix, Inc. (CRM)	99.999	99.999	99.999
Materiales (Hungary) Investment Group Financing, Ltd.	99.999	99.999	99.999
GCC Alliance Concrete, Inc.	99.999	99.999	99.999
Colorado Energy Recyclers, LLC.	99.999	99.999	99.999
GCC Technology and Processes, S.A.	99.999	99.999	99.999
GCC Investment, Ltd.	99.999	-	-
GCC Premium Transloaders, LLC.	99.999	99.999	99.999
GCC Rio Grande Holding, LLC.	99.999	99.999	99.999
Cross Border Logistics, LLC.	49.999	49.999	49.999
Sunset Properties, LLC.	99.999	99.999	99.999
NM Energy, LLC.	99.999	99.999	99.999

The financial statements of the subsidiaries and associates are prepared for the same reporting period as the parent company, using consistent accounting policies. Intercompany balances, investments and transactions were eliminated in the consolidation.

5. Basis of preparation

The information presented in the consolidated interim financial statements has been prepared on a historical cost basis. The historical cost is generally based on the fair value of the consideration granted in exchange of the assets, except in the case of financial instruments for which fair value is used. The interim consolidated financial statements are presented in Mexican pesos (Ps.) and in U.S. dollars (US$), and all values are rounded to the nearest thousand (000), except when otherwise indicated.

5.1 Seasonality

Construction activity, and therefore the demand for Company products, significantly decreases during periods of cold weather, snow and prolonged or intense rain. Consequently, demand for Company products is significantly lower during winter and rainy seasons. Winter weather significantly reduces sales of cement and concrete during the first quarter and, to a lesser extent, during the fourth quarter.

6. Convenience translation

The consolidated interim financial statements as of September 30, 2012 include in the presentation in each line item of the consolidated interim financial statements the amount denominated in U.S. dollars under the heading "Convenience translation", which are presented solely for the readers' convenience. Such amounts were translated using the exchange rate of Ps. 12.863 per U.S. dollar, using the noon buying exchange rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the U.S. Federal Reserve. The referred information in U.S. dollars is solely for information purposes and does not represent the amounts are in accordance with IFRS or the equivalent in U.S. dollars in which the transactions were conducted or in which the amounts presented in Mexican pesos can be translated or realized.

7. Significant accounting policies

The information presented in the Company's interim consolidated financial statements was prepared based on International Financial Reporting Standards. These are the Company's first consolidated financial statements, which have been prepared in conformity with IFRS, and to which IFRS 1 has been applied.

a) Adoption of new International Financial Information Standards

The following standards will come into force in subsequent periods, and management is in the process of assessing their possible impact on its consolidated financial position and consolidated comprehensive income.

Standards and amendments to become effective and adopted in 2013

IFRS 10, *Consolidated financial statements*

In May 2011, the IASB issued IFRS 10, which supersedes IAS 27, *Consolidated and Separate Financial Statements.* The purpose of this standard is to establish the financial statement presentation and preparation principles when a company controls one or more entities. This standard introduces a sole consolidation model based on control, regardless of the investment nature.

IFRS 11, *Joint arrangements*

This standard supersedes IAS 31, *Interests in Joint Ventures,* and its purpose is that an investor in a joint venture determines the type of joint control agreement in which it is involved, assessing the rights and obligations arising from such agreement. This standard eliminates the option of applying the proportional consolidation method.

IFRS 12, *Disclosure of interests in other entities*

This standard requires additional disclosures on consolidated and unconsolidated entities with which the Company has a relationship.

IFRS13 *Fair Value Measurement*

The standard improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements of IFRS 13 does not change the essence of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

IAS 19, *Employee benefits*

IAS 19 (revised in 2011) eliminates the corridor method (approach that leaves some actuarial gains and losses unrecognized), sets forth a new presentation for changes in the retirement obligations and plans in the consolidated interim statement of comprehensive income, and incorporates new disclosures. The new *IAS 19, Employee Benefits,* revised in 2011, comes into force beginning January 1, 2013, and early adoption is allowed.

IAS 27, *Separate financial statements* and IAS 28 *Investments in associates and joint ventures*

In May 2011, several amendments were made to IAS 27 to establish requirements for individual financial statements, certain sections of IAS 27 are now contained in IFRS 10. IAS 28 was amended to be consistent with the changes arising as a result of the issuance of IFRS 10, IFRS 11 and IFRS 12.

Standard to become effective and adopted in 2015

IFRS 9, *Financial instruments*

IFRS 9 will supersede IAS 39. This standard requires all financial assets and liabilities to be classified in the initial recognition, either at amortized cost or fair value. For financial liabilities, the new standard maintains most of the current requirements of IAS 39. The Company is in process of determining the potential impacts arising from applying this new standard. The standard will become effective beginning January 1, 2015.

b) Statement of compliance

The information presented in the Company's consolidated interim financial statements was prepared in conformity with IAS 34.

c) Foreign currency translation

Functional currency and presentation currency

The consolidated interim financial statements are presented in Mexican pesos. For purposes of the consolidated interim financial statements, the results and financial position of each one of the Company's entities are expressed using its functional currency and translated into Mexican pesos for presentation purposes.

The functional currency for transactions conducted in the United States of America is the U.S. dollar.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

Translation into presentation currency

As the economic environment for this foreign operation is classified as non hyperinflationary (the cumulative inflation rate over three years is less than 100%), the translation of the functional currency into the reporting currency was performed using the following procedure:

The assets and liabilities at the closing exchange rate and items in the consolidated interim statement of comprehensive income at a weighted average exchange rate unless such rates fluctuate significantly during the period, in which case the operations are translated at the exchange rates prevailing at the date of celebration.

The exchange rates used in the preparation of the consolidated interim financial statements are presented below:

	September 30, 2012	September 30, 2011	December 31, 2011	January 1, 2011
Closing exchange rate	Ps. 12.9170	Ps. 13.4217	Ps. 13.9904	Ps. 12.3571
Average exchange rate	Ps. 13.2365	Ps. 12.0327	Ps. 12.4305	Ps. 12.6372

The exchange at the date of issuance of the financial statements is 12.6305 pesos per U.S. dollar.

Foreign currency transactions

Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Exchange differences between that date and its collection or payment date, and those arising from the translation of balances in foreign currencies at the exchange rate in effect at the consolidated interim statements of financial position date are recorded as a component of net comprehensive income in the consolidated interim statements of comprehensive income.

Exchange differences arising from financing contracted in foreign currency for the acquisition of the foreign subsidiaries are part of the translation effect, because these transactions have been designated as an economic hedge in conformity with IAS 39, *Financial Instruments: Recognition and Measurement* (see subsection “h”) .

d) Revenue recognition

Revenues from cement sales are recognized at the time ownership of the products sold is transferred to the customer and the revenues from concrete sales are recognized at the time the products are received and accepted by the customer. In both cases it should fulfill each and every one of the following conditions:

- The Company has transferred to the buyer, the risks and benefits of major type associated with property ownership.
- The Company does not retain for itself any continuing involvement in the current management of goods sold, to the degree usually associated with ownership nor effective control over them.
- The amount of revenue can be reliably determined.
- It is probable that the economic benefits associated with the transaction.
- The costs incurred or to be incurred in respect of the transaction can be reliably determined.

For developed land sales, the above conditions are typically met when the property is transferred to the customers.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset.
Income from activities other than those of the main operation, are recognized when the revenue has been earned through the supply of goods or provision of service, as long as there is certainty regarding their realization and the goods or services have been accepted by customers.

e) Cash and cash equivalents

Cash and cash equivalents are financial assets. Cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks and other short-term, highly liquid investments, net of bank overdrafts.

f) Financial assets

All financial assets are recognized and written off at the trade date and are initially valued at their fair value, plus transaction costs.

Financial assets are classified within the following specific categories: “financial assets at fair value with changes through gains or losses,” “investments held to maturity”, “available-for-sale financial assets,” “loans and receivables.” The classification depends on the nature and purpose thereof and is determined upon initial recognition. At the consolidated interim financial statements reporting date, the Company solely had financial instruments classified as loans and receivables.

Loans and receivables

Trade accounts receivable, loans and accounts receivable with fixed or determinable payments that are not traded on an active market are classified as “loans and receivables”. Trade accounts receivable are carried at the original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts of the financial asset at the year end.

Financial assets valued at fair value through profit or loss

Financial assets are classified as held for trading if they are acquired to be sold in a short term. Derivative financial instruments are classified as held for trading, unless they are designated as hedging. The financial assets held for trading are recognized at fair value through the result in the consolidated interim statement of financial position, and the changes in such value are recognized in the consolidated interim statement of comprehensive income.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as such or that are not classified in any of the previously mentioned categories and do qualify as held-to-maturity investments. Available-for-sale financial assets represent investments with a quoted price in an active market and can therefore be reliably valued at their fair value. After initial measurement, available-for sale assets are valued at their fair value and the unrealized gains or losses are recognized as a separate item in equity. When the available-for-sale financial assets are sold and all of the risks and benefits have been transferred to the buyer, all previous fair value adjustments recognized directly in equity are reclassified to the consolidated interim statements of comprehensive income.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income or financial cost over the relevant period.
The effective interest rate is the rate that discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount.

Financial assets derecognition

The Company derecognizes a financial asset solely where the contractual rights over the financial asset cash flows expire or substantially transfers the risks and benefits inherent to the ownership of the financial asset.

Financial assets offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated interim statement of financial position when there is a legally enforceable right to offset the recognized amounts and the intention is to settle them on a net basis or to realize the asset and settle the liability simultaneously.

g) Impairment of financial instruments

The Company assesses at each information reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that this loss event has an impact on the future cash flows that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flows.

Financial assets carried at amortized cost

If there is objective evidence of an impairment loss, the amount of the loss is measured as the difference between the book value of the asset and the present value of expected future cash flows (excluding expected future credit losses that have not yet been incurred). The present value of expected future cash flows is discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced through a provision and the amount of the loss is recognized in the consolidated interim statement of comprehensive income. The loans and the related provisions are written off when there is no realistic possibility of future recovery and all of the collateral guarantees have been realized or transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases due to an event that occurs after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the provision account. If a future write-off is later recovered, the recovery is credited to the consolidated interim statement of comprehensive income. If there is objective evidence of impairment in financial assets that are individually significant, or collectively for financial assets that are not individually significant, or if the Company determines there to be no objective evidence of impairment for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and they are collectively evaluated for impairment. Assets that are assessed individually for impairment and for which an impairment loss is or continues to be recognized are not included in the collective evaluation of impairment.

Available-for-sale financial instruments

If an available-for-sale asset is impaired, the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the consolidated interim statement of comprehensive income, is reclassified from comprehensive income or loss in equity to the consolidated interim statement of comprehensive income. For equity instruments classified as available-for-sale, if there is a significant or prolonged decline in their fair value to below acquisition cost, impairment is recognized directly in the consolidated interim statement of comprehensive income but subsequent reversals of impairment are not recognized in the consolidated interim statement of comprehensive income. Reversals of impairment losses on debt instruments are reversed through the consolidated interim statement of comprehensive income, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in income.

h) Derivative financial instruments

Hedging instruments

The Company's policy is to not conduct transactions with speculation purposes with derivative financial instruments. The Company recognizes all derivative financial instruments as financial assets and/or liabilities, which are stated at fair value. At the inception of the hedge relationship, it is formally designated and the hedging relationship to which the hedging accounting is intended to be applied is documented, along with the risk management objective and its strategy for contracting. This documentation includes the identification of the derivative financial instrument, the item or transaction being hedged, the nature of the risk to be reduced, and the manner in which its effectiveness to diminish fluctuations in fair value of the primary position or cash flows attributable to the hedged risk will be assessed. The expectation is that the hedges be highly effective in offsetting changes in fair values or cash flows, which are constantly assessed to determine whether they are actually effective throughout the reporting periods to which they have been assigned. Hedges that meet the criteria are recorded as explained in the following paragraphs:

Cash flow hedges

For derivatives that are designated and qualify as cash flow hedges and the effective portion of changes in fair value are recorded as a separate component in equity and are carried to the consolidated interim statement of comprehensive income at the settlement date, as part of the sales, cost of sales and financial expenses, as the case may be. The ineffective portion of changes in the fair value of cash flow hedges is recognized in the consolidated interim statement of comprehensive income of the period.

If the hedging instrument matures or is sold, terminated or exercised without replacement or continuous financing, or if its designation as a hedge is revoked, any cumulative gain or loss recognized directly in equity from the effective date of the hedge, remains separated from equity until the forecasted transaction occurs when it is recognized in the consolidated interim statement of income. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss recognized in equity is immediately carried to profit and loss. Derivatives designated as hedges that are effective hedging instruments are classified based on the classification of the underlying. The derivative instrument is divided into a short-term portion and a long-term portion only if a reliable assignation can be performed.

Fair value hedges

Derivatives acquired primarily to hedge energy prices are recognized as fair value hedges. Changes in fair value of derivatives designated or classified as fair value hedges are recognized in the interim consolidated statement of comprehensive income, along with the changes in the fair value of the item being hedged or attributable to the risk being hedged.

Embedded derivatives

The agreements entered into by the Company are periodically reviewed to evaluate the existence of embedded derivatives in financial and non-financial agreements. Embedded derivatives included in the host agreements are recognized as separate derivatives and are recorded at their fair value if the economic characteristics and risks are not related to the host agreements and the latter are not held for trading or are marked to fair value through profit or loss. This type of derivatives is valued at fair value and changes in fair value are recognized in the consolidated interim statement of comprehensive income. Embedded derivatives are re-measured only if there is a change in the terms of the agreement that modifies the cash flows that otherwise would be required.

At September 30, 2012, December 31, 2011, September 30, 2011 and January 1, 2011, the Company had not entered into derivative financial instruments.

Hedges of net investments in foreign transactions

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the cumulative effect of foreign transactions translation. The gain or loss relating to the ineffective portion is recognized in profit or loss, and is included in the consolidated statement of comprehensive income.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss likewise the exchange rate differences related to foreign transactions.

i) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments that are not traded on an active market, the fair value is determined using appropriate valuation techniques. These techniques may include using recent arm's-length market transactions; reference to the current fair value of another financial instrument that is substantially the same; discounted cash flow analysis or other valuation models.

j) Inventories and cost of sales

Inventories are stated at the less of the cost or net realizable value. The cost of inventories includes all the purchase and production costs incurred to provide them with their current location and condition, and are valued as follows:

- Raw material: at acquisition cost according to the average cost formula.
- Finished goods and work in process: at cost of materials, direct labor, and indirect production expenses, excluding financial costs.
- Spare parts and supplies: at cost based on the average cost.

Net realizable value is the sale price estimated in the ordinary course of operations, less applicable sale expenses.

The inventories line item includes developed lands that are traded as part of the normal operating activities of one of the Company's subsidiaries, which are recorded at their acquisition cost, which does not exceed net realizable value.

k) Prepaid expenses

Prepaid expenses are recognized for the amount paid upon payment. The Company recognizes the amount related to the prepaid expenses as an asset when the Company has the right to receive goods or services in the future.

l) Investments in associates and others

Investments in associates are those in which significant influence is exercised on their administrative, financial and operating policies (where the Company holds an ownership of 20% or more).

Joint ventures are those companies where the Company exercises shared control over their administrative, financial and operating policies.

Such investments are initially valued at acquisition cost, and subsequently, using the equity method, the result thereof is recognized.

m) Property, machinery and equipment

Property, machinery and equipment and their significant components with useful lives different from the other assets that compose a group of fixed assets, are initially recognized at acquisition value and are presented net of the accumulated depreciation and accumulated losses for impairment.

The acquisition value of the property, machinery and equipment components include costs initially incurred to be acquired or constructed, and those incurred subsequently to replace them or increase their potential service.

Property, machinery and equipment are presented using the cost method foreseen in IAS 16, *Property, machinery and equipment.* Depreciation is calculated using the straight line method based on the value of the assets and their estimated useful life, which is periodically reviewed by Company's management.

Depreciation

Depreciation is calculated using the straight line method, based on the cost less the residual value of properties, machinery and equipment over their useful lives, expecting the benefits from their use to be received. Depreciation commences where the asset is available to be used as properties, machinery and equipment on the following basis:

	Rates
Buildings	2.00% - 2.50%
Machinery and equipment	3.33% - 5.00%
Vehicles	10.00% - 25.00%
Furniture and equipment	10.00% - 33.33%

Construction in progress

Construction in progress includes the associated property, machinery and equipment assets. Once construction is complete, these assets are classified as property, machinery and equipment and depreciation begins as of the date they are capitalized, which is when their period of use begins.

Maintenance and repairs

Major repair and maintenance costs are capitalized and a useful life and depreciation rate are estimated similarly as the other components of the same group or class, with similar lives, and, lastly, the part of the replaced component is written off.

Property, machinery and equipment sales and write offs

Property, machinery and equipment are written off upon their sale or when future economic benefits are not expected from their use or sale. Any profit of loss upon write off of the asset (calculated as the difference between the net income arising from the sale of the asset and its carrying amount), is included in the consolidated interim statement of comprehensive income in the period in which it occurs.

Restoration liabilities

The present value of the initial estimate of the place decommissioning and remediation obligation of the assets subject to this type of legal obligation is included in the Company's property cost. Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to, or deducted from, the cost of the related fixed asset.

Borrowing costs

Costs for loans directly related to acquisition, construction of production of qualifying assets, which constitute assets that require a substantial period until they are ready for use, are added to the cost of such assets during the construction stage and until commencing their operations and/or exploitation. Yields obtained from the temporary investment of funds from specific loans to be used in qualifying assets are deducted from costs for loans subject to capitalization. All other loan costs are recognized in profits and losses during the period in which they were incurred.

n) Intangibles assets

The amounts paid for intangible assets are capitalized when the future economic benefits derived from such investments, can be reliably measured. According to their nature, intangible assets are classified with definite and indefinite life. Intangible assets with definite life are amortized using the straight line method during the period in which the economic benefits will be obtained. Assets with indefinite life are not amortized, as it is not feasible to determine the period in which such benefits will be materialized; however, they are subject to annual impairment tests. The price paid in a business combination assigned to intangible assets is determined through the fair value using the acquisition method. Research and development expenses for new products are recognized in results as incurred.

The coal mining rights are depleted by multiplying the costs of the mining rights by the depletion rate determined by dividing the tonnage of coal extracted during the year by the mine's measured reserves of mineral at the beginning of the year.

o) Goodwill

Recognition

Goodwill represents the difference between the acquisition cost and the fair value of the net assets acquired as of the business combination date.

Impairment evaluation

Goodwill is deemed to have indefinite life; therefore, it is not amortizable. However, it is subject to impairment tests on an annual basis or earlier, in case there are indicators of impairment, adjusting, if applicable, the carrying amount thereof for the impairment loss determined. To apply impairment tests, goodwill is assigned to cash generating units (CGU) which are defined on the basis of geographic markets considering the synergies in business in business combinations that have been made.

If the recoverable amount of the cash generating unit, which is determined based on value in use, is less than the unit's carrying amount, the impairment loss is first assigned to reduce the carrying amount of the goodwill assigned to the CGU, and then to the other CGU's assets in a proportional manner, considering the carrying amount of each asset. The impairment loss of goodwill is recognized in the consolidated statement of comprehensive income and is not reversed in subsequent periods.

Value in use is determined using projected discounted future cash flows to present value using an appropriate discount rate.

On disposing of a subsidiary, associate or joint venture, the amount attributable to goodwill is included in the determination of the gain or loss in the disposal.

As of September 30, 2012 and 2011, no impairment losses have been recognized.

p) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and financial debt, or derivatives designated as hedging instruments in effective hedges, as the case may be. The Company determines the classification of its financial liabilities at the time of their initial recognition. All financial liabilities are initially recognized at their fair value and, for loans and financial debt, fair value includes directly attributable transaction costs.

Financial liabilities include accounts payable to suppliers and other accounts payable, debt and derivative financial instruments.

As mentioned in note 7 f), financial assets and liabilities are offset and the net amount is shown in the consolidated interim statement of financial position if, and only if, (i) there is currently a legally enforceable right to offset the recognized amounts; and (ii) the intention is to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Subsequent recognition of financial liabilities depends on their classification, as follows:

Financial liabilities at fair value with changes to profit or loss

Financial liabilities measured at fair value through profit or losses include financial liabilities for trading purposes, and financial liabilities measured upon initial recognition at fair value through profit or loss.

Financial liabilities are classified for trading purposes if acquired to sell them in a short term. This category includes derivative financial instruments traded by the Company and that have not been designated as hedging instruments in hedging relationships.

Separate embedded derivatives are also classified for trading purposes, except they are designated as effective hedging instruments.

Profits of losses on liabilities held for trading purposes are recognized in the consolidated interim statement of comprehensive income.

The Company has not designated any financial liability upon initial recognition at fair value through profits or losses. The derivative financial instruments that cannot be designated as hedges are recognized at fair value with changes to profits and losses.

Financial debt and interest bearing loans

After their initial recognition, loans and borrowings that bear interest are subsequently measured at their amortized cost using the effective interest rate method. Gains and losses are recognized in profit and loss at the time they are derecognized, as well as through the effective interest rate amortization process.

The amortized cost is computed by taking into consideration any discount or premium on acquisition and the fees and costs that are integral part of the effective interest rate. Effective interest rate amortization is included as part finance costs in the consolidated interim statement of comprehensive income.

A financial liability is derecognized when the obligation is met, cancelled or expires.

When an existing financial liability is replaced by another liability arising from the same lender under substantially different conditions, or if the existing liability conditions are substantially amended, such exchange or amendment is accounted for as the de-recognition of the original liability and the recognition of a new liability, and the difference in the respective net carrying amounts is recognized in the interim consolidated statement of comprehensive income.

q) Impairment of non-financial assets

The Company periodically reviews whether there is any indication that the value of non-financial asset is impaired. If any such indication exists, the recoverable amount of the nonfinancial asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual non-financial asset, GCC estimates the recoverable amount of the smallest cash generating unit (CGU) to which the non-financial asset belongs.

Intangible assets with indefinite useful lives are subject to impairment tests at least every year, and when there is an indicator of impairment.

The recoverable amount is the higher of fair value less its disposal cost and value in use. In assessing value in use, estimated future prices of different products are used to determine estimated cash flows, discount rates and perpetuity growth. Estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects market conditions and the risks specific to each asset for which estimated future cash flows have not been adjusted.

If the recoverable amount of a non-financial asset or CGU is estimated to be less than its carrying amount, the carrying amount of the non-financial asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognized immediately in the consolidated interim statement of comprehensive income.

When an impairment loss is subsequently reversed, the asset or CGU's carrying amount increases its estimated value revised, such that the increased carrying amount does not exceed the carrying amount that would have been determined if an impairment loss for such CGU had not been recognized in prior years.

r) Leases

Leases are classified as financial leases when under the terms of the lease, the risks and benefits of the property are substantially transferred to the lessee. All other leases are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease
As of September 30, 2012 and 2011, the Company has no lease agreements classified as financial leases.

s) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that Company settles an obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate to settle the present obligation at the end of the period, bearing into account the risks and uncertainties inherent thereto. When a provision is assessed using estimated cash flows to settle the present obligation, its book value represents the present value of such cash flows (when the effect in the time value of money is significant).

t) Employee benefits

i) Short-term employee benefits

Employee remuneration liabilities are recognized in the consolidated interim statement of comprehensive income on services rendered according to the salaries and wages that the entity expects to pay at the date of the consolidated interim statement of financial position, including related contributions payable by the Company.

ii) Defined benefit plans and seniority premiums granted to employees of subsidiaries in Mexico

The Company has defined-benefit employee pension plans that cover all the workers in Mexican subsidiaries. Pensions are determined based on employees' compensations in their last year of service, years working for the Company and their age at the time of retirement. In Mexico, there is an obligation to pay seniority premiums to employees, which are determined based on the provisions of the Mexican Labor Law. According to the Mexican Law, the payment consists in a premium equivalent to twelve days of salary per labored day, vested after fifteen days of services. Costs of pensions and seniority premiums in Mexico are periodically recognized based on calculations performed by independent actuaries using the projected unit-credit method, and nominal financial assumptions.

iii) Defined benefit plans and seniority premiums granted to employees of subsidiaries in the United States

The subsidiaries GCC Rio Grande, Inc. (GCCRG) and GCC Dacotah, Inc. (Dacotah) have established the following pension plans and benefits:

GCCRG and Dacotah have both established defined benefit plans and supplemental executive retirement plans, determined based on actuarial calculations using the projected unit-credit method and nominal financial assumptions. The employees of GCCRG and Dacotah are not beneficiaries of this plan until they have a seniority of 5 and 3 years, respectively. When they fulfill such terms, they are 100% beneficiaries of the plan.

Additionally, GCCRG, Dacotah, CRM, GCCE, Midco, GCCRM and Alliance have a defined contribution plan which qualifies as a 401(k) plan and covers substantially all of its employees. The Company matches contributions up to 4.5% of their salary paid.

Dacotah also has a sick leave plan as described in Note 21.

The Company has selected the accounting policy of recognizing actuarial gain and losses in other comprehensive income for all benefit defined plans.

The financial cost component that is part of the net cost for the period is presented in financial expenses within the consolidated interim statement of comprehensive income.

iv) Compensated absences

Costs derived from compensated absences such as vacations and vacation premiums are recognized in a cumulative manner, for which the respective provision is created.

v) Termination benefits

Severance payments are recognized when the Company decides to dismiss an employee or when such employee accepts an offer of termination benefits.

vi) Statutory employee profit sharing

In conformity with Mexican legislation, the Company must distribute the equivalent of 10% of its annual taxable income as employee profit sharing. This amount is recognized in the consolidated interim statement of comprehensive income.

u) Earnings per share

Net earnings per share result from dividing the net earnings attributable to controlling interest for the year by the weighted average of outstanding shares during the fiscal year. To determine the weighted average of the outstanding shares, the shares repurchased by the Company are excluded. The Company does not have any instruments with dilutive effects.

v) Treasury shares

The Company recognizes a reserve for repurchase of its own shares and it is shown under the retained earnings caption in the consolidated financial statements. In the event that the sale price is greater than the cost, the difference is recorded as Contributed Capital under the Additional-paid-in capital caption.

w) Income taxes

Current income tax (ISR) and flat rate business tax (FRBT) were charged to results and represent the liability on demand in a term shorter than one year. Income tax of subsidiaries in Mexico and the United States of America is determined on a consolidated basis with its direct holdings Grupo Cementos de Chihuahua, S.A.B de C.V. and GCC of America, Inc., respectively.

Deferred income taxes

Deferred income tax is determined based on financial projections, the Company will incur ISR or FRBT and recognizes the deferred tax it will pay in each period.

Deferred income tax is recognized on temporary differences between the book and tax values of assets and liabilities, including tax loss benefits. Deferred tax assets or liabilities are not recognized if temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax assets and liabilities are calculated using the tax rates enacted in the period in which the liability is expected to be settled or the asset to be realized. The recognition of deferred tax assets and liabilities reflects the tax consequences that the Company expects at the end of the period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year are recognized in profit or loss, except where they are related to items recognized in the "Other comprehensive income" line item or directly in equity, in which case the current and deferred taxes are recognized in the aforementioned line items.

x) Financial Risks Management

The main risks associated with the Company's financial instruments are:

- Market risks
- Credit risks
- Liquidity risks

The Board of Directors, on advice of the Audit and Corporate Practices Committee, reviews and approves the Company's risk management policies. For the period ended September 30, 2012 and 2011, the Company has not contracted any type of derivative financial instruments.

Market risk: interest rate

The Company is exposed to the market risk mainly related to the exchange rate and interest rates. Considering that the Company's debt is denominated in U.S. dollars and 45% of it bears interest at a variable rate, the volatility of the interest rates at the United States of America market can unfavorably affect the Company's results, increasing its financial expenses, and impacting the liquidity and the Company's ability to meet its obligations to pay interest and principal. The risk exposure mainly lies in the variations in the three-month reference interest rate LIBOR (London Interbank Offered Rate).

The Company constantly monitors the changes in such interest rates. The Company has not contracted derivative financial instruments to protect itself from the risk of an increase in interest rates.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

Sensitivity analysis of interest rate increase risk

The Company analyzes the sensitivity to the exposure of volatility of interest rates in relation to financial liabilities contracted at variable interest rates at the close of the period. A change of 1 percentage point is used when the interest rate risk is internally advised to the key personnel and represents an assessment of management of a reasonably possible change of interest rates that could significantly affect the results of the Company and it is reasonably possible to occur. As of September 30, 2012 a point change of ± 1 percentage point in interest rates, assuming that the other assumptions remain constant, would give rise to approximately Ps. 26,710 annually, where financial expenses before taxes would increase or reduce. The Company's sensitivity to the volatility of interest rates has remained stable compared to the close of September 30, 2012 and 2011, due to the fact that the ratio of financial liabilities contracted at variable rates has remained without any change in the aforementioned periods. For sensitivity purposes, a 100-basis-point increase or decrease in the interest rate would result in a material impact in the consolidated comprehensive income.

Credit risk

Credit risk represents a potential loss due to the counterpart's default on its payment obligations. The Company is also exposed to market risks related to exchange rate and interest rate changes.

The financial instruments that would potentially make the Company to be subject to significant risk concentrations are: cash and cash equivalents and trade accounts receivable. The Company's cash and cash equivalents are maintained in different financial institutions located in different geographical areas. The Company's policy is designed to limit its exposure to any individual financial institution.

The credit risk in trade accounts receivable is deemed diversified as the Company has a broad customer base that is geographically different. The Company periodically assesses the credit capacity of its customers and, if applicable, guarantees are required from customers to ensure the recoverability of accounts receivable.

Cash and equivalents

An analysis of the credit ratings of financial institutions where the Company maintains cash and cash equivalents at the close of each period is as follows:

		September 30, 2012		December 31, 2011
A rating institutions	Ps.	105,437	Ps.	435,469
A-2 rating institutions		363,232		399,233
A-3 rating institutions		2,133		2,288
AA- rating institutions		456,461		324,910
BB+ rating institutions		6,459		-
MXAAA- rating institutions		998		1,249
	Ps.	934,720	Ps.	1,163,149

Trade accounts receivable

Below is an analysis of the aging of trade accounts receivable:

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

As of September 30, 2012:

			Matured:							
Line item		**Unmatured**		**1–30 days**		**31– 60 days**		**Over 61 days**		**Total**
Trade accounts receivable	Ps.	938,277	Ps.	214,934	Ps.	94,581	Ps.	317,223	Ps.	1,565,015

As of September 30, 2012 mature balance not impaired is Ps. 149,135

Liquidity risk/ Going concern

The Company's management manages liquidity and establishes adequate working capital policies for short, medium and long terms financing requirements to be able to be managed, maintaining actual and projected cash reserves reconciling maturity profiles of financial assets and liabilities.

The ability of the Company to make scheduled payments on or to refinance its debt obligations, including the notes and the amortization payments under the Term Loan Facility, depends on its financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond the management's control. GCC may not be able to maintain a level of cash flows from operating activities sufficient to permit the payment of the principal, premium, if any, and interest on the notes or GCC's other indebtedness, including the amortization payments under the Term Loan Facility.

If GCC is not able to generate sufficient cash flow to service its debt obligations, the Company may need to refinance or restructure its debt, including the notes, sell assets, reduce or delay capital investments, or seek to raise additional capital. The global equity and credit markets in the last few years have experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective and outstanding debt financings to widen considerably. This volatility and illiquidity has materially and adversely affected a broad range of fixed income securities. As a result, the market for fixed income securities has experienced decreased liquidity, increased price volatility, credit downgrade events and increased defaults. Global equity markets have also been experiencing heightened volatility and turmoil, with issuers exposed to the credit markets being most seriously affected. The disruptions in the financial and credit markets may continue to adversely affect our credit rating and the market value of our common stock. If the current pressures on credit continue or worsen, and alternative sources of financing continue to be limited, the Company may be dependent on the issuance of equity as a source to repay its existing indebtedness.

Conditions in the capital markets have been such that traditional sources of capital, including equity capital, from time to time have not been available to GCC on reasonable terms or at all. As a result, GCC cannot guarantee that it would be able to successfully raise additional debt or equity capital at all or on terms that are favorable to the Company. GCC may also be dependent on asset sales and divestitures, although GCC currently have no such plans. However, disruptions in the financial and credit markets may continue to adversely affect the ability of potential buyers, including GCC, to obtain adequate financing in a timely manner or at all. If the global recession deepens and Company's operating results worsen significantly, if GCC were unable to complete debt or equity offerings or if any planned divestitures and/or the cash flow or capital resources prove inadequate, GCC could face liquidity problems and may not be able to comply with the schedule of its upcoming amortization payments under the Term Loan Facility, or refinance its indebtedness.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

On June 29, 2012, the Company's bank and bond creditors waived its obligation to comply with certain financial covenants under its Credit Facility and the Privately Placed Notes with respect to the fiscal quarters ended on June 30, 2012 and September 30, 2012. Given that the waiver does not extend to any period subsequent to September 30, 2012 and that there can be no assurance that we will be in compliance with those financial covenants after such date, the Company has classified such borrowings as current in the consolidated statement of financial position as of such date (see Note 20b) which raises significant doubt about the Company's ability to continue as going concern. However, the Company has not defaulted on any of its covenants or loan restrictions for any periods presented within these interim consolidated financial statements.

Management has material uncertainty about whether external events will affect its ability to comply with covenants or otherwise default under the terms of its debt instruments, including the notes, or that its bank or bond creditors will waive such obligations or defaults in the future. In addition, if the Company is unable to obtain the appropriate financing, including the offering of the new notes, it may not be able to comply with its existing debt obligations, which could lead to a default. These financial statements do not include any adjustment relating to the recoverability and classification of asset carrying amounts or the amounts and classification of liabilities that might result should the Company be unable to continue as a going concern.

Currency risk

The Company's exposure to the volatility of the Mexican peso exchange rate against the U.S. dollar is shown as follows as of September 30, 2012, December 31, 2011, and January 1, 2011, for the items in the consolidated interim financial statements.

U.S. dollars		September 30, 2012		December 31, 2011		January 1, 2011
Current assets	US$.	8,326	US$	10,102	US$	17,154
Short-term liabilities		(98,942)		(40,846)		(5,651)
Long-term liabilities		(423,146)		(498,146)		(663,146)
Liability position, net	US$	(513,762)	US$	(528,890)	US$	(651,643)

The following table shows an analysis of sensitivity of the financial assets and liabilities at a possible fluctuation of the Mexican peso compared to the U.S. dollar, showing the effects in the consolidated interim statement of comprehensive income and equity as of September 30, 2012 and December 31, 2011:

	September 30, 2012				December 31, 2011			
Sensitivity analysis:		Results		Equity		Results		Equity
Mexican peso appreciation 10%	Ps.	(4,102)	Ps.	669,487	Ps.	(6,418)	Ps.	749,107
Mexican peso depreciation 10%		4,102		(669,487)		6,418		(749,107)

The Company assumed that a 10% of change an exchange rate would result in a significant impact in net consolidated comprehensive income.

y) Presentation of statement of comprehensive income

Costs and expenses presented in the Company's consolidated interim statement of comprehensive income were classified according to their function, and Note 25 discloses the costs and expenses by nature. The line item *Gross profit* is presented, because it shows an objective assessment of the business efficiency, considering the industrial sector where the Company operates.

Operating income comprises the ordinary income and operating costs and expenses. The Company decided to present it, as it is a significant indicator in the assessment of profits and losses.

The Company chose to present a single statement of comprehensive income.

z) Segments

Operating segments are defined as components of an entity that develop activities and which economic benefits and results obtained are reviewed by management on a regular basis for decision making.

The Company´s management analyzes geographical segment information by country and by product group. Consequently, management evaluates the performance of its operating results for Mexico and the United States and for each of the countries operating performance is reviewed separately for the following products: cement, pre mixed concrete and the rest of the segments are grouped into "Other" (see Note 29). The Company does not aggregate any segments.

8. Critical accounting judgments and key uncertainty sources in estimates

In applying accounting policies, the Company's management use judgments, estimates and assumptions on certain amounts of assets and liabilities in the consolidated interim financial statements. The associated estimates and assumptions are based on the experience and other factors deemed relevant. Actual results may differ from such estimates.

Underlying estimates and assumptions are reviewed regularly. The reviews of accounting estimates are recognized in the review period and future periods if the review affects both the current and subsequent periods.

The critical accounting judgments and key uncertainty sources when applying the estimates performed as of the date of the consolidated interim financial statements, and that have a significant risk of resulting in an adjustment to the book values of the assets and liabilities during the following financial period are as follows:

a) Going concern analysis.- The Company assesses material uncertainties related to events and conditions that may cast significant doubt on the Company´s ability to continue as a going concern. IAS 1 indicates that the assessment of the Company´s ability to continue as a going concern depends on the facts and circumstances. In assessing whether the going concern assumption is appropriate, the Company takes into account all available information about the future, which is at least twelve months from the balance sheet date. The degree of consideration depends on the facts in each case. The facts analyzed by the Company are related to history of profitable operations and access to financial resources to refinance its debt.

b) Useful lives of property, machinery and equipment.- The Company reviews the estimated useful life of property, machinery and equipment at the end of each annual period. The degree of uncertainty related to the estimated useful lives is related to the changes in market and the use of assets for production volumes and technological development.

c) Impairment of non-financial assets.- When testing assets for impairment, the Company requires estimating the value in use assigned to property, machinery and equipment, and cash generating units. The calculations of value in use require the Company to determine future cash flows generated by cash generating units and an appropriate discount rate to calculate the present value thereof. The Company uses cash inflow projections using estimated market conditions, determination of future prices of products and volumes of production and sale. Similarly, for discount rate and perpetuity growth purposes, the Company uses market risk premium indicators and long-term growth expectations of markets where the Company operates.

d) Allowance for doubtful accounts.- The Company uses estimates to determine the allowance for doubtful accounts. The factors that the Company considers to estimate doubtful accounts are mainly the customer's financial situation risk, unsecured accounts, and considerable delays in collection according to the credit limits established.

e) Employee benefits.- Company's management uses assumptions to determine the best estimate for these benefits. Such estimates, like the assumptions, are established along with independent actuaries. An actuarial valuation involves the realization of several assumptions, which can be different from the future actual events. These assumptions include, among others, demographic hypothesis, discount rates and expected increases in remunerations and future permanence. The Company believes that the assumptions used for the calculation of the employee benefits are reasonable; a significant amendment thereto may affect the value of the employee benefits liability.

f) Contingencies.- The Company is subject to contingent transactions or events on which it uses professional judgment in the development of estimates of occurrence probability. The factors considered in these estimates are the current legal situation as of the date of the estimate, and the legal advisors' opinion.

g) Deferred income taxes.- The Company prepares future cash flows projections to determine whether it will pay ISR or FRBT in the periods, in order to estimate the reversal dates for the temporary differences that result in deferred tax assets and liabilities.

h) Deferred tax assets.- Deferred tax assets are recognized for the tax loss carryforwards to the extent Management believes it is recoverable through the generation of future taxable income to which it can be applied.

9. Equity management

The Company's equity management objectives are focused on ensuring that the financial requirements to continue as a going concern are fulfilled, and on achieving its growth objectives in order to maximize the stockholders' benefits and provide the benefits to other stakeholders and maintain an optimum equity structure. The Company manages the equity structure and makes adjustments considering the changes in the economic conditions, commercial and investment activities and growth plans, and the risks characteristics of underlying assets.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

The Company's management reviews the net financial debt, interest expense and their relation to EBITDA (earnings before income tax, depreciation and amortization) on a monthly basis for purposes of its covenant compliance associated with its net debt and interest coverage ratios.

10. Cash and cash equivalents

As of September 30, 2012, December 31, 2011 and January 1, 2011, the cash and cash equivalents balance is as follows:

	September 30, 2012	December 31, 2011	January 1, 2011
Cash and due from banks	Ps. 621,378	Ps. 868,835	Ps. 724,603
Short-term deposits	313,342	294,314	234,413
	Ps. 934,720	Ps. 1,163,149	Ps. 959,016

11. Trade receivable

Balances receivable from customers and allowance for doubtful accounts as of September 30, 2012, December 31, 2011 and January 1, 2011, are as follows:

Current

	September 30, 2012	December 31, 2011	January 1, 2011
Trade accounts receivable	Ps. 1,565,015	Ps. 1,264,454	Ps. 1,092,701
Allowance for doubtful accounts	(168,088)	(159,517)	(150,258)
	Ps. 1,396,927	Ps. 1,104,937	Ps. 942,443

The balance of other accounts receivable is as follows:

	September 30, 2012	December 31, 2011	January 1, 2011
Recoverable taxes	Ps. 286,678	Ps. 277,268	Ps. 183,343
Sundry debtors	48,751	66,466	75,294
	Ps. 335,429	Ps. 343,734	Ps. 258,637

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

12. Related parties

a) As of September 30, 2012, December 31, 2011 and January 1, 2011, the accounts receivable from and payable to related parties are as follows:

Accounts receivable		September 30, 2012		December 31, 2011		January 1, 2011
Inmobiliaria Ruba, S.A. de C.V.	Ps.	15,323	Ps.	12,715	Ps.	6,387
Copachisa, S.A. de C.V.		2,010		1,176		1,594
Abastecedora de Fierro y Acero, S.A. de C.V.		3,470		1,550		1,042
Cemex, S.A.B. de C.V.		20,491		3,092		43
	Ps.	41,294	Ps.	18,533	Ps.	9,066

Balances due from related parties are considered to be recoverable. Accordingly, for the periods ended September 30, 2012 and 2011, there was no expense resulting from the uncollectibility of balances due from related parties.

Accounts payable		September 30, 2012		December 31, 2011		January 1, 2011
Abastecedora de Fierro y Acero, S.A. de C.V.	Ps.	3,793	Ps.	2,522	Ps.	6,114
Cemex, S.A.B. de C.V.		3,900		7,310		4,012
Neoris de México, S.A. de C.V.		-		82		27,715
	Ps.	7,693	Ps.	9,914	Ps.	37,841

b) During the interim period ended September 30, 2012 and 2011, the Company had transactions with related parties, as follows:

Sales of cement and construction materials		September 30, 2012		September 30, 2011
Copachisa, S.A. de C.V.	Ps.	8,406	Ps.	3,535
Abastecedora de Fierro y Acero, S.A. de C.V.		10,547		11,703
Cemex, S.A.B. de C.V.		42,054		43,757
Inmobiliaria Ruba, S.A. de C.V.		26,901		10,823
	Ps.	87,908	Ps.	69,818

Sales of developed land		September 30, 2012		September 30, 2011
Grupo Ruba, S.A. de C.V. y DGA Desarrollos, S.A. de C.V.	Ps.	-	Ps.	6,728
	Ps.	-	Ps.	6,728

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

Purchases of inventories, other materials and services		September 30, 2012		September 30, 2011
Neoris de México, S.A. de C.V.	Ps.	69	Ps.	887
Cemex, S.A.B. de C.V.		33,412		23,330
Abastecedora de Fierro y Acero, S.A. de C.V.		13,414		16,752
Inmobiliaria Ruba, S.A. de C.V.		-		703
	Ps.	46,895	Ps.	41,672

c) An analysis of employee benefits grants to the Company´s relevant directors for the periods ended September 30, 2012 and 2011 is as follows:

		September 30, 2012		September 30, 2011
Short-term direct benefits	Ps.	26,452	Ps.	23,630

13. Inventories

An analysis of this line item as of September 30, 2012, December 31, 2011 and January 1, 2011, is as follows:

		September 30, 2012		December 31, 2011		January 1, 2011
Finished goods	Ps.	271,126	Ps.	402,911	Ps.	205,086
Work in process		191,482		181,669		202,559
Raw materials and spare parts		390,315		346,390		358,844
Developed land for sale		531,916		541,234		552,899
	Ps.	1,384,839	Ps.	1,472,204	Ps.	1,319,388

All inventories are measured at cost.

14. Prepaid expenses

An analysis of this line item as of September 30, 2012, December 31, 2011 and January 1, 2011, is as follows:

		September 30, 2012		December 31, 2011		January 1, 2011
Advances for raw material suppliers	Ps.	742	Ps.	565	Ps.	456
Prepaid insurance expenses		45,564		45,772		45,770
Advances to service suppliers		93,152		28,481		21,961
	Ps.	139,458	Ps.	74,818	Ps.	68,187

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

15. Equity investments in Associates and others

An analysis of this line item as of September 30, 2012, December 31, 2011 and January 1, 2011, is as follows:

	% Equity Interest		September 30, 2012		December 31, 2011		January 1, 2011
Associated companies:							
Inmobiliaria Médica de Mexico, S.A. de C.V.	33.33	Ps.	97,877	Ps.	87,695	Ps.	83,918
Servicios de Previsión Integral, S.A. de C.V.	33.33		8,231		7,758		8,192
Total associated companies		Ps.	106,108	Ps.	95,453	Ps.	92,110
Permanent:							
Others			3,005		8,644		7,898
		Ps.	109,113	Ps.	104,097	Ps.	100,008

16. Property, machinery and equipment

An analysis of this line item as of September 30, 2012, and December 31, 2011, is as follows:

	December 31, 2011	Additions	Disposals	Transfers	Depreciation	Translation Effect	September 30, 2012
Property	Ps. 5,319,105	Ps. 23,024	Ps. (505)	Ps. -	Ps. -	Ps. (239,776)	Ps. 5,101,848
Machinery and equipment	12,860,722	122,736	(4,099)	14,237		(586,703)	12,406,893
Vehicles	1,733,145	148,143	(8,673)	1,551		(83,473)	1,790,693
Furniture and equipment	345,899	3,974	(475)	850		(14,322)	335,926
Accumulated depreciation	(9,217,489)	-	12,867	-	(588,317)	332,322	(9,460,617)
Net carrying amount	11,041,382	297,877	(885)	16,638	(588,317)	(591,952)	10,174,743
Land	1,876,897	6,308	(391)		-	(91,048)	1,791,766
Investment projects in process	290,663	51,829		(16,638)	-	(849)	325,005
	Ps. 13,208,942	Ps. 356,014	Ps. (1,276)	Ps. -	Ps. (588,317)	Ps. (683,849)	Ps. 12,291,514

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

An analysis of this line item as of December 31, 2011, and as of January 1, 2011, is as follows:

	January 1, 2011	Additions	Disposals	Transfers	Depreciation	Translation Effect	December 31, 2011
Property	Ps. 4,940,844	Ps. 11,782	Ps. (2,551)	Ps. 1,559	Ps. -	Ps. 367,471	Ps. 5,319,105
Machinery and equipment	12,087,621	115,015	(13,809)	5,854		666,041	12,860,722
Vehicles	1,652,012	51,905	(98,249)	275		127,202	1,733,145
Furniture and equipment	326,824	3,783	(7,704)	1,343		21,653	345,899
Accumulated depreciation	(8,037,867)	-	109,963	-	(847,757)	(441,828)	(9,217,489)
Net carrying amount	10,969,434	182,485	(12,350)	9,031	(847,757)	740,539	11,041,382
Land	1,773,201	7,408	(12,920)	-		109,208	1,876,897
Investment projects in process	211,399	68,012	-	(9,031)		20,283	290,663
	Ps. 12,954,034	Ps. 257,905	Ps. (25,270)	Ps. -	Ps. (847,757)	Ps. 870,030	Ps. 13,208,942

An analysis of this line item as of September 30, 2011, and as of January 1, 2011, is as follows:

	January 1, 2011	Additions	Disposals	Transfers	Depreciation	Translation Effect	September 30, 2011
Property	Ps. 4,940,844	Ps. 2,738	Ps. (646)	Ps. (145)	Ps. -	Ps. 312,209	Ps. 5,255,000
Machinery and equipment	12,087,621	20,201	(16,520)	5,989		382,885	12,480,176
Vehicles	1,652,012	34,158	(105,208)	(11)		100,427	1,681,378
Furniture and equipment	326,824	2,258	(4,194)	1,343		16,674	342,905
Accumulated depreciation	(8,037,867)	-	96,435	-	(629,776)	(335,206)	(8,906,414)
Net carrying amount	10,969,434	59,355	(30,133)	7,176	(629,776)	476,989	10,853,045
Land	1,773,201	3,959	(1,119)	-		78,666	1,854,707
Investment projects in process	211,399	41,698	-	(7,176)		16,106	262,027
	Ps. 12,954,034	Ps. 105,012	Ps. (31,252)	Ps. -	Ps. (629,776)	Ps. 571,761	Ps. 12,969,779

As of September 30, 2012, the investment projects in progress corresponded to the compliance with the NESHAP (National Emission Standards for Hazardous Air Pollutants) in Tijeras and Pueblo Plants for a total amount of approximately Ps. 217,961, the construction of a block plant in the state of Chihuahua for an amount of approximately Ps. 78,225 and other investments for a total of Ps. 28,819.

As of December 31, 2011, the investment projects in progress corresponded mainly to the construction of a block plant in the state of Chihuahua for an amount of approximately Ps. 78,225; the exploration of new sites and improvements in the Pueblo plant and the coal mine for an estimated amount of Ps. 114,040; and finally, other investments for a total of Ps. 98,397.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

In Mexico, the Company has capitalized the amount of Ps. 61,602, corresponding to financing cost in the construction of the cement plant located in Samalayuca, Chihuahua, 2 which is being amortized over the useful life of such assets. As of September 30, 2012, December 31, 2011 and 2010, its net carrying value is Ps. 23,556, Ps. 27,784 and Ps. 30,217, respectively.

In the United States of America, the Company capitalized the financing cost originated for the construction of cement plant in Pueblo, Colorado, the extension of coal mine located in Durango, Colorado, and a vault located in Colorado as well for an amount of Ps. 287,699 (US$ 20,564), Ps. 15,653 (US$ 1,118) and Ps. 15,158 (US$ 1,083), respectively. The capitalization of capitalized financing cost is included in the property, machinery and equipment item, and it is amortized over the useful life of such assets.

The depreciation expensed to results in the periods ended September 30, 2012 and September 30, 2011, amounts to Ps. 588,317 and Ps. 629,776, respectively.

Machinery and equipment includes strategic spare parts of Ps. 95,457 and Ps. 124,958 as of September 30, 2012 and December 31, 2011, respectively.

	Cumulative amount of					
	investment for the acquisition of qualifying assets		Financing cost capitalized		Period of amortization or depreciation	Annualized capitalization rates
Construction in progress 2012	Ps.	64,960	Ps.	2,072	3% -5%	6.00%
Construction in progress 2011		68,013		4,114	3% -5%	6.05%
Construction in progress 2010		63,232		3,699	3% -5%	5.85%

17. Goodwill

As of September 30, 2012 and December 31, 2011 and September 30, 2011, this line item is as follows:

	September 30, 2012		December 31, 2011		September 30, 2011	
Beginning balance	Ps.	4,720,101	Ps.	4,528,232	Ps.	4,166,126
Translation effect		(361,596)		191,869		362,106
Ending balance	Ps.	4,358,505	Ps.	4,720,101	Ps.	4,528,232

Assessment of goodwill impairment

The behavior of the economic and competition trends in the markets where the Company operates have a significant impact in the assessment of goodwill impairment and the determination of recovery values of cash generating units. The total goodwill balance arose from business combinations performed in the United States of America.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

The following factors are considered to assess the recovery value:

- Market share and expected price levels
- Size of the market where the Company operates for recovery values estimate purposes
- Behavior of main costs of raw materials and input, and the expenses necessary to maintain fixed assets in conditions to be used
- The specific discount rate of the country where the Company operates, based on the weighted capital cost and variables of market conditions as of measurement date
- Estimated perpetuity growth rate

Below are the parameters used to measure the recovery value of the cash generating units to which goodwill is assigned:

- Cash flows projections of the next 10 years based on the estimates performed during the last quarter of the fiscal year of the assessment date, considering the budget approved by Management as a base, which includes the last trends known.
- A discount rate of the country where the Company operates, which considers specific market risks.
- Perpetuity growth rate for the business segment and the market where the Company operates.

Below are the discount and perpetuity growth rates used for the periods ended September 30, 2012 and 2011:

Rates corresponding to the United States of America (U.S.A.) market:

	2012	2011
Discount rate	7.60%	7.20%
Perpetuity growth rate	2.50%	2.50%

The CGU that generated goodwill and their carrying amounts are described as follows:

		September 30, 2012		December 31, 2011		January 1, 2011
Mid Continent Concrete Company, Inc.	Ps.	2,713,568	Ps.	2,938,469	Ps.	2,592,491
Consolidated Ready Mix, Inc.		298,929		323,770		285,971
GCC Rio Grande, Inc.		127,166		137,734		121,654
GCC Dacotah, Inc.		480,877		520,838		460,033
Alliance Concrete, Inc.		737,965		799,290		705,977
	Ps.	4,358,505	Ps.	4,720,101	Ps.	4,166,126

For the purposes of calculating the recoverable value of cash generating units, discount rates after taxes are used, which are applied to cash flows after taxes, as the recoverable values determined are identical to those that would be obtained using cash flows and discount rates before taxes.

As of September 30, 2012, a sensitivity analysis about the impact of a possible increase or decrease of 1% in the discount rate and the perpetuity growth rate for cash generating units, is as follows:

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

Cash generating unit	Excess recoverable value over carrying amount	Impact on decrease or increase in recoverable Discount Rate + 1%	Discount Rate - 1%	Perpetuity growth rate + 1%	Perpetuity growth rate - 1%
Mid Continent Concrete Company, Inc.	Ps. 15,383	Ps. (44,147)	Ps. 65,246	Ps. 39,091	Ps. (25,602)
Consolidated Ready Mix, Inc.	34,799	(12,329)	18,453	12,085	(8,123)
GCC Rio Grande, Inc.	119,810	(26,455)	17,241	38,902	(11,588)
GCC Dacotah, Inc.	20,591	19,730	24,808	-	-
Alliance Concrete, Inc.	14,687	(13,052)	19,222	10,965	(7,370)

18. Intangible assets

An analysis of this line item as of September 30, 2012 and December 31, 2011, is as follows:

	Useful life	Balance as of December 31, 2011	Investments	Amortization	Translation effect	Balance as of September 30, 2012
Intangible assets - Finite life:						
Coal mining rights		Ps. 21,011	Ps. -	Ps. -	Ps. (3,449)	Ps. 17,562
Non-compete agreements		81,520	-	-	(4,022)	77,498
Software licenses	5	279,993	-	-	346	280,339
Accumulated amortization		(182,310)	-	(35,602)	3,713	(214,199)
		Ps. 200,214	Ps. -	Ps. (35,602)	Ps. (3,412)	Ps. 161,200

As of December 31, 2011 and as of January 1, 2011, this line item is integrated as follows:

	Useful life	Balance as of January 1, 2011	Investments	Amortization	Translation effect	Balance as of December 31, 2011
Intangible assets - Finite life:						
Coal mining rights		Ps. 19,363	Ps. -	Ps. -	Ps. 1,648	Ps. 21,011
Non-compete agreements		74,139	-	-	7,381	81,520
Software licenses		261,955	-	-	18,038	279,993
Accumulated amortization		(115,008)	-	(46,916)	(20,386)	(182,310)
		Ps. 240,449	Ps. -	Ps. (46,916)	Ps. 6,681	Ps. 200,214

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

As of September 30, 2011, and as of January 1, 2011, this line item is integrated as follows:

	Useful life	Balance as of January 1, 2011	Investments	Amortization	Translation effect	Balance as of September 30, 2011
Intangible assets - Finite life:						
Coal mining rights		Ps. 19,363	Ps. -	Ps. -	Ps. 794	Ps. 20,157
Non-compete agreements		74,139	-	-	4,067	78,206
Software licenses		261,955	-	-	6,656	268,611
Accumulated amortization		(115,008)	-	(37,752)	6,964	(145,796)
		Ps. 240,449	Ps. -	Ps. (37,752)	Ps. 18,481	Ps. 221,178

19. Other assets

As of September 30, 2012 and December 31, January 1, 2011, this item consists of the following:

	Balance as of September 30, 2012	Balance as of December 31, 2011	Balance as of January 1, 2011
Guarantee deposits	Ps. 210,732	Ps. 200,618	Ps. 93,319
Long-term accounts and notes receivable	26,333	105,652	67,436
Other assets	23,180	7,259	11,259
Restricted cash	24,359	18,376	62,590
	Ps. 284,604	Ps. 331,905	Ps. 234,604

Restricted cash consists of cash deposited in an escrow account required by the State of Colorado Mined Land Reclamation Board.

20. Financial instruments

a) Financial instruments fair value

The financial instruments fair value that is presented subsequently has been determined by the Company using the information available in the market and other valuation techniques that require judgment to develop and interpret fair value estimates. Similarly, it uses assumptions based on existing market conditions as of each one of the dates in the consolidated interim statement of financial position.

Consequently, the estimated amounts presented are not necessarily indicators of the amounts that the Company could realize in a current market exchange. The use of different assumptions and/or estimating methods could have a material effect on the estimated fair value amounts.

The financial instruments measured after the initial recognition at fair value, grouped in levels that cover from 1 to 3 based on the degree at which the fair value is observed, are as follows:

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

- Level 1: corresponds to valuation techniques for determining fair value using quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: corresponds to inputs other than quoted prices not included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3: corresponds to valuation techniques which use inputs for the asset or liability that are not based on market observable data (unobservable inputs).

The carrying value of cash and cash equivalent amounts held by the Company, the accounts receivable and payable to third parties and related parties, and the current portion of the financial debt approximate fair value as they mature in a short term. Long-term debt is recognized at amortized cost and bear interest at fixed and variable rates related to market indicators.

In order to disclose the long-term financial debt fair value, market quotation prices are used for similar instruments.

Below are the book value of other financial instruments and their fair value as of September 30, 2012, December 31, 2011 and January 1, 2011:

As of September 30, 2012

	Carrying Amount	Fair Value
Financial debt recognized at amortized cost	Ps. 6,696,520	Ps. 6,791,499

As of December 31, 2011

	Carrying Amount	Fair Value
Financial debt	Ps. 7,494,100	Ps. 7,356,023

As of January 1, 2011

	Carrying Amount	Fair Value
Financial debt	Ps. 8,210,166	Ps. 8,168,497

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

b) Financial debt

(i) As of September 30, 2012, December 31, 2011 and January 1, 2011, the financial debt is as follows:

		2012	
As of September 30:			
Loans	**Currencies**	**Interest Rates**	**Amounts (Current)**
Senior notes			
Institutional Investors	U.S. dollar	7.00% variable	Ps. 3,663,860
Syndicated loan			
Several Banks	U.S. dollar	LIBOR + 4.50%	3,029,037
Others			
Others	U.S. dollar	Sundry	3,623
			Ps. 6,696,520

		2011		Maturities	
As of December 31:					
Loans	**Currencies**	**Interest Rates**	**Amounts**	**Current Portion of Long-Term Debt**	**Long Term**
Senior notes					
Institutional Investors	U.S. dollar	5.00 % variable	Ps. 3,968,328	Ps. -	Ps. 3,968,328
Syndicated loan					
Several Banks	U.S. dollar	LIBOR + 4.50%	3,518,586	517,645	3,000,941
Others					
Others	U.S. dollar	Sundry	7,186	4,163	3,023
			Ps. 7,494,100	Ps. 521,808	Ps. 6,972,292

		2011		Maturities	
As of January 1:					
Loans	**Currencies**	**Interest Rates**	**Amounts**	**Current Portion of Long-Term Debt**	**Long Term**
Senior notes					
Institutional Investors	U.S. dollar	5.00 % variable	Ps. 3,505,047	Ps. -	Ps. 3,505,047
Syndicated loan					
Several Banks	U.S. dollar	LIBOR + 4.50%	4,689,520	926,783	3,762,737
Others					
Others	U.S. dollar	Sundry	15,599	8,161	7,438
			Ps. 8,210,166	Ps. 934,944	Ps. 7,275,222

(*) LIBOR is the London Interbank Offering Rate, used in international markets for deposits in U.S. dollars maturing in 3 months.

(ii) As disclosed in Note 7x, liquidity risks and going concern section, on June 29, 2012, the Company's bank and bond creditors waived its obligation to comply with certain financial covenants under its Credit Facility and the Privately Placed Notes with respect to the fiscal quarters ended on June 30, 2012 and September 30, 2012.

Given that the waiver does not extend for a period of more than 12 months from September 30, 2012, the Company has classified such borrowings as current in the statement of financial position as of such date. However, the Company has not defaulted on any of its covenants or loan restrictions for any periods presented within these interim consolidated financial statements.

(iii) On March 30, 2011, the Company made a debt prepayment of US$ 15,000 to repay, a scheduled payment due on May 27, 2015. This payment was made with funds from the sale of repurchased shares.

On September 30, 2011, the Company made a payment for US$ 50,000 anticipating the amortization for December 15, 2011, March 15, 2012 and June 15, 2012 for US$ 20,000, US$ 10,000 and US$ 20,000, respectively. Such payments were made with the proceeds from the sale of shares of SOBOCE.

On December 31, 2011, the Company prepaid debt for US$ 8,000 to repay a scheduled amortization due on September 15, 2012, with funds from the operation.

For the nine months ended September 30, 2012 and 2011, the weighted interest rate of the senior notes with institutional investors was 5.60% and 5.60%, respectively, and 6.50% for the syndicated loan.

The Company's subsidiaries GCC Cemento, S.A. de C.V., Cementos de Chihuahua, S.A. de C.V and GCC of America, Inc. are guarantors for both loans and the shares thereof were pledged. This pledge will be released in case the financial leverage ratio is less than 3 times and the senior notes are refinanced.

Loan agreements set forth specific covenants referred to sale of assets, capital expenditures, additional financing and debt prepayments, as well as the obligation of maintaining certain specific financial ratios(financial leverage and interest expense ratios), that in case they are not met, would give rise to a loan early expiration. As of December 31, 2011 and January 1, 2011, the Company has met these conditions.

Effective June 29, 2012, the lenders of the credit agreement and the note holders of senior notes have agreed to waive certain provisions of the respective agreements related to the following requirements as of September 30, 2012:

- Covenant of the Credit Agreement requiring that the Company maintain a certain Consolidated EBITDA to Consolidated Interest Expense Ratio, as set forth in the Credit Agreement, as of the last day of the Third Quarter 2012.
- Covenant of the Credit Agreement requiring that the Company maintain a certain Consolidated Indebtedness to Consolidated EBITDA Ratio, as set forth in the Credit Agreement, as of the last day of the Third Quarter 2012.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

21. Employee benefits

Short-term benefits

Short-term employee benefits are as follows:

Item		September 30, 2012		December 31, 2011		January 1, 2011
Salaries and wages payable	Ps.	48,511	Ps.	34,415	Ps.	18,837
Vacations and vacation premium		22,506		21,301		21,915
Social security contributions and other taxes		31,892		22,751		25,391
Other benefits		8,541		5,366		3,331
	Ps.	111,450	Ps.	83,833	Ps.	69,474

Statutory Employee Profit Sharing is generally determined based on the individual tax result of the Mexican subsidiaries, excluding the adjustment for inflation and the effects of the restated depreciation in the fiscal year.

Employee retirement benefits

a) Retirement pensions are granted through defined pension plans that cover all workers of the Mexican subsidiaries. Pensions are determined based on employees' compensations in their last year of work, seniority in the Company, and their age upon retirement. Seniority premiums are paid to personnel based on the provisions of the Mexican Labor Law.

b) The components of the net cost of the period charged to results of the fiscal periods ended September 30, 2012 and 2011, and the employee benefit obligations as of such dates are as follows:

Net cost of the period		2012		2011
Mexico	Ps.	18,167	Ps.	17,434
United States of America		33,440		20,163
	Ps.	51,607	Ps.	37,597

The net cost of the period for the Company's interim periods was calculated on a year-to-date basis by using the actuarially estimated net period cost on December 2011, date of last actuarial valuation.

The employee benefit obligation as of September 30 2012, December 31, 2011 and January 1, 2011, is as follows:

Employee benefit obligation		September 30, 2012		December 31, 2011		January 1, 2011
Mexico	Ps.	185,714	Ps.	174,245	Ps.	170,715
United States of America		201,392		184,960		110,293
	Ps.	387,106	Ps.	359,205	Ps.	281,008

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

Balances as of September 30, 2012, December 31, 2011 and January 1, 2011 of the subsidiaries in Mexico:

Defined benefit obligation (DBO)	Seniority Premium	Pension Plan	Total
DBO present value as of January 1, 2012	Ps. 11,446	Ps. 162,799	Ps. 174,245
Service cost	725	6,972	7,697
Interest cost	719	9,751	10,470
Actuarial gain	1,493	7,001	8,494
Benefits paid	(1,035)	(14,132)	(15,167)
DBO present value as of September 31, 2012	Ps. 13,348	Ps. 172,391	Ps. 185,739

Employee benefit obligations	Seniority Premium	Pension Plan	Total
Defined benefit obligation (DBO)	Ps. 13,348	Ps. 172,391	Ps. 185,739
Fair value of plan assets	(25)	-	(25)
Net liability projected	Ps. 13,323	Ps. 172,391	Ps. 185,714

Plan assets (PA) are recognized at fair value; the changes to these assets are as follows:

	Seniority Premium	Total
PA fair value as of January 1, 2012	Ps. -	Ps. -
Contributions	(25)	(25)
PA fair value as of September 30, 2012	Ps. (25)	Ps. (25)

Balances as of December 31, 2011 and January 1, 2011 of the subsidiaries in Mexico:

Defined benefit obligation (DBO)	Seniority Premium	Pension Plan	Total
DBO present value as of January 1, 2011	Ps. 11,657	Ps. 161,105	Ps. 172,762
Service cost	970	9,298	10,268
Interest cost	886	12,151	13,037
Actuarial gain (loss)	442	(2,124)	(1,682)
Benefits paid	(1,752)	(17,756)	(19,508)
Pension plan reduction	-	125	125
DBO present value as of December 31, 2011	Ps. 12,203	Ps. 162,799	Ps. 175,002

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

Employee benefit obligations	Seniority Premium		Pension Plan		Total	
Defined benefit obligation (DBO)	Ps.	12,203	Ps.	162,799	Ps.	175,002
Fair value of plan assets		(757)		-		(757)
Net liability projected	Ps.	11,446	Ps.	162,799	Ps.	174,245

Plan assets (PA) are recognized at fair value; the changes to these assets are as follows:

	Seniority Premium		Total	
PA fair value as of January 1, 2011	Ps.	(625)	Ps.	(625)
Contributions		(59)		(59)
Return on assets		(73)		(73)
PA fair value as of December 31, 2011	Ps.	(757)	Ps.	(757)

As of September 30, 2012, December 31, 2011 and January 1, 2011, the plan assets are invested in demand deposits in Mexican financial institutions.

Balances as of September 30, 2012 and January 1, 2012 of the subsidiaries in the United States of America:

Defined benefit obligation (DBO)		
DBO present value as of January 1, 2012	Ps.	405,729
Service cost		19,966
Financial cost		13,474
Actuarial gain		42,930
Benefits paid		(7,322)
Foreign exchange rate valuation gain		(31,130)
DBO present value as of September 30, 2012	Ps.	443,647

Defined benefit obligation (DBO)		
Defined benefit obligation (DBO)	Ps.	443,647
Fair value of plan assets		(242,255)
Net liability projected	Ps.	201,392

Plan assets (PA) are recognized at fair value; the changes to these assets are as follows:

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

PA fair value as of January 1, 2012	Ps.	(220,769)
Company´s contributions		(21,852)
Benefits paid		7,322
Actual return on plan assets		(21,455)
Foreign exchange rate valuation gain		14,499
PA fair value as of September 30, 2012	Ps.	(242,255)

Balances as of December 31, 2011 and January 1, 2011 of the subsidiaries in the United States of America:

Defined benefit obligation (DBO)		
DBO present value as of January 1, 2011	Ps.	297,151
Service cost		23,000
Financial cost		18,285
Actuarial gain		35,100
Benefits paid		(7,051)
Foreign exchange valuation gain		39,244
DBO present value as of December 31, 2011	Ps.	405,729

Defined benefit obligation (DBO)		
Defined benefit obligation (DBO)	Ps.	405,729
Fair value of plan assets at end of the year		(220,769)
Net liability projected	Ps.	184,960

Plan assets (PA) are recognized at fair value; the changes to these assets are as follows:

PA fair value as of January 1, 2011	Ps.	(186,852)
Company´s contributions		(22,580)
Benefits paid		7,051
Actual return on plan assets		6,268
Foreign exchange rate valuation gain		(24,656)
PA fair value as of December 31, 2011	Ps.	(220,769)

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

The fair value of the Company´s pension plan assets as of September 30, 2012, December 31 and January 1, 2011, by asset category is as follows:

2012		Total		Level 1		Level 2		Level 3
Cash equivalents	Ps.	16,734	Ps.	16,734	Ps.	-	Ps.	-
Equity securities:								
US companies		95,056		95,056		-		-
International companies		29,710		29,710		-		-
Debt securities:								
Fixed income mutual funds		17,686		-		17,686		-
U.S. government bonds		40,416		-		40,416		-
Corporate bonds		17,753		-		17,753		-
Foreign obligations		2,371		-		2,371		-
Alternative investments								
Hedge funds		22,529		-		-		22,529
Total	Ps.	242,255	Ps.	141,500	Ps.	78,226	Ps.	22,529

2011		Total		Level 1		Level 2		Level 3
Cash equivalents	Ps.	14,018	Ps.	14,018	Ps.	-	Ps.	-
Equity securities:								
US companies		97,457		97,457		-		-
International companies		24,889		24,889		-		-
Debt securities:								
Fixed income mutual funds		14,816		-		14,816		-
U.S. government bonds		33,857		-		33,857		-
Corporate bonds		14,872		-		14,872		-
Foreign obligations		1,987		-		1,987		-
Alternative investments								
Hedge funds		18,873		-		-		18,873
Total	Ps.	220,769	Ps.	136,364	Ps.	65,532	Ps.	18,873

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

2011		Total		Level 1		Level 2		Level 3
Cash equivalents	Ps.	7,970	Ps.	7,970	Ps.	-	Ps.	-
Equity securities:								
US companies		80,655		80,655		-		-
International companies		21,464		21,464		-		-
Debt securities:								
Fixed income mutual funds		11,455		-		11,455		-
U.S. government bonds		22,169		-		22,169		-
Corporate bonds		15,469		-		15,469		-
Mortgage back securities		7,031		-		7,031		-
Foreign obligations		3,213		-		3,213		-
Alternative investments								
Hedge funds		17,401		-		-		17,401
Total	Ps.	186,827	Ps.	110,089	Ps.	59,337	Ps.	17,401

Level 1.- Quoted prices in active markets for identical assets
Level 2.- Significant other observable inputs
Level 3.- Significant unobservable inputs

Equity securities consist of publicly traded U.S. companies and international companies. Publicly traded equities are measured at the closing prices reported in the active market in which the individual securities are traded.

Fixed income consists of corporate bonds, government securities, and fixed income share funds. Government securities are measured by third party pricing sources. Corporate bonds are measured using either the yields currently available on comparable securities of issuers with similar credit ratings or using a discounted cash flows approach that utilizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such credit and liquidity risks. Fixed income share funds are measured at the net asset value per share multiplied by the number of shares held as of the measurement date.

Hedge funds are investments structures that pursue a diverse array of investments strategies with a wide range of different securities and derivatives instruments.
The most significant assumptions selected in the determination of net cost of the period is as follows:

	Mexico		U.S.A.	
Actual rates	**2012**	**2011**	**2012**	**2011**
Discount rates	8.00 %	8.00 %	4.87 %	4.87 %
Return on assets	6.00%	6.00%	6.75%	6.75%
Salary increase rate	4.50 %	4.50 %	4.00 %	4.00 %

The Company considers various factors in estimating the expected long-term rate of return on plan assets. Among the factors considered include the historical long-term returns on plan assets, the current and expected allocation of plan assets, input from our actuaries and investment consultants and long-term inflation assumptions. The Company's expected allocation of plan assets is based on a diversified portfolio consisting of domestic and international equity and fixed income securities.

Plan assets in the United States of America

The Company's investment policy for its pension plan is to balance risk and return using a diversified portfolio consisting primarily of high-quality equity and fixed-income securities. Plan assets are managed by outside investment managers. Dacotah's Employee Pension Plan Committee provides oversight of the plan investments and the performance of the investments managers.

Equity securities consist of publicly traded U.S. companies and international companies. Publicly traded equities are valued at the closing prices reported in the active market in which the individual securities are traded.

Fixed income consists of corporate bonds, government securities, and fixed income share funds. Government securities are valued by third-party pricing sources. Corporate bonds are valued using either the yields currently available on comparable securities of issuers with similar credit ratings or using a discounted cash flows approach that utilizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks. Fixed income share funds are valued at the net asset value per share multiplied by the number of shares held as of the measurement date.

Hedge funds are investment structures that pursue a diverse array of investment strategies with a wide range of different securities and derivative instruments. These investments are made through funds-of-funds (commingled, multi manager fund structures) and through direct investments in individual hedge funds. Hedge funds are primarily valued by each fund's third party administrator based upon the valuation of the underlying securities and instruments and primarily by applying a market or income valuation methodology as appropriate depending on the specific type of security or instrument held. Funds-of-funds are valued based upon the net asset values of the underlying investments in hedge funds.

Company's funding policy in the United States of America

The Company funds the Company's pension plan and no contributions are made by employees. The Company funds the plan annually by making a contribution of at least the minimum amount required by applicable regulations and as recommended by the Company's actuary. However, the Company also may fund the plan in excess of the minimum required amount. Cash contributions in subsequent years will depend on a number of factors including performance of plan assets.

401 (K) Plans

GCCRG, Dacotah, CRM, GCC Energy, Midco, GCCRM and Alliance have defined contribution benefit plans (the Plans), which qualify as 401 (K) plans. The Plans are available to substantially all employees. The Company matches contributions up to 4.5% of their salary paid. The Company's contributions to the plans recorded in the interim consolidated income statements for the period ended of September 30, 2012, and 2011 amounted to Ps. 14,944 (US$ 1,129) and Ps. 12,538 (US$ 1,402), respectively.

Sick Leave Plan

Dacotah has a sick leave plan, which pays employees for 25% of their unused sick leave at their current pay rate, not to exceed 550 hours in total, per employee.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

22. Accrued expenses, other accounts payable and provisions

a) Accrued expenses and other accounts payable

Accrued expenses and other accounts payable as of September 30, 2012, December 31, 2011 and January 1, 2011, are as follows:

	September 30, 2012		December 31, 2011		January 1, 2011	
Contributions and other taxes payable	Ps.	187,517	Ps.	377,514	Ps.	207,366
Other accounts payable		98,973		105,052		65,351
Interest payable		16,104		20,104		20,850
	Ps.	302,594	Ps.	502,670	Ps.	293,567

b) Provisions

	September 30, 2012		December 31, 2011		January 1, 2011	
Legal and other provisions:						
Beginning balance	Ps.	95,583	Ps.	76,574	Ps.	89,860
Arising during the year		-		278,963		358,671
Utilized		(73,079)		(264,648)		(370,012)
Translation effect		(647)		4,694		(1,945)
Beginning balance	Ps.	21,857	Ps.	95,583	Ps.	76,574

c) Restoration provisions

The subsidiaries GCC Rio Grande, Inc. (GCCRG) and GCC Energy (GCCE) submitted a plan under the State Mining Act, whereby it proposes the use for the place where the plant is located, and any remediation of the land when the operations are concluded. The plan foresees an incremental implementation of remediation measures over a 40-year and 20-year period respectively, as more than a half of the land will be remedied during the time the plant is operating. The estimated plan cost amounts to Ps. 70,759 (US$ 5,478) for GCCRG. As of September 30, 2012 and December 31, 2011, the Companies has recorded a liability for this obligation of Ps. 35,998 (US$ 2,867) and Ps. 33,922 and (US$ 2,720), respectively, which corresponds to the present value of future expense obligations. These amounts are included in the consolidated interim statements of financial position under restoration provision and the adjustments to the amounts payable are included in the cost of the related asset, and the discount reversal is recognized as a financial expense in the corresponding period. During 2012, the Companies expensed approximately Ps. 1,898 (US$ 147) in order to fulfill the land remediation requirements.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

Movements in the Company's restoration provisions are presented as follows:

	Balance at January 1, 2012	Arising during the period	Interest cost	Utilized	Effect of foreign operation translation	Balance at September 30, 2012
Restoration liabilities	Ps. 33,922	Ps. -	Ps. 2,772	Ps. -	Ps. (696)	Ps. 35,998
	Ps. 33,922	Ps. -	Ps. 2,772	Ps. -	Ps. (696)	Ps. 35,998

	Balance at January 1, 2011	Arising during the period	Interest cost	Utilized	Effect of foreign operation translation	Balance at December 31, 2011
Restoration liabilities	Ps. 31,843	Ps. -	Ps. 1,794	Ps. -	Ps. 285	Ps. 33,922
	Ps. 31,843	Ps. -	Ps. 1,794	Ps. -	Ps. 285	Ps. 33,922

	Balance at January 1, 2011	Arising during the period	Interest Cost	Utilized	Effect of foreign operation translation	Balance at September 30, 2011
Restoration liabilities	Ps. 31,843	Ps. -	Ps. 1,345	Ps. -	Ps. 213	Ps. 33,401
	Ps. 31,843	Ps. -	Ps. 1,345	Ps. -	Ps. 213	Ps. 33,401

23. Commitments and contingencies

a) During 2010, the Environmental Protection Agency of the United States of America ("EPA") issued the final national standard of Portland cement emissions of hazardous air pollutants ("NESHAP") under the Clean Air Act. This regulation requires that Portland cement plant facilities limit their emissions and is scheduled to go into effect in September 2015. As of September 30, 2012, the Company has invested Ps. 58,669 (US$ 4,542) and expect to incur additional investments of approximately Ps. 343,837 (US$ 26,619), before this regulation goes into effect for the full compliance therewith.

b) In order to guarantee the ecological restoration of the zone in case of closing the GCCRG Tijeras plant, as required by the State of New Mexico, the Company has a bond of Ps. 904 (US$ 70), jointly held by the State of New Mexico Mining and Materials Division and the USDA Forest Service, a Certificate of deposit for Ps. 11,199 (US$ 867) with the New Mexico Bank and Trust as financial assurance to the State of New Mexico, and a guarantee of Ps. 36,323 (US$ 2,812) in the event that GCCRG fails to meet its obligations.

c) Operating leases – The following are the amounts of minimum payments under operating leases for the rental of railroad cars, light vehicles and office space.

Years ending December 31:	Amounts of minimum payments	
2013	Ps.	28,747
2014		23,133
2015		25,147
2016		22,701
	Ps.	99,728

The amount of rents recognized in expenses as of September 30, 2012 and 2011, amounted to Ps.73,580 and Ps.67,796, respectively.

d) On August 18, 2011, the Company sold its 47.02% interest in SOBOCE, to Consorcio Cementero del Sur S.A. (“Consorcio”), a subsidiary of Grupo Gloria based in Peru, for US$75,000 in cash. On July 11, 2012, Compañía Inversiones Mercantiles, S.A. (“CIMSA”), SOBOCE’s majority shareholder, filed a request for arbitration before the Inter-American Commercial Arbitration Commission (“IACAC”). CIMSA claimed (i) the nullification of the Company’s share purchase and sale agreement with Consorcio, and the restoration of CIMSA’s right of first refusal over the purchase of shares of SOBOCE and the payment of any resulting liquidated damages suffered by CIMSA, or, alternatively (ii) the breach of the Company’s shareholder’s agreement with CIMSA and the payment of any liquidated damages suffered by CIMSA resulting from the difference between the sale price of the SOBOCE shares and the price at which CIMSA could have acquired the shares. The Company’s answer and counterclaim was filed on September 3, 2012, alleging that CIMSA did not exert its right of first refusal and that CIMSA did not comply with a 2010 commitment to acquire SOBOCE’s shares. In addition, the Company claimed that the share purchase and sale agreement with Consorcio cannot be invalidated in accordance with Bolivian law. If CIMSA is successful, the IACAC could render a decision invalidating the share purchase and sale agreement with Consorcio and restoring CIMSA’s right of first refusal over the shares. In this case, if CIMSA exerts its right of first refusal, it is expected that CIMSA will be obligated to pay GCC Latinoamerica, S.A. de C.V. (“GCC Latinoamerica”) US$ 75,000 in exchange for the shares. The IACAC could also determine that GCC and GCC Latinoamerica had breached their shareholders’ agreement with CIMSA, in which case GCC and GCC Latinoamerica would be liable for the damages suffered by CIMSA. In both cases, CIMSA may also be entitled to attorney’s fees if GCC or GCC Latinoamerica is found liable of a breach of the shareholders’ agreement. Because litigation and other legal proceedings are inherently unpredictable, as of September 30, 2012 the Company does not believe that a material negative outcome of the arbitration is probable in nature nor can it provide an estimate of the amount of damages potentially owed to CIMSA.

e) Antitrust Proceedings

Alliance Concrete

In September 2009, the Department of Justice (“DOJ”) began an investigation into Alliance Concrete’s monopolistic practices and some members of the management of Alliance Concrete were found to have violated antitrust regulations. The legal proceeding was carried out in a U.S. federal court in Iowa which, on March 14, 2012, ordered Alliance Concrete to pay a fine of US$100 plus legal and trial expenses. The state of Iowa also sued Alliance Concrete for the damages suffered by the state due to the use of overpriced cement in public projects. Alliance Concrete settled with the state of Iowa and agreed to pay US$144 in installments, the last of which was paid in December 2012.

Concurrently with the procedures initiated by the DOJ, the companies that were directly affected by these monopolistic practices commenced a civil suit in state court in Iowa. Alliance Concrete settled with these companies and paid U.S.$ 6,100 in damages on November 14, 2011. The Company cannot guarantee Alliance Concrete will not be subject to new civil claims including complaints by one or more new claimants that consider themselves to have been directly or indirectly affected by the monopolistic practices of Alliance Concrete’s management. The Company also cannot guarantee that such complaints, which could adversely affect its business, results of operations and financial condition if there are rulings against Alliance Concrete, will not be filed or that any damages imposed as a result of a ruling or settlement will not be material.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

On May 9, 2012, the FHA (Federal Housing Administration) notified Alliance Concrete, as result of the matters described above, that it was suspending Alliance Concrete's right to do business with it and intended to debar Alliance Concrete from selling it goods or services. Alliance Concrete has made a written request asking the FHA to lift the suspension and to refrain from debarring it, which response is expected soon. The Company cannot assure you that this proceeding will not result in an unfavorable outcome, which could have a material adverse effect on the Company´s business in the United States of America.

24. Income tax and business flat tax

Income tax of subsidiaries in Mexico and in the United States of America is determined on a consolidated basis with its direct holding Grupo Cementos Chihuahua, S. A. B. de C. V. and GCC of America, Inc., respectively. In this sense Grupo Cementos as a holding company calculates the consolidated income tax result like a "single company", considering the net sum of income tax profits and net tax operation losses in the same year, and other considerations according to the tax rules for the consolidation regime.

Income tax

a) In the 2010 Tax Reform, increases in the income tax rate were approved, which apply as follows:

- For 2010 to 2012: 30%;
- For 2013: 30% (*);
- For 2014: 29% (*);
- For 2015 and thereafter: 28%.

  (*) During December 2012, income tax rates of 30% and 29% were approved for 2013 and 2014, respectively. The effect of the tax rate change had not material impact in the consolidated interim financial statements.

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

Country	2012	2011
Mexico	30%	30%
United States of America	35%	35%

Additionally, there are changes to the tax consolidation regime, establishing that income tax payments deferred because of the benefits obtained from fiscal consolidation from 1999 should be paid in five installments during the sixth to tenth years following that in which the benefits were used. These benefits can result from:

i) Tax losses used in tax consolidation, and that had not been amortized individually by the entity that generated them; and

ii) Other items; refers to items other than tax losses that generated benefits through tax consolidation, such as losses on disposal of outstanding shares deducted individually by the generating entity, special consolidation measures from transactions conducted between the consolidated companies, and dividends paid by consolidated subsidiaries that did not come from the Net Taxable Income Account (CUFIN) or Reinvested Net Taxable Income Account (CUFINRE), distributed since 1999.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

The aforementioned effects were applied for the first time in 2010 to the accrued benefits from the tax consolidations of 1999 to 2004, requiring payment of the related tax from 2010 through 2014. The income tax associated with the consolidation of 2005 and subsequent years shall be paid in five years beginning from the sixth year following that in which the benefit was taken; for example, the benefit related to 2005 will be paid between 2011 and 2015.

The above provision implies that deferred income tax arising from CUFIN differences accrued through December 31, 2004 shall be paid from 2010 to 2014; income tax for 2005 and subsequent years will be paid over the sixth to tenth years following that to which it is related; for example, income tax related to 2005 will be paid between 2011 and 2015.

Income tax payable as of September 30, 2012, December 31, 2011 and January 1, 2011, is presented in the consolidated interim statements of financial position under “Income tax payable” as part of the long-term liabilities.

Following is the activity of the long-term income tax liability as of September 30, 2012, December 31, 2011 and January 1, 2011:

	September 30, 2012		December 31, 2011		September 30, 2011	
Beginning income tax payable balance	Ps.	349,764	Ps.	369,153	Ps.	369,153
Tax payments		(16,131)		(19,389)		(19,389)
Income tax payable	Ps.	333,633	Ps.	349,764	Ps.	349,764

b) As of September 30, 2012 and 2011, income tax recognized directly in Other comprehensive income amounted Ps. (60,802) and Ps. 40,245.

Flat rate business tax (FRBT)

c) Current FRBT is calculated by applying a rate of 17.5% to determined income based on the cash flows, to which authorized credits are applied.

FRBT credits consist mainly of those arising from negative FRBT basis to be applied (deductions exceeding income), those corresponding to salaries and social security fees, and those arising from deductions of certain assets such as inventories and fixed assets during the transition period for the effectiveness of the FRBT.

FRBT must be paid only when it is greater than income tax for the same period. To determine FRBT payable, income tax paid for the same period shall be deducted from current FRBT.

When the FRBT base is negative because deductions exceed taxable income, FRBT is not incurred. The amount of the negative base multiplied by the FRBT results in FRBT credit creditable against the FRBT payable for the following ten years.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

Based on the projected tax results, it was concluded that the Company will be subject to income tax in the following years.

d) For the periods ended September 30, 2012 and 2011, income tax charged to results is as follows:

	2012	2011
Current income tax	Ps. 57,226	Ps. (140,873)
Business flat tax	(19,560)	(30,455)
Deferred business flat tax	6,294	(13,271)
Deferred income tax	107,181	135,553
Total income taxes	Ps. 151,141	Ps. (49,046)

e) The subsidiaries of GCC Comercial, S.A. de C.V. and Urbanizaciones Contemporáneas, S.A. de C.V. will pay FRBT, the main differences that generated the deferred FRBT liability as of September 30, 2012, December 31, 2011 and January 1 2011. The deferred tax liability of these subsidiaries is as follows:

	September 30, 2012	December 31, 2011
Deferred tax asset:		
Trade advances	Ps. 6,384	Ps. 13,013
Inventories and other	52,460	36,248
Credits from FRBT losses	-	3,353
	58,844	52,614
Deferred tax liability:		
Fixed assets	13,311	8,163
Prepaid expenses	106,285	111,497
	119,596	119,660
Deferred business flat tax liability, net	Ps. 60,752	Ps. 67,046

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

f) The main differences that gave rise to the deferred income tax liability are as follows:

	September 30, 2012	December 31, 2011
Deferred tax assets:		
Provisions and allowances	Ps. 320,116	Ps. 176,249
Tax credits other items	107,956	149,691
Tax loss carryforwards net of valuation allowance	1,477,676	1,373,435
	1,905,748	1,699,375
Deferred tax liabilities:		
Fixed assets	2,114,550	2,092,018
Inventories	49,881	66,891
Prepaid expenses and others	51,794	24,395
	2,216,225	2,183,304
Deferred income tax liability, net	310,477	483,929
Flat Rate Business Tax liability, net	60,752	67,046
Deferred income tax liability, net	Ps. 371,229	Ps. 550,975

g) The main items for which the sum of the current income tax and deferred income tax for the period differs from the statutory rate are as follows:

	September 30, 2012	September 30, 2011
Income (loss) before income tax	Ps. 152,354	Ps. (97,324)
	30%	30%
Statutory rate	(45,706)	29,197
Benefit over loss before income taxes		
Other items:		
Non-deductible expenses	(1,360)	(5,524)
Adjustment for inflation adjustment	(27,917)	(25,653)
Variation of allowance for doubtful deferred tax assets	-	(169,460)
Effects of inflation and other items	83,827	-
Effect of different tax rates in effect in foreign companies	155,564	166,120
Tax benefit (cost)	164,408	(5,320)
Current and deferred IETU	(13,267)	(43,726)
Income tax benefit, net (expense)	Ps. 151,141	Ps. (49,046)

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

h) As of September 30, 2012, the Company has tax losses as follows:

	Mexico				United States of America			
Year of loss Year		**Amount restated as of September 30, 2012**		**Effect on deferred income tax**		**Amount restated as of September 30, 2012**		**Effect on deferred income tax**
2008	Ps.	1,154,891	Ps.	323,369	Ps.	30,710	Ps.	10,748
2009		920,807		257,826		49,490		17,322
2010		1,333,350		373,338		1,005,126		351,794
2011		1,584,358		443,621		698,070		244,325
2012		986,903		276,333		359,156		125,705
		5,980,309		1,674,487		2,142,552		749,894
Tax loss used in consolidation		(2,792,060)	(	781,777)		-		-
Valuation allowance		(476,336)	(	133,374)	(	90,151)	(	31,554)
	Ps.	2,711,913	Ps.	759,336	Ps	2,052,401	Ps	718,340

The Company's net deferred tax liability by taxing jurisdiction as of September 30, 2012 is as follows:

	Mexico	United States of America	Total
Tax loss carry-forwards, net	Ps. 759,336	Ps. 718,340	Ps. 1,477,676
Other deferred tax assets	194,587	233,485	428,072
Total Deferred tax assets	953,923	951,825	1,905,748
Deferred tax liabilities	1,152,623	1,457,987	2,610,610
Deferred tax payable			
Deferred tax liability, net	Ps. 198,700	Ps. 506,162	Ps. 704,862

Deferred tax assets are recognized for the carry-forwards to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. The criteria for recognizing deferred tax assets arising from the carry-forward of unused tax losses and tax credits are the same as the criteria for recognizing deferred tax assets arising from deductible temporary differences. However, the existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, when an entity has a history of recent losses, the entity recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity.

The Company has a history of recent losses, and it has cumulative pre-tax book losses in both Mexico and the United States over the past three years (including September 2012 year-to-date).

The Company has not recorded a full valuation allowance against its tax losses carry-forwards as it believes that it has convincing evidence to support their continued recognition as of September 30, 2012. Specifically, it believes that the amounts will be recovered through both (i) sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilized before they expire (estimated at Ps. 904,998) and (ii) tax planning opportunities which are available to the entity that will create taxable profit in the period in which the unused tax losses or unused tax credits can be utilized (estimated at Ps. 429,010).

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

i) As of September 30, 2012, the balance of the restated contributed capital account (CUCA), net tax profits account (CUFIN) and the net reinvested tax income account (CUFINRE) aggregate Ps. 1,494,409, Ps. 1,469,880 and Ps. 194,762, respectively.

25. Equity

a) As of September 30, 2012 and December 31, 2011, common stock is variable and its fixed minimum capital with no right to withdrawal is Ps. 134,960, represented by 337,400,000 common registered shares with no par value and is summarized as follows:

	Shares		Amount	
	2012	2011	2012	2011
Authorized and issued capital	337,400,000	337,400,000	Ps. 134,960	Ps. 134,960
Shares repurchased	(4,864,492)	(4,864,492)	(487)	(487)
	332,535,508	332,535,508	Ps. 134,473	Ps. 134,473

b) During 2011 the Company sold five million repurchased shares for a total of Ps. 180,406. As of September 30, 2012 and December 31, 2011, the Company held 4,864,492 treasury shares in the amount of 167,841, which represented 1.4% of the Company's outstanding shares. As of September 30, 2012 and December 31, 2011, the Company has 332,535,508 outstanding shares. At an ordinary stockholders' meeting held on April 27, 2012, the amount of Ps. 500,000 was approved to be allotted to the repurchase of shares. The available balance for the repurchase of the Company's own shares as of December 31, 2011 was Ps. 332,158.

During an ordinary stockholders' meeting held on April 27, 2011, an increase of the variable stockholders' equity up to the amount of Ps. 575,000 (five hundred and seventy five thousand) was authorized, representing up to 14,000,000 (fourteen million) ordinary nominal shares, with no par value, class II, unique series, to be subsequently subscribed and paid by private placing.

d) In conformity with the Mexican Corporations Act, the Company is required to transfer at least 5% of the net income of each year to increase the legal reserve. This practice must be continued until the legal reserve reaches 20% of capital stock, issued and outstanding.

e) Dividends paid by the Company from the consolidated net tax income account are not subject to ISR. However, the balance of this account can be solely applied once the net reinvested tax income account (CUFINRE) balance has been depleted.

Dividends paid from the CUFINRE are subject to 5% of income tax for earnings distributed from income of 2001 and 2000 and 3% for dividends paid from 1999 income. Any distribution of earnings in excess of the CUFIN balance will be subject to corporate income tax, payable by the Company, at the enacted income tax rate at that time.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

f) The balance of the cumulative translation effects of foreign subsidiaries and its activity as of September 30, 2012, December 31, 2011 and September 30, 2011 is as follows:

		September 30, 2012		December 31, 2011		September 30, 2011
Beginning balance	Ps.	567,386	Ps.	-	Ps.	-
Translation effect of the year		(1,005,149)		1,371,236		1,698,801
Hedging exchange fluctuation		574,967		(925,380)		(1,000,017)
Income tax		(60,802)		121,530		40,245
Ending balance	Ps.	76,402	Ps.	567,386	Ps.	720,595

g) The balance of actuarial gains and losses and income tax and its activity as of September 30, 2012, December 31, 2011 and September 30, 2011 is as follows:

		September 30, 2012		December 31, 2011		September 30, 2011
Beginning balance	Ps.	(24,575)	Ps.	-	Ps.	-
Actuarial gains and losses of the period		(31,126)		(35,108)		(26,334)
Deferred income tax		8,715		10,533		7,900
Ending balance	Ps.	(46,986)	Ps.	(24,575)	Ps.	(18,434)

26. Cost of sales and operating expenses

a) Cost of sales

An analysis of cost of sales as of September 30, 2012 and 2011 is as follows:

		2012		2011
Employee benefits	Ps.	1,086,037	Ps.	928,788
Energy		567,311		455,723
Raw material input		1,428,382		1,206,315
Maintenance expenses		445,983		353,567
Depreciation		500,733		492,425
Overhead expenses		1,030,081		753,493
	Ps.	5,058,527	Ps.	4,190,311

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

b) Administrative and selling expenses

An analysis of operating expenses as of September 30, 2012 and 2011 is as follows:

		2012		2011
Employee benefits	Ps.	270,868	Ps.	262,373
Professional services		21,286		23,306
Publicity and advertising		4,674		2,856
Depreciation and amortization		123,186		175,093
Other expenses		334,815		321,516
	Ps.	754,829	Ps.	785,144

Employee benefit expenses as of September 30, 2012 and 2011 are as follows

		2012		2011
Salaries and wages	Ps.	863,169	Ps.	775,580
Employee benefits from retirement		49,352		37,597
Social security fees		118,485		103,193
Social welfare		142,593		100,735
Social prevision and other benefits		183,306		174,056
	Ps.	1,356,905	Ps.	1,191,161

Personnel expenses by function are as follows:

		2012		2011
Cost of sales	Ps.	1,086,037	Ps.	928,788
Administrative and sale expenses		270,868		262,373
	Ps.	1,356,905	Ps.	1,191,161

27. Other expenses

Other expenses as of September 30, 2012 and 2011 are as follows:

		2012		2011
Charitable contributions	Ps.	718	Ps.	1,957
	Ps.	718	Ps.	1,957

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

28. Financial expenses

Financial expenses as of September 30, 2012 and 2011 are as follows:

		2012		2011
Debt interest expenses	Ps.	344,775	Ps.	368,129
Other financial expenses		47,895		33,529
	Ps.	392,670	Ps.	401,658

29. Segment information

The Company is a Mexican company that manufactures and commercializes hydraulic cement, ready-mix cement and aggregates. The Company's operations in the United States of America are mainly performed by three subsidiaries which shareholding is 99.99%.

Inter-segment revenues are eliminated upon consolidation and reflected in the "eliminations and other adjustments" column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

In the following information, the column representing Mexico includes all domestic transactions.
Information for the periods ended September 30, 2012 and 2011:

2012								
		Mexico		United States		Eliminations and other adjustments		Consolidated
Net sales:								
External customers	Ps.	1,928,219	Ps.	4,425,254	Ps.	-	Ps.	6,353,473
Intercompany sales		264,617		90,997		(355,614)		-
		2,192,836		4,516,251		(355,614)		6,353,473
Operating income	Ps.	322,991	Ps.	113,021	Ps.	104,105	Ps.	540,117
(Loss) income before taxes	Ps.	(195,540)	Ps.	243,789	Ps.	104,105	Ps.	152,354
Depreciation and amortization		199,942		423,977		-		623,919
Interest income		20,667		4,310		-		24,977
Financial expenses		(389,742)		(2,928)		-		(392,670)
Exchange loss , net		(19,352)		-		-		(19,352)
Capital expenditures		4,305		348,437		-		352,742
Investment in associates and others		109,113		-		-		109,113
Goodwill		-		4,358,505		-		4,358,505
Property, machinery and equipment, net		4,800,342		7,491,172		-		12,291,514
Total assets	Ps.	7,244,712	Ps.	14,192,891	Ps.	-	Ps.	21,437,603
Total liabilities	Ps.	7,629,191	Ps.	1,328,642	Ps.	-	Ps.	8,957,833
Cash flows from operating activities		308,988		439,964		-		748,952
Cash flows from investing activities		(3,463)		(346,661)		-		(350,124)
Cash flows from financing activities		(584,128)		(3,135)		-		(587,263)

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

2011				
	Mexico	United States	Eliminations and other adjustments	Consolidates
Net sales:				
External customers	Ps. 1,869,830	Ps. 3,360,919	Ps. -	Ps. 5,230,749
Intercompany sales	198,139	102,335	(300,474)	-
	2,067,969	3,463,254	(300,474)	5,230,749
Operating income	304,541	(49,247)	-	255,294
(Loss) income before taxes	Ps. (182,483)	Ps. 85,159	Ps. -	Ps. (97,324)
Depreciation and amortization	239,682	427,836	-	667,518
Interest income	19,227	5,974	-	25,201
Financial expenses	(400,802)	(856)	-	(401,658)
Exchange loss	(25,796)	-	-	(25,796)
Capital expenditures	85,994	30,060	-	116,054
Investment in associates and others	104,097	-	-	104,097
Goodwill	-	4,720,101	-	4,720,101
Property, machinery and equipment, net	4,957,510	8,251,432	-	13,208,942
Total assets	Ps. 6,511,102	Ps. 16,231,532	Ps. -	Ps. 22,742,634
Total liabilities	Ps. 8,688,887	Ps. 1,386,488	Ps. -	Ps. 10,075,375
Cash flows from operating activities	503,156	316,435	-	819,591
Cash flows from investing activities	853,627	42,199	-	895,826
Cash flows from financing activities	(1,562,877)	(172,814)	-	(1,735,691)

Net sales information by country and by product for the periods ended as of September 30, 2012 and 2011, is presented in the following table:

2012					
Country	Cement	Concrete	Other	Eliminations	Consolidated
Mexico	Ps. 1,321,519	Ps. 585,478	Ps. 589,812	Ps. (568,590)	Ps. 1,928,219
United States	2,939,417	1,538,754	679,332	(732,249)	4,425,254
	Ps. 4,260,936	Ps. 2,124,232	Ps. 1,269,144	Ps. (1,300,839)	Ps. 6,353,473

2011					
Country	Cement	Concrete	Other	Eliminations	Consolidated
Mexico	Ps. 1,302,005	492,566	Ps. 588,555	Ps. (513,296)	Ps. 1,869,830
United States	2,083,663	1,230,424	691,455	(644,623)	3,360,919
	Ps. 3,385,668	Ps. 1,722,990	Ps. 1,280,010	Ps. (1,157,919)	Ps. 5,230,749

The column "Other" includes mainly aggregates, concrete blocks, prefabricated products, developed land, coal and other materials for construction.

30. Adoption of International Financial Reporting Standards

The Mexican National Banking and Securities Commission (CNBV) requires certain entities that publish their financial information to the public through the Mexican Stock Exchange, that beginning in 2012, they mandatorily prepare and disclose their financial information according to IFRS, issued by the IASB.

The Company's consolidated financial statements for the year ending December 31, 2012 will be its first annual financial statements that comply with IFRS. The date of transition is January 1, 2011, and, therefore, the fiscal year ended December 31, 2011 will be the comparative period established by IFRS 1 First time adoption. According to IFRS 1, the Company will apply the relevant mandatory exceptions and certain optional exemptions to the retroactive application of IFRS.

1) The Company applied the relevant mandatory exceptions to the retroactive application of IFRS as follows:

   i. Calculation of estimates: Estimates at the date of transition are consistent with estimates at the same date under MFRS.

   ii. Non-controlling interests: Certain requirements to recognize and to present non-controlling interests were applied prospectively from the date of transition.

2) The Company chose the following optional exemptions to the retroactive application of IFRS:

   i. Business combinations: The business combinations exemption was applied; therefore, no restatements have been made to business combinations that took place before the date of transition.

   ii. Deemed cost – Company's management selected the option of applying the deemed cost exemption for its fixed assets. Therefore, for certain property, plant and equipment items, it used the fair value determined by independent experts, as of the transition date as its deemed cost for certain items of the property, plant and equipment item, whereas it used the indexed cost for other items of fixed assets, which is equivalent to the MFRS balance as of the transition date.

   iii. Leases – The lease exemption was applied; therefore, the Company determined whether an agreement in effect at the date of transition contained a lease based on facts and circumstances existing as of that date.

   iv. Employee benefits: The employee benefits exemption be applied; therefore, all cumulative actuarial gains (losses) and the transition liability pending to be recognized under MFRS were immediately recognized in retained earnings.

   v. Cumulative differences from the effect of translation – The Company applied the cumulative difference exemption for cumulative differences for the translation effect. Therefore, the translation effect was adjusted as of the transition date.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

vi. Borrowing cost – The Company applied the criteria of IAS 23, *Borrowing Costs*, beginning the transition date and not retroactively. Borrowing costs previously included according to MFRS, are subject to the deemed cost option.

vii. Restoration liabilities.- The Company identified the existing assets and estimated its obligations for this item that would have been included in the value of the assets when such liability arose, determined the discounted value of such amount using the discount rate applicable during the period up to the transition date, and calculated the accumulated depreciation on such amount, using the depreciation method adopted under IFRS.

Following is a reconciliation of equity.
A reconciliation of equity as of December 31, September 30 and January 1, 2011 is as follows:

	Note	As of December 31, 2011	As of September 30, 2011	As of January 1, 2011
Equity under MFRS		Ps. 12,584,009	Ps. 12,157,977	Ps. 11,850,989
IFRS adjustments:				
Employee benefits	g	(148,291)	(140,118)	(115,594)
Goodwill inflationary effect	f	(25,094)	(25,094)	(25,094)
Investment in joint venture	f	-	-	(46,854)
Debt issuance costs	b	(564,262)	(612,606)	(770,926)
Property, machinery and equipment	d	398,016	390,614	398,196
Effects of income taxes	j	131,617	146,373	184,804
Restoration liabilities	c	2,610	480	(5,910)
Out-side basis Mexico	j	288,654	385,100	385,100
Total IFRS adjustments		83,250	144,749	3,722
Equity under IFRS		Ps. 12,667,259	Ps. 12,302,726	Ps. 11,854,711

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

A reconciliation of the consolidated comprehensive income for the following periods:

	Note	For the year ended December 31, 2011	For the nine month period ended September 30, 2011
Net income under MFRS		Ps. 91,206	Ps. (467,200)
IFRS adjustments:			
Debt issuance costs	b	206,664	158,320
Restoring obligations financial expenses	c	7,886	5,915
Property, machinery and equipment	d	454	(7,107)
Employee benefits	g	6,184	4,638
Income tax effects	i	(67,961)	(49,160)
Current tax from exchange gains reclassified to comprehensive income		(121,530)	(40,245)
Investment in joint venture		46,854	46,854
Translation effect of discontinued operations	k	(105,000)	(105,000)
Total IFRS adjustments		(26,449)	14,215
Net and comprehensive income under IFRS		Ps. 64,757	Ps. (452,985)

1) The following explanation notes describe the significant transition effects to IFRS in the interim consolidated statement of financial situation as of January 1, 2011 and December 31, 2011.

a) Restricted cash.- Restricted cash has been reclassified from the cash and cash equivalents balance where it was presented in accordance with MFRS and has been presented within other assets in current or non-current assets based on the terms of the restriction.

		As of January 1, 2011		
		MFRS	Adjustments	IFRS
Cash and Cash equivalents	a)	Ps. 1,021,606	Ps. (62,590)	Ps. 959,016

		As of December 31, 2011		
		MFRS	Adjustments	IFRS
Cash and Cash equivalents	a)	Ps. 1,181,525	Ps. (18,376)	Ps. 1,163,149

b) Debt issuance costs.- The Company recognized under MFRS the costs associated with the financial debt restructuring, which are presented in prepaid expenses and will be paid within a twelve-month term, and those that will be paid in the corresponding debt expiration, within the "Other assets" line item. Under IFRS, according to IAS 39, the debt restructuring was accounted for as the de-recognition of of the original liability that generated a new debt instrument, in which case, the expenses associated with the issuance of the new instrument are recognized in earnings. Therefore, the restructuring costs as of the transition date have been recognized in retained earnings.

c) Restoration liabilities.- The Company identified the existing assets and estimated its obligations for this item that would have been included in the value of the assets when such liability arose.

(In thousands of Mexican pesos (Ps.) and thousands of U.S. dollars (US$), except values per share and exchange rates)

d) Property, machinery and equipment fair value.- As mentioned above, Management considered to use the fair value for certain fixed assets items as assumed cost as of the transition date. In addition, based on IAS 16, *Property, machinery and equipment,* the Company segregated the significant component with useful lives other than the other assets that compose a group of fixed assets.

As of January 1, 2011, the significant adjustments in the property, machinery and equipment line item are explained as follows:

Revaluation and componentization of fixed assets	(*)	Ps. 388,143
Restoration liabilities		10,053
		Ps. 398,196

(*) The Company elected to measure certain assets at fair value using the option provided by IFRS 1. The adjustments for recording such assets at fair value are as follows:

	Note	Historical Cost	Adjustment	Fair Value
Land	(i)	Ps. 650,733	Ps. 210,929	Ps. 861,662
Buildings	(ii)	391,742	133,226	524,968
Machinery and equipment	(iii)	700,959	44,063	745,022
Subtotal		1,743,434	388,218	2,131,652

	Note	Accumulated Depreciation	Adjustment	Fair Value
Buildings	(ii)	112,640	10,536	123,177
Machinery and equipment	(iii)	417,623	(10,462)	407,161
Subtotal		530,263	74	530,338
Carrying amount		Ps. 1,213,171	Ps. 388,144	Ps. 1,601,314

(i) The Company decided to apply the option of measuring certain properties of land at fair value at the transition date to IFRS. The appraisals conducted by independent expert appraisers on January 1, 2011 recognize the fair value of the revalued land at Ps. 861,662, while under MFRS, the carrying amount of the land was Ps. 650,733.

(ii) The Company decided to apply the option of measuring certain buildings at fair value at the transition date to IFRS. The appraisals performed by independent expert appraisers on January 1, 2011 recognize the fair value of the revalued buildings at Ps. 524,745, while under MFRS, the carrying amount of the buildings was Ps. 391,742.

For certain types of property, machinery and equipment, the Company decided to use the carrying amount under MFRS at the transition date. The indexed cost exemption established in IFRS 1 permits using the MFRS value, as such value reflects the depreciated cost of such assets adjusted by specific or general indexes, as the case may be. Even though the indexed cost exemption was utilized for such assets, the Company's independent appraiser performed a revaluation of such assets to allow management to determine their depreciated replacement cost, which represents a decrease of Ps. 40,262 of the carrying amount of such assets However, as the indexed cost exemption established in IFRS 1 permits using the MFRS value, such assets retained their value for purposes of IFRS as the cash generating unit to which they are assigned is not impaired.

(iii) For other types of property, machinery and equipment assets, the Company decided to use the carrying amount under MFRS at the transition date. The indexed cost exemption established in IFRS 1 permits using the MFRS value, as such value reflects the depreciated cost of such assets adjusted by specific or general indexes, as the case may be.

(1) Based on the requirements of IAS 16, the Company identified the cost of restoring certain of its properties and estimated the related provision for this item that would have been included in the value of the assets when such liability arose, determined the discounted value of such amount using the discount rate applicable during the period up to the transition date, and calculated the accumulated depreciation on such amount, using the depreciation method adopted under IFRS, which implied changes in the fixed asset values at the transition date of Ps.10,053 and Ps.9,419 as of December 31, 2011.

e) Investment in SOBOCE.- Under MFRS, the Company presented its investment in SOBOCE as a discontinued operation and the statement of financial position as of December 31, 2010 was reclassified for comparison purposes. In its opening statement of financial position, the Company is presenting the investment in SOBOCE using the equity method. For IFRS purposes, the statement of financial position is not reclassified in the periods in which the investment was not classified as available for sale. Therefore, as of January 1, 2011, the investment in SOBOCE is presented using the equity method and not as available for sale. Such reclassification does not affect the Company's equity as of the transition date.

f) Effects of inflation.- Under IFRS, the inflationary effects are recognized in the financial statements when the economy of the currency used by the Company is classified as hyperinflationary. The inflationary effects that were recognized by the Company as of December 31, 2007 under MFRS will be reversed, except for the fixed assets subject to the aforementioned assumed cost exemption. The impact decreased goodwill by Ps 25,094, investment in joint venture by Ps. 46,854, and the contributed capital by Ps. 2,191,253, the effects were recognized in retained earnings.

g) Employee benefits.- According to IFRS, the severance payment provision is not recognized until the Company is capable of evidencing its commitment to end the relationship with the employee or has made him/her an offer to encourage voluntary retirement. In addition to that, as disclosed previously, the Company will apply the exemption of employee benefits and recognize the actuarial gains and losses accumulated as of the transition date.

h) Translation effect.- As disclosed above, the Company decided to use the exemption provided by IFRS 1, which allows adjusting to zero all translation differences as of the transition date recognized under MFRS.

i) Deferred taxes.- Under IFRS, deferred taxes must be recalculated with adjusted carrying amounts of assets and liabilities according to IFRS as of the transition date.

j) Outside basis Mexico.- The Company cancelled a Deferred tax liability registered under MFRS for Cumulative translation effect.

k) As of September 30, 2012, the Company reclassified to results of operations a benefit of Ps.105,000 arising from cumulative translation effect of SOBOCE determined under MFRS as of the date of disposal. Under IFRS, since this translation effect was reset to zero, the benefit was recognized to retained earnings.

*Under MFRS, the comprehensive income subtotal was not presented; therefore, the comprehensive income reconciliation under IFRS starts from net income in IFRS.

31. Authorization to issue financial statements

On January 16, 2013, the issuance of the accompanying consolidated interim financial statements was authorized by the Administration and Finance Director, C.P. Martha Rodríguez Rico.

GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V.
AND SUBSIDIARIES

Consolidated Financial Statements

Years Ended December 31, 2011, 2010 and 2009
with Report of Independent Auditors

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REPORT OF INDEPENDENT AUDITORS

To the Shareholders of
Grupo Cementos de Chihuahua, S.A.B. de C.V. and subsidiaries

We have audited the accompanying consolidated balance sheets of Grupo Cementos de Chihuahua, S.A.B. de C.V. and subsidiaries as of December 31, 2011 and 2010, and the related statements of income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2011. These 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 conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are prepared in conformity with Mexican Financial Reporting Standards. 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 provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Grupo Cementos de Chihuahua, S.A.B. de C.V. and subsidiaries at December 31, 2011 and 2010, and the consolidated results of their operations, changes in their shareholders' equity and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with Mexican Financial Reporting Standards.

As it is mentioned in the Note 4a of these financial statements, the Company adopted the Mexican Financial Reporting Standard C-4 Inventories, with the effects described there.

Mancera, S.C.
A member practice of
Ernst & Young Global

C.P.C. Américo de la Paz de la Garza

Chihuahua, Chihuahua, Mexico.
March 26, 2012 (except for Note 3,
as to which the date is December 17, 2012)

GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V. AND SUBSIDIARIES
Consolidated Balance Sheets
(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

	Thousands of US Dollars 2011 (Note 4b)		2011		2010 Restated
Assets					
Current assets					
Cash and cash equivalents (Note 5)	US$ 84,691	Ps.	1,181,525	Ps.	1,021,606
Accounts receivable:					
Accounts receivable, net for allowance for doubtful accounts (Note 6)	80,530		1,123,470		951,509
Other accounts receivable	23,537		328,366		258,637
	104,067		1,451,836		1,210,146
Inventories (Note 8)	105,527		1,472,204		1,319,388
Prepaid expenses (Note 9)	5,363		74,818		68,187
Other assets	14,356		200,282		203,559
Current assets of discontinued operation (Note 2)	-		-		326,065
Total current assets	314,004		4,380,665		4,148,951
Equity investments (Note 10)	7,462		104,097		100,008
Property, plant and equipment, net (Note 11)	918,280		12,810,926		12,668,077
Goodwill (Note 12)	340,133		4,745,195		4,191,220
Deferred taxes (Note 20e)	49,389		689,023		538,630
Other assets (Note 13)	64,016		893,091		867,591
Non-current assets of discontinued operation (Note 2)	-		-		1,702,513
Total non-current assets	1,379,280		19,242,332		20,068,039
Total assets	US$ 1,693,284	Ps.	23,622,997	Ps.	24,216,990

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

	Thousands of US Dollars 2011 (Note 4b)	2011	2010 Restated
Liabilities and shareholders' equity			
Current liabilities:			
Current portion of long term- debt (Note 14)	**US$ 37,403**	**Ps. 521,808**	Ps. 934,944
Suppliers	**43,621**	**608,558**	461,092
Other accounts and accrued expenses payable (Note 22)	**48,892**	**682,086**	439,616
Current liabilities of discontinued operation (Note 2)	**-**	**-**	190,311
Total current liabilities	**129,916**	**1,812,452**	2,025,963
Long-term liabilities:			
Long-term debt (Note 14)	**499,770**	**6,972,292**	7,275,222
Employee benefits (Note 16)	**15,118**	**210,915**	165,414
Other long term liabilities	**2,387**	**33,298**	25,933
Income taxes (Note 20i)	**25,071**	**349,764**	369,153
Deferred taxes (Note 20d-e)	**119,007**	**1,660,266**	1,992,285
Long-term liabilities of discontinued operation (Note 2)	**-**	**-**	512,031
Total long term liabilities	**661,353**	**9,226,535**	10,340,038
Total liabilities	**791,269**	**11,038,987**	12,366,001
Shareholders' equity (Note 17):			
Capital stock	**57,227**	**798,368**	797,868
Additional paid-in capital	**179,305**	**2,501,488**	2,501,488
Stock premium	**70,607**	**985,032**	976,633
Legal reserve	**29,788**	**415,574**	415,574
Retained earnings	**475,883**	**6,639,040**	6,432,309
Accumulated other comprehensive income	**82,442**	**1,150,153**	688,744
Controlling interest net income	**6,507**	**90,781**	35,224
Total controlling interest	**901,759**	**12,580,436**	11,847,840
Non-controlling interest	**256**	**3,574**	3,149
Total shareholders' equity	**902,015**	**12,584,010**	11,850,989
Total liabilities and shareholders' equity	**US$ 1,693,284**	**Ps. 23,622,997**	Ps. 24,216,990

GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V. AND SUBSIDIARIES
Consolidated Statements of Income
(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$), except for weighted average number of shares outstanding and earnings per share data)

	Thousands of US Dollars 2011 (Note 4b)	2011	2010 Restated	2009 Restated
Net sales	US$ 515,906	Ps. 7,197,403	Ps. 6,859,333	Ps. 7,573,000
Cost of goods sold	426,284	5,947,083	5,537,106	5,744,380
Gross profit	89,622	1,250,320	1,322,227	1,828,620
Selling and administrative expenses	58,647	818,197	757,416	767,781
Operating income	30,975	432,123	564,811	1,060,839
Other expenses, net (Note 19)	(6,192)	(86,382)	(77,001)	(69,982)
Comprehensive financing cost (Note 18):				
Financial expenses, net	(33,515)	(467,563)	(507,171)	(781,380)
Exchange gain (loss), net	2,210	30,826	4,905	(11,722)
Other financial expenses	(14,814)	(206,664)	(134,157)	-
	(46,119)	(643,401)	(636,423)	(793,102)
(Loss) income before taxes and discontinued operations	(21,336)	(297,660)	(148,613)	197,755
Income tax (Note 20c)	(45,684)	(637,336)	(33,730)	(25,617)
Income (loss) before discontinued operations	24,348	339,676	(114,883)	223,372
(Loss) Income from discontinued operations, net of income taxes (Note 2)	(17,810)	(248,470)	198,227	229,922
Consolidated net income	US$ 6,538	Ps. 91,206	Ps. 83,344	Ps. 453,294
Net income attributable to:				
Controlling interest	6,507	90,781	35,224	368,997
Non-controlling interest	31	425	48,120	84,297
Consolidated net income	US$ 6,538	Ps. 91,206	Ps. 83,344	Ps. 453,294
Weighted average outstanding Shares	331,604	331,604	327,535	327,535
Earnings per share before discontinued operation	US$ 0.07	Ps. 1.02	Ps. (0.35)	Ps. 0.68
Earnings per share from discontinued operations	(0.05)	(0.75)	0.60	0.70
Controlling earnings per share	US$ 0.02	Ps. 0.27	Ps. 0.25	Ps. 1.38

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

GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V. AND SUBSIDIARIES
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2009, 2010 and 2011
(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

	Note	Capital stock	Additional paid-in capital	Stock premium	Legal reserve
Balance as of December 31, 2008 before adjustments from adoption of MFRI 18 and MFRS C-4		Ps. 797,868	Ps. 2,501,488	Ps. 976,633	Ps. 415,574
Change in accounting principles MFRI 18	20i				
Change in accounting principles MFRS C-4	4				
Restated balance as of January1 , 2009		797,868	2,501,488	976,633	415,574
Transfer from net majority income					
Discontinued operation					
Comprehensive income:					
Net income of the year					
Effect of translation of foreign subsidiaries					
Restated Balance as of December 31, 2009		797,868	2,501,488	976,633	415,574
Transfer from net majority income					
Discontinued operation					
Comprehensive loss:					
Net income of the year					
Effect of translation of foreign subsidiaries	15h				
Balance as of December 31, 2010		797,868	2,501,488	976,633	415,574
Transfer from net majority income					
Sales of repurchased shares		500		8,399	
Comprehensive income:					
Net income of the year					
Effect of translation of foreign subsidiaries	15h				
Balance as of December 31, 2011		Ps. 798,368	Ps. 2,501,488	Ps. 985,032	Ps. 415,574
Convenience translation to US$	4b	US$ 57,227	US$ 179,305	US$ 70,607	US$ 29,788

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

Retained earnings	Accumulated other comprehensive income	Controlling interest net income	Total controlling interest stockholders' equity	Non-controlling interest	Total stockholders' equity	Comprehensive (loss) Income
Ps. 5,176,895	Ps. 1,200,253	Ps. 1,199,282	Ps. 12,267,993	Ps. 269,305	Ps. 12,537,298	
(386,943)			(386,943)		(386,943)	
139,287		(65,209)	74,078		74,078	
4,929,239	1,200,253	1,134,073	11,955,128	269,305	12,224,433	
1,134,073		(1,134,073)	-		-	
				(398,573)	(398,573)	
			-		-	
		368,997	368,997	84,297	453,294	Ps. 453,294
	(71,301)		(71,301)		(71,301)	(71,301)
6,063,312	1,128,952	368,997	12,252,824	(44,971)	12,207,853	Ps. 381,993
368,997		(368,997)	-		-	
		35,224	35,224	48,120	83,344	Ps. 83,344
	(440,208)		(440,208)		(440,208)	(440,208)
6,432,309	688,744	35,224	11,847,840	3,149	11,850,989	Ps. (356,864)
35,224		(35,224)	-		-	
171,507			180,406		180,406	
		90,781	90,781	425	91,206	Ps. 91,206
	461,409		461,409		461,409	461,409
Ps. 6,639,040	Ps. 1,150,153	Ps. 90,781	Ps. 12,580,436	Ps. 3,574	Ps. 12,584,010	Ps. 552,615
US$ 475,883	US$ 82,442	US$ 6,507	US $ 901,759	US $ 256	US $ 902,015	US $ 39,611

GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

	For the years ended December 31,			
	Thousands of US Dollars 2011 (Note 4b)	2011	2010 Restated	2009 Restated
Operating activities				
(Loss) income before income tax and discontinued Operations	US$ (21,336)	Ps. (297,660)	Ps. (148,613)	Ps. 197,755
Adjustments to reconcile (loss) income before income tax and discontinued operations to cash provided by operating activities:				
Employee benefit obligations	5,332	74,391	60,426	67,131
Bad debt expense	1,105	15,417	37,400	46,710
Depreciation and amortization	64,162	895,127	937,630	944,230
Amortization of debt issuance costs	14,813	206,664	134,157	-
Gain on disposals of fixed assets, net	(941)	(13,130)	(20,670)	(1,794)
Interest income	(2,491)	(34,751)	(33,062)	(42,539)
Interest expense	36,006	502,314	540,233	823,919
	96,650	1,348,372	1,507,501	2,035,412
Changes in assets and liabilities:				
Accounts receivable	(9,328)	(130,141)	(240,216)	282,130
Other accounts receivable	479	6,687	85,836	(323,370)
Inventories	(6,713)	(93,661)	7,541	105,451
Prepaid expenses	860	11,996	(110,994)	(135,186)
Interest received	2,491	34,751	36,318	21,844
Other assets	8,055	112,369	12,853	(159,195)
Suppliers	10,961	152,924	(8,788)	121,539
Employee benefits paid	(2,940)	(41,020)	(25,421)	(19,998)
Other accounts payable	(6,150)	(86,514)	26,682	300,556
Income tax paid	(2,003)	(27,915)	(21,472)	(861)
Net cash flows provided by operating Activities	92,312	1,287,848	1,269,840	2,228,322
Investing activities				
Discontinued operations	-	-	(162,815)	(145,717)
Additions of property, plant and equipment	(18,846)	(257,905)	(313,107)	(505,863)
Proceeds from the sale of property, plant and equipment	2,752	38,400	63,613	-
Proceeds from the sale of investment in SOBOCE (Note 2)	66,493	927,637	-	-
Dividends received from discontinued operations	4,020	56,085	61,300	-
Net cash flows generated by (used in) investing activities	54,779	764,217	(351,009)	(651,580)
Financing activities				
Payments of short and long-term financing	(118,537)	(1,653,710)	(959,598)	(486,442)
Proceeds from short and long-term financing	-	-	-	326,000
Interest paid	(36,017)	(477,348)	(614,423)	(890,369)
Sales of repurchased shares	12,931	180,406	-	-
Net cash (used in) financing activities	(139,822)	(1,950,652)	(1,574,021)	(1,050,811)
Net increase (decrease) in cash and cash Equivalents	7,268	101,413	(655,190)	525,931
Effect of exchange rate changes in cash	4,195	58,506	(23,174)	189,857
Cash and cash equivalents at beginning of year	73,228	1,021,606	1,537,155	664,166
Cash and cash equivalents from discontinued Operations at beginning of year	-	-	162,815	157,201
Cash and cash equivalents at end of year	US$ 84,691	Ps. 1,181,525	Ps. 1,021,606	Ps. 1,537,155

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

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

1. Description of the business

Grupo Cementos de Chihuahua, S.A.B. de C.V. and Subsidiaries (hereinafter "the Company" or "GCC") is a subsidiary of the ultimate parent Company CAMCEM, S.A. de C.V. and is a holding company whose subsidiaries are engaged primarily in producing and selling hydraulic cement, concrete and aggregates. The Company is a 74.0960% owned subsidiary of Control Administrativo Mexicano, S.A. de C.V. (direct holding company) and the remaining 25.904% of GCC's shares trade on the Bolsa Mexicana de Valores, S.A.B. de C.V. (BMV: GCC).

The Company's primary activities are carried out through different operating entities which are its direct or indirect subsidiaries. The main subsidiaries, ownership interest, and their activities are shown below:

Subsidiary	% of ownership 2011	2010	2009	Country	Functional Currency	Activity
GCC Cemento, S.A. de C.V.	99.999	99.999	99.999	Mexico	Mexican Peso	Production and sale of cement, mortar and aggregates.
GCC Concreto, S.A. de C.V.	99.990	99.990	99.990	Mexico	Mexican Peso	Production and sale of ready-mix concrete, concrete blocks and
GCC Rio Grande, Inc.	99.999	99.999	99.999	U.S.	U.S. dollars	Production and sale of cement.
GCC Dacotah, Inc.	99.999	99.999	99.999	U.S.	U.S. dollars	Production and sale of cement.
Consolidated Ready Mix, Inc.	99.999	99.999	99.999	U.S.	U.S. dollars	Production and sale of ready-mix concrete
Mid Continent Concrete Company, Inc.	99.999	99.999	99.999	U.S.	U.S. dollars	Production and sale of ready-mix concrete
GCC Alliance Concrete, Inc.	99.999	99.999	99.999	U.S.	U.S. dollars	Production and sale of ready-mix concrete, aggregates and construction materials.

Through July 2011, the Company owned 47.02% equity interest of Sociedad Boliviana de Cemento, S.A. (See Note 2)

2. Disposal of SOBOCE

Through July 2011, the Company had a 47.02% investment on Sociedad Boliviana de Cemento, S.A. (SOBOCE), a company engaged in the production and sale of cement in Bolivia. The remaining 52.98% was held by Compañía Inversiones Mercantiles, S.A. ("CIMSA"), SOBOCE's majority shareholder. The Company had previously accounted for this investment using the proportional method of consolidation given that the governance agreements called for joint decision making in all significant corporate actions. During July 2011, the Company management decided that the investment should no longer be proportionally consolidated, but rather be treated as a discontinued operation given i) the expropriation of SOBOCE's subsidiary, Fabrica Nacional de Cemento, S.A. (Fancesa) by the Bolivian government during August 2010 (since that date SOBOCE did not recognize the equity method results of its investment), and ii) on August 18, 2011 the Company sold its 47.02% interest in SOBOCE's operations to the Peruvian company Consorcio Cementero del Sur, S.A. (Consorcio) (a subsidiary of Grupo Gloria) for the amount of Ps. 927,637 (US$ 75,000). The funds obtained by this transaction were used to decrease the Company's debt.

In connection with the sale of SOBOCE, Company management reviewed the investment value of Fancesa and recorded an impairment loss for Ps. 219,509, due largely in part of the expropriation discussed above.

The loss of Ps. 248,470 shown in 2011 as discontinued operations consists of impairment loss of the investment in Fancesa for an amount of Ps. 219,509 minus a credit of Ps. 105,000 from the recognition of the cumulative translation effects on stockholder's equity to results of operations, a loss due from the sale of shares for Ps. 169,261, and the net income for the seven month period ended July 31, 2011 for Ps. 35,300. The tax effect of this operation was Ps. 5,548.

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

The previously proportionately consolidated financial information of GCC's operations in SOBOCE for the seven months ended July 31, 2011 and the year ended December 31, 2010 and 2009, are as follows:

		Seven months ended July 31, 2011		Year ended December 31, 2010		Year ended December 31, 2009
Net income	Ps.	524,373	Ps.	1,345,076	Ps.	1,581,691
Cost and expenses		469,623		1,083,501		1,290,657
Operating income		54,750		261,575		291,034
Financing result		16,243		42,504		46,820
Income before tax		38,507		219,071		244,214
Income tax		3,207		20,844		14,292
Discontinued operations profit	Ps.	35,300	Ps.	198,227	Ps.	229,922

The asset and liabilities of these discontinued operations are as follows:

		December 31, 2010
Assets:		
Cash and cash equivalents	Ps.	85,505
Accounts receivable		28,307
Other accounts receivable		36,726
Prepaid expenses		5,583
Inventories		169,944
Current assets		326,065
Property, plant and equipment, net		963,221
Equity investment in Fancesa		230,893
Goodwill and others		508,399
Non-current assets		1,702,513
Total assets	Ps.	2,028,578
Liabilities:		
Current portion of long-term debt	Ps.	42,508
Suppliers		95,017
Other accounts payable		52,786
Current liabilities		190,311
Liabilities with financial cost		484,151
Other liabilities		27,880
Non-current liabilities		512,031
Total liabilities	Ps.	702,342
Net assets from discontinued operations	Ps.	1,326,236

3. Authorization of the Financial Statements

The accompanying consolidated financial statements have been prepared in connection with the proposed offering of Senior Secured Notes by Grupo Cementos de Chihuahua, S.A.B. de C.V. unconditionally guaranteed by GCC Cemento, S.A. de C.V., Cementos de Chihuahua, S.A. de C.V. and GCC of America, Inc. . The financial statements for the years ended December 31, 2011 and 2010, as originally issued, were authorized for its issuance by Martha Rodríguez Rico, the Company's Chief Financial Officer, on March 26, 2012, with subsequent events having been performed through that date. The accompanying consolidated financial statements are those previously authorized on such date and have been complemented to incorporate the previously issued income statement, statement of changes in stockholders' equity, and statement of cash flows for the year ended on December 31, 2009, as adjusted to give effect to the sale of SOBOCE, which is now presented as a discontinued operation for comparative purposes, as described in Note 2 above. These re-issued consolidated financial statements have been authorized for its issuance by Martha Rodríguez Rico, the Company's Chief Financial Officer, on December 17, 2012.

4. Summary of significant accounting policies

The information presented in the Company's financial statements has been prepared in accordance with Mexican Financial Reporting Standards. The consolidated financial statements are presented in Mexican pesos (Ps.) and in U.S. dollars, and all values are rounded to the nearest thousand (000), except when otherwise indicated.

The cumulative inflation in Mexico for the three preceding years ended December 31, 2011, was 15.20%, so the economic environment is considered non-inflationary for those years. Inflation rates for the years ended December 31, 2011, 2010 and 2009 were 3.81%, 4.40% and 3.57%, respectively.

Costs and expenses presented in the consolidated statements of operations were classified based on their function, since the separate presentation of costs of sales and selling and administrative expenses, and the inclusion of gross profit, provide an objective evaluation of efficiency at the different revenue levels, considering the industrial sector in which the Company operates.

Operating income is obtained by deducting costs of sales and selling and administrative expenses from net sales. Although Mexican FRS B-3, "Statements of Operations", does not require the presentation of operating income, this caption is shown in the consolidated statement of income, since it is an important indicator used for evaluating the Company's financial and business performance

The significant accounting policies observed by the Company in the preparation of the accompanying consolidated financial statements are described below:

a) New Mexican Financial Reporting Standards (MFRS)

The new MFRS and interpretations that came into effect in 2011, 2010 and 2009 are as follows:

2011

Mexican FRS B-5, Financial Information by Segment

In November 2009, the *Consejo Mexicano de Normas de Informacion Financiera* (CINIF) issued the Mexican FRS B-5, effective for fiscal years beginning on or after January 1, 2011. Mexican FRS B-5 superseded Mexican accounting Bulletin B-5, "Financial Information by Segment". Any accounting changes resulting from the adoption of this standard are recognized retrospectively.

The principal changes compared to Mexican accounting Bulletin B-5 are that this new standard does not require the different areas at the business to be subject to different risks; it allows the different areas at a business in its pre-operating stage to be classified as operating segments; it requires disclosure of interest income and expense, as well as the other financing costs and income; and it requires disclosure of liabilities included in the regular information for the operating segment which generally involves top authorities in decision-making for Company operations.

The additional disclosures required by this Standard are included in Note 21.

Mexican FRS C-4, Inventories

In November 2010, the CINIF issued Mexican FRS C-4, effective for fiscal years beginning on or after January 1, 2011. Mexican FRS C-4 superseded Mexican accounting Bulletin C-4, Inventories. Any accounting changes resulting from the adoption of this standard related to changes in the formula for assigning inventory costs are to be recognized retrospectively. Changes in valuation methods were recognized retrospectively.

The main difference between Mexican accounting Bulletin C-4 and Mexican FRS C-4 is that the new standard does not allow the direct cost method for inventory valuation. In the direct cost method the cost of a product is determined by allocating to it an appropriate portion of the variable (direct) costs and treats fixed costs as period costs. Mexican FRS C-4 establishes full absorption cost as the only accepted cost method. Such standard also establishes that prepaid expenses to suppliers for the acquisition of goods should be classified as inventories provided that the risks and benefits have been transferred to the Company. In addition, Mexican FRS C-4 includes guidelines for the valuation of the inventories of service suppliers.

At December 31, 2010, the Company was using the direct cost method to value its inventories; therefore, the Company changed from the direct cost to the absorption cost method, this caused the previously reported consolidated financial statements ended on December 31, 2010 and 2009, to be retrospectively adjusted in order to recognize the impact of the adoption of this standard. The effect of the change on the inventory value costing method represented an increase on previously reported inventory amounts as of January 1 and December 31, 2010, for an amount of Ps. 61,973 and Ps. 57,155, respectively.

The retained earnings reported as of January 1, 2010, were increased by Ps. 61,973, while the annual net income reported as of December 31, 2010 and 2009, was decreased by Ps. 4,818 and Ps. 12,105.

Mexican FRS C-5, Prepaid Expenses

In November 2010, the CINIF issued Mexican FRS C-5, effective for fiscal years beginning on or after January 1, 2011. Mexican FRS C-5 superseded Mexican accounting Bulletin C-5 "Prepaid Expenses". Changes resulting from the adoption of this standard were recognized retrospectively.

This standard establishes that the main characteristic of a prepaid expense is that it does not transfer to the entity at the same time as the benefits and risks inherent to the goods or services to be received later. Consequently, prepaid expenses must be recognized in the consolidated balance sheets as either current or non-current assets, depending on the item classification in the consolidated balance sheets. Moreover, Mexican FRS C-5 establishes that prepaid expenses made for goods or services whose inherent benefits and risks have already been transferred to the entity must be carried to the appropriate caption.

The adoption of this standard had no effect on the Company's consolidated financial statements.

Mexican FRS C-6, Property, Plant and Equipment

Mexican FRS C-6 was issued by the CINIF in December 2010 to supersede Mexican accounting Bulletin C-6 "Property, Plant and Equipment" effective for fiscal years beginning on or after January 1, 2011, except for the changes related to the segregation of property, plant and equipment into separate components for those assets with different useful lives. For entities that have not performed this component segregation, the provisions of this new standard are effective at January 1, 2012.

Unlike Mexican accounting Bulletin C-6, the scope of this standard includes the accounting treatment for assets to develop or maintain biological assets and assets related to the mining industry. Among other items, it establishes that for acquisitions of free-of-charge assets, the cost of the assets must be null, thereby eliminating the option of using an appraisal to determine its value. In the case of asset exchanges, Mexican FRS C-6 requires entities to determine the commercial substance of the transaction. The depreciation of these assets must be applied by separate components of the assets, and the amount to be depreciated is the cost of acquisition less the asset's residual value. Prepaid expenses for the acquisition of assets are to be recognized as a component of the asset from the time the benefits and risks inherent to such assets are transferred. In the case of retirement of assets, income is recognized when the requirements for income recognition outlined under the standard have been met. Mexican FRS C-6 also outlines specific disclosures for public entities.

The adoption of this new accounting pronouncement had no significant effects on the Company's financial statements.

The consolidated financial statements contain additional disclosures required by the Mexican FRS C-6 presented in Note 11.

Mexican FRS C-18, Obligations related to retirement of property, plant and equipment

Mexican FRS C-18, was issued by the CINIF in December 2010 and is effective for fiscal years beginning on or after January 1, 2011, and retrospectively applicable, establishes the tax treatment for the initial and subsequent recognition of a provision for legal obligations or assumed obligations related to the retirement of property, plant and equipment components that may have arisen during the acquisition, construction, development and/or normal operation of such components. This standard also provides for guidelines for the valuation of fixed asset components and the disclosure requirements for obligations associated with the retirement of property, plant and equipment components.

The adoption of this standard had no significant effects on the Company's consolidated financial statements.

2010

NIF C-1, Cash and Cash Equivalents

In 2010, the Company adopted NIF C-1 "Cash and Cash Equivalents," which superseded Bulletin C-1 "Cash." NIF C-1 establishes that cash shall be measured at nominal value, and cash equivalents shall be measured at acquisition cost for initial recognition. Subsequently, cash equivalents should be measured according to their designation: precious metals shall be measured at fair value, foreign currencies shall be translated to the reporting currency applying the closing exchange rate, other cash equivalents denominated in a different measure of exchange shall be recognized to the extent provided for this purpose at the closing date of financial statements, and temporary investments shall be presented at fair value. Cash and cash equivalents will be presented in the first line of assets, including restricted cash. The adoption of Mexican FRS C-1 was applied retrospectively. The adoption of this standard had an effect on the reclassification of restricted cash from other assets to cash for an amount of Ps. 62,590 as of December 31, 2010. (see Note 5).

Interpretation to Mexican Financial Reporting Standards ("Interpretación a las Normas de Información Financiera") or "INIF 19", "Accounting Change as a Result of IFRS Adoption

On September 30, 2010, the CINIF issued INIF 19 "Accounting change as a result of IFRS adoption". INIF 19 states disclosure requirements for: i) financial statements based on Mexican FRS that were issued before IFRS adoption and ii) financial statements on Mexican FRS that are issued during IFRS adoption process. The adoption of this INIF, resulted in additional disclosures regarding IFRS adoption, such as date of adoption, significant financial impact, significant changes in accounting policies, and others (see Note 24 unaudited).

2009

NIF B-7, Business Combinations:

In 2009, the Company adopted NIF B-7 "Business Combinations," which is an amendment to the previous Bulletin B-7 "Business Acquisitions." NIF B-7 establishes general rules for recognizing the fair value of net assets of businesses acquired as well as the fair value of non-controlling interests, at the purchase date. This statement differs from the previous Bulletin B-7 in the following ways: i) To recognize all assets and liabilities acquired at their fair value, including the non-controlling interest based on the acquirer accounting policies, ii) acquisition-related costs and restructuring expenses should not be part of the purchase price, and iii) changes to tax amounts recorded in acquisitions must be recognized as part of the income tax provision.

NIF B-8, Consolidated and Combined Financial Statements

In 2009, the Company adopted NIF B-8 "Consolidated or combined financial statements", which was issued in 2008, and amends Bulletin B-8 "Consolidated and combined financial statements and valuation of permanent share investments". NIF B-8 is similar to previous Bulletin B-8; however, this statement differs from the previous Bulletin B-8 in the following ways: i) defines control as the power to govern financial and operating policies, ii) establishes that there are other facts, such as contractual agreements that have to be considered to determine whether an entity exercises control or not, iii) defines "Specific-Purpose Entity" ("SPE"), as those entities that are created to achieve a specific purpose and are considered within the scope of this pronouncement, iv) establishes new terms, such as "controlling interest" instead of "majority interest" and "non-controlling interest" instead of "minority interest", and v) confirms that non-controlling interest must be assessed at fair value at the subsidiary acquisition date. NIF B-8 was applied prospectively beginning on January 1, 2009 and its adoption did not have any impact in its consolidated financial statements.

NIF C-7, Investments in Associates and Other Permanent Investments

NIF C-7 "Investments in Associates and Other Permanent Investments," establishes general rules of accounting recognition for the investments in associated and other permanent investments not jointly or fully controlled or that are significantly influenced by an entity. This pronouncement includes guidance to determine the existence of significant influence. Previous Bulletin B-8 "Consolidated and Combined Financial Statements and Assessment of Permanent Share Investments," defined that permanent share investments were accounted for by the equity method if the entity held 10% or more of its outstanding shares. NIF C-7 establishes that permanent share investments should be accounted for by the equity method if: i) an entity holds 10% or more of a public entity, ii) an entity holds 25% or more of a non-public company, or iii) an entity has significant influence in its investment as defined in NIF C-7. The Company adopted NIF C-7 on January 1, 2009, and its adoption did not have any impact in its consolidated financial statements.

NIF C-8, Intangible Assets

In 2009, the Company adopted NIF C-8 "Intangible Assets" which is similar to previous Bulletin C-8 "Intangible Assets." NIF C-8, establishes the rules of valuation, presentation and disclosures for the initial and subsequent recognition of intangible assets that are acquired either individually, through acquisition of an entity, or generated internally in the course of the entity's operations. This NIF considers intangible assets as non-monetary items, broadens the criteria of identification to include not only if they are separable (asset could be sold, transferred or used by the entity) but also whether they come from contractual or legal rights. NIF C-8 establishes that preoperative costs capitalized before and its adoption did not have any impact in its consolidated financial statements.

b) Convenience translation

The consolidated balance sheet, statement of income, statement of changes in stockholders' equity, statement of cash flows as of December 31, 2011, include amounts in U.S. dollars, which are shown solely for the convenience of the reader. These amounts are translated, as a matter of mathematical computation only, at the prevailing exchange rate of Ps. 13.9510 per U.S. dollar at the balance sheet date, using the noon buying exchange rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the U.S. Federal Reserve. Therefore, the translations should not be construed as a representation that the Mexican peso amounts have been, could be or should be translated into U.S. dollars at this or at any other exchange rate.

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

c) Basis of consolidation of the financial statements

The consolidated financial statements include the statements of Grupo Cementos de Chihuahua, S.A.B. de C.V. and those subsidiaries in which the Company directly or indirectly holds more than a 50% equity interest and/or has control/ joint control of the entity's administrative, financial and operating policies. The subsidiaries included in the consolidated financial statements are as follows:

Mexican

	% of equity interest		
Subsidiaries	**2011**	**2010**	**2009**
Direct equity interest in Mexican subsidiaries:			
Cementos de Chihuahua, S.A. de C.V.	99.999	99.999	99.999
GCC Corporativo, S.A. de C.V.	99.990	99.990	99.990
GCC Ingeniería y Proyectos, S.A. de C.V.	99.999	99.999	99.999
GCC Cemento, S.A. de C.V.	99.999	99.999	99.999
Indirect equity interest in Mexican subsidiaries:			
Materiales Industriales de Chihuahua, S.A. de C.V.	99.964	99.964	99.964
GCC Concreto, S.A. de C.V.	99.989	99.989	99.989
Minera Raramuri, S.A.	99.990	99.990	99.990
Construcentro de Chihuahua, S.A. de C.V.	99.990	99.990	99.990
GCC Edificaciones y Servicios, S.A. de C.V.	99.990	99.990	99.990
GCC Inversiones y Comercialización, S.A. de C.V.	99.319	99.319	99.319
GCC Transporte, S.A. de C.V.	99.950	99.950	99.950
GCC Comercial, S.A. de C.V.	99.990	99.990	99.990
GCC Proyectos y Administración, S.A. de C.V.	99.749	99.749	99.749
Urbanizaciones Contemporáneas, S.A. de C.V.	99.990	99.990	99.990
GCC Latinoamérica, S.A. de C.V.	99.990	99.990	99.990
Promotora de Hospitales Mexicanos, S.A. de C.V.	52.457	52.457	52.457

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

Foreign (located mainly in the U.S.)

Subsidiaries	% of equity interest 2011	2010	2009
Indirect participation in foreign subsidiaries :			
GCC of America, Inc.	99.999	99.999	99.999
GCC Rio Grande, Inc. (GCCRG)	99.999	99.999	99.999
Rio Grande Materials, Inc.	99.999	99.999	99.999
GCC Dacotah, Inc. (Dacotah)	99.999	99.999	99.999
GCC Ready Mix, LLC. (GCCRM)	99.999	99.999	99.999
Mid Continent Concrete Company, Inc. (Midco)	99.999	99.999	99.999
Alliance Transportation, Inc.	99.999	99.999	99.999
GCC Holding Company, LLC.	99.999	99.999	99.999
American Investments Company, LLC.	99.999	99.999	99.999
GCC Energy, LLC. (previously known as National King Coal)	99.999	99.999	99.999
Consolidated Ready Mix, Inc. (CRM)	99.999	99.999	99.999
Materiales (Hungary) Investment Group Financing, Ltd.	99.999	99.999	99.999
GCC Alliance Concrete, Inc.	99.999	99.999	99.999
Colorado Energy Recyclers, LLC.	99.999	99.999	99.999

Subsidiaries	% of equity interest 2011	2010	2009
GCC Technology and Processes, S.A.	99.999	99.999	99.999
GCC Investment, Ltd.	99.999	-	-
GCC Premium Transloaders, LLC.	99.999	99.999	99.999
GCC Rio Grande Holding, LLC.	99.999	99.999	99.999
Cross Border Logistics, LLC.	49.999	49.999	49.999
Sunset Properties, LLC.	99.999	99.999	99.999
NM Energy, LLC.	99.999	99.999	99.999
Sociedad Boliviana de Cemento, S.A.	-	47.020	47.020

The financial statements of the subsidiaries and associates are prepared for the same reporting period as the parent company, using consistent accounting policies. Intercompany balances, investments and transactions were eliminated in the consolidation.

As is described above, subsidiaries in the U.S. have the dollar as their functional currency, while the reporting currency of the Company is Mexican peso. In consolidating the financial statements of our foreign operations as of December 31, 2011, 2010 and 2009, and since the economic environments of those operations were classified as non-inflationary (cumulative inflation in the United States of America for the three preceding years ended December 31, 2011, was lower than 26%, so the economic environment is considered non-inflationary for those years. Inflation rates in the United States of America for the years ended December 31, 2011, 2010 and 2009 were 2.96%, 1.50% and 2.76%, respectively, the translation from the functional to the reporting currency was performed using the following procedure:

Functional currency and presentation currency

The consolidated financial statements are presented in Mexican pesos. For purposes of the consolidated financial statements, the results and financial position of each one of the Company's entities are expressed using its functional currency and translated into Mexican pesos for presentation purposes.

The functional currency for transactions conducted in the United States of America is the U.S. dollar and Mexican pesos for Mexican subsidiaries.

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

Translation into presentation currency

As the economic environment for this foreign transaction is classified as non-inflationary, the translation of the functional currency into the reporting currency was performed using the following procedure:

The assets and liabilities were translated at the closing exchange rate for the period and items in the consolidated interim statement of comprehensive income were translated at a weighted average exchange rate during the period unless such rates fluctuate significantly during the period, in which case the operations are translated at the exchange rates prevailing at the date of the transaction.

The exchange rates used in the preparation of the consolidated interim financial statements are presented below:

	December 31, 2011	December 31, 2010	December 31, 2009
Closing exchange rate	Ps 13.9904	Ps. 12.3571	Ps. 13.0437
Average exchange rate	Ps. 12.4305	Ps. 12.6372	Ps. 12.8597

The exchange at the date of issuance of the consolidated financial statements is Ps. 12.80 per U.S. dollar.

The difference arising on the application of the translation procedures for both fiscal years is recorded directly to a separate item in the stockholders' equity denominated “Effect of translation of foreign entities”.

Exchange differences generated from financing liabilities signed in foreign currency for the acquisition of foreign subsidiaries abroad are presented as part of the translation effect, due to those operations having been designed as an economic hedge in conformity with the Bulletin C-10 “Derivative Financial Instruments and Hedging Activities”. As of December 31, 2011, 2010 and 2009, the effect of the exchange rate included in the effect of translation was Ps. (405,100), Ps. 188,100 and Ps. 173,900, respectively.

For Bolivia operations, the functional currency is the Bolivian peso. For the period from January 1 through July 31, 2011 and the year ended at December 31, 2010, the economic environment in Bolivia qualifies as non-inflationary, as such, the effects of inflation for this year were not included in the consolidated financial statements. However, because in 2009 the inflation in the then past three fiscal years was higher to 28%, the economic environment of this foreign operation was classified as inflationary; as such, the entity recognized the effects of inflation on its financial statements for the year ended in December 31, 2009 by applying the comprehensive method, which were included in the conversion effect. Bolivia's inflation rates for the years ended December 31, 2011, 2010 and 2009 were 6.90%, 7.18% and 0.26%, respectively.

The translation from the functional to the reporting currency was performed using the following procedure:

- As of December 31, 2010, the assets and liabilities were translated at the prevailing exchange rate as of the end of the period of Ps. 1.7673 per Bolivian peso and income statement items were translated using a weighted average exchange rate of the period of Ps. 1.8101 per Bolivian peso.

- At December 31, 2009, non-monetary assets and liabilities, stockholders´equity and income statement items were translated at the prevailing exchange rate as of the end of such period of Ps. 1.8437 per Bolivian peso.

d) Joint ventures

Joint ventures are those companies over which the Company has shared control. The financial statements of joint ventures are consolidated by applying the proportional consolidation method described in International Accounting Standard (IAS) 31 “Financial Reporting of Interests in Joint Ventures” applied on a supplementary basis, issued by the

International Accounting Standards Board (IASB). Until July 31, 2011, the consolidated financial statements include the results of operations, assets and liabilities of SOBOCE in which the Company owned 47.02% equity interest and had joint control over its administrative and operating policies. After that date, SOBOCE is presented as a discontinued operation in the consolidated financial statements (Note 2).

e) Cash and cash equivalents

Cash and cash equivalents consist basically of bank deposits and highly liquid low-risk investments with maturities of less than 90 days. These investments are stated at cost plus accrued interest, which is marked to market value. Foreign exchange differences in these investments are recognized as part of the exchange gain (loss) line item.

f) Allowance for doubtful accounts

The Company's policy is to record an allowance for doubtful accounts receivable and related parties where collection risks are anticipated. For this purpose, it conducts a study of the collectability of accounts due from each customer, taking into consideration the customers' credit history, aging, guarantees granted, and the specific situation of each account receivable.

g) Inventories and cost of sales

Inventories are valued at the lower of either cost or net realizable value. Inventory cost includes the purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are accounted for as follows:

- Raw materials: at cost based on the average cost formula.
- Finished goods and in process: based on the cost of materials, direct labor costs and overhead manufacturing expenses, excluding borrowing costs.

The net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product.

The Company reviews the book value of inventories to be sure that provisions for impairment losses on the value of inventories are recognized when there are losses derived from firm sales in excess of the quantities of inventory held. At December 31, 2011 and 2010, the Company deemed unnecessary to create a provision for impairment losses.

Inventories include residential land available for sale, which is recorded at its acquisition cost that does not exceed its net realization value.

h) Prepaid expenses

Prepaid expenses are recognized as assets as of the date the payment is made, provided that it is probable that future economic benefits associated with the item will flow to the Company. At the time the goods or services are received, prepaid expenses are either capitalized or charged to the consolidated income statement, depending on whether there is certainty that the acquired goods or services will generate future economic benefits.

The Company periodically evaluates prepaid expenses to determine the probability that these assets will no longer generate future economic benefits or to assess their recoverability. Any unrecoverable amounts are recognized in results of operations as impairment losses.

Issuance costs associated with a debt are capitalized and amortized over the life of the loan and recognized as prepaid expenses. Likewise, if the Company carries out a restructuring of its debt, any new expenses incurred in such restructuring are capitalized, provided that the present value of future cash flows of the new debt instrument exceeds 10% of the present value of the original debt instrument. The issuance expenses of the original instrument are recorded in the consolidated statements of income as part of other expenses. The new issuance expenses are amortized in the remaining period of the new debt instrument and are recognized as part of financial expenses.

In the event that the present value of future flows of the new instrument does not exceed 10% of the present value of the original instrument, the restructuring is not deemed to be a new debt instrument and, therefore, issuance expenses of the original debt instrument are amortized in the remaining period the new instrument. Issuance expenses of the new instrument are recorded immediately in the consolidated statements of income as part of other expenses.

Debt issuance costs that are amortized over a period of less than one year are considered prepaid expenses in current assets.

i) Equity investments

Equity investments in associated companies are valued initially at acquisition cost and subsequently using the equity method, are recognized in the period results and stockholder´s equity. Investments in shares over which the Company has significant influence (where the Company holds an ownership of 25% or more in a private company) are considered as investments in associated companies. Investments in other companies over which the Company does not have significant influence are recorded at acquisition cost.

The equity method is recognized as part of other expenses in the consolidated statement of income.

j) Property, plant and equipment

Property, plant and equipment are initially recorded at acquisition cost, net of accumulated depreciation and/or accumulated impairment loss, if any. In the case of assets requiring a substantial period to get them ready for use, the Company capitalizes the financing cost incurred during the construction period and installation of the assets under construction. Property, plant and equipment acquired before December 31, 2007, include the inflation effect from the date of acquisition through December 31, 2007.

The cost of acquiring property, plant and equipment includes the costs initially incurred to acquire or build an item of property, plant and equipment, plus costs subsequently incurred to replace the asset or enhance its service capability. Repair and maintenance costs are expensed as incurred.

Depreciation of property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the related assets, which are periodically reviewed by the Company management. Depreciation is computed considering the residual value at the end of each useful life.

Capitalized financing cost is determined by applying the weighted-average capitalization rate of borrowing costs to the weighted average amount of investments in qualifying assets made during the construction or acquisition period. In the case of foreign currency denominated financing, financing cost includes the related exchange gains or losses and the gains or losses on hedging instruments associated with the financing, which are also included in the capitalized financing cost, are considered in the calculation of capitalized financing cost for construction in process.

The financing costs derived from the financial debt associated with the construction and installation of qualified assets, such as productive plants, machinery and equipment is capitalized in the period from the beginning of the construction and installation through the date when the asset is ready to be used.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss at the time of disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is immediately included in the consolidated statements of income.

The carrying value of property, plant and equipment is reviewed whenever there are signs of impairment in the value of such assets. Whenever an asset's recovery value, which is the greater of the asset's selling price and its value in use (the present value of future cash flows), is less than the asset's net carrying amount, the difference is recognized as an impairment loss.

For the years ended December 31, 2011, 2010 and 2009, the Company did not recognize any impairment loss on its property, plant and equipment.

Property, plant and equipment include the strategic spare parts inventory. (See Note 11).

k) Other assets, intangible assets and deferred charges

The Company capitalizes costs incurred in the development or acquisition of internal use software recorded as other assets. The Company expenses costs incurred in the preliminary project planning stage. Costs, such as license maintenance and training, are also expensed as incurred. Capitalized costs are amortized in five years using the straight-line method according the technology obsolescence.

Software costs are initially recognized at acquisition cost. Costs incurred before December 31, 2007, include the inflation effects from the month when incurred through December 31, 2007.

These assets are classified as either intangible assets with a finite useful life or intangible assets with an indefinite useful life, in accordance with the period over which the Company is expected to receive the benefits.

Intangible assets are amortized using the straight-line method based on the estimated useful lives of the related assets. Intangible assets with indefinite useful lives are not subject to amortization.

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the carrying value of the Company's intangible assets with defined useful lives is reviewed whenever there are indicators of impairment in such values. Whenever an asset's recovery value, which is the greater of the asset's selling price and its value in use (the present value of future cash flows), is less than the asset's net carrying amount, the difference is recognized as an impairment loss.

Intangible assets with indefinite useful lives, including those that are not yet available for use, and intangible assets with defined useful lives, are tested for impairment on an annual basis.

The coal mining rights are held through eight federal, state and private leases, and are depleted by multiplying the costs of the mining rights by the depletion rate determined by dividing the tonnage of coal extracted during the year by the mine's measured reserves of mineral at the beginning of the year.

For the years ended December 31, 2011, 2010 and 2009, the Company did not recognize any loss from impairment in the value of intangible assets shown in the consolidated balance sheets.

l) Environmental obligations

The Company accrues for losses associated with environmental obligations when such losses are probable and reasonably estimable. Accruals for estimated losses from environmental obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental obligations are discounted to their present value when the amounts are fixed and the timing of future cash payments are reliably determinable. Recoveries of environmental remediation and containment costs from other parties are recognized as assets when their receipt is deemed probable.

m) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. At the date of issuance of these consolidated financial statements, the Company has only operating leases.

n) Financial instruments

The Company recognizes investments in financial instruments as assets and liabilities in the consolidated balance sheets at their fair value. Changes in the fair value are recorded in results of operations, except for those instruments identified as cash flow hedges, which are recognized directly in stockholders' equity as part of other comprehensive income and reclassified to the results of operations as the hedged cash amounts materialize.

During the years ended December 31, 2011, 2010 and 2009, the Company did not have operations related to derivative financial instruments.

o) Business combinations and goodwill

In accordance with the adoption of Mexican FRS B-7 "Business Acquisitions", net assets acquired are recognized using the acquisition method. Under this method, the net assets acquired are valued at fair values with certain exceptions. Goodwill is determined for controlling and non-controlling interest, both valued at fair value.

The acquisition of non-controlling interest is considered a transaction between entities under common control and any difference between the purchase price and the book value of net assets acquired is recognized as an equity transaction.

Goodwill represents the excess of the acquisition cost over the fair value of the net assets acquired at the acquisition date. Goodwill is considered to have an indefinite life and is therefore not amortized; however, it is subject to impairment testing on an annual basis or whenever there are impairment indicators, and it is adjusted for any impairment loss that may be determined. Impairment testing is conducted for the total goodwill of each cash generating unit.

Impairment losses are recognized when the carrying amount of goodwill exceeds its recovery value. The Company determines the recovery value of goodwill based on its perpetuity value, which is computed by dividing the average excess in the value in use of the cash generating unit where the intangible is identified, by the average of the appropriate discount rates used in the projection of the present value of cash flows from the cash generating unit.

For the years ended December 31, 2011, 2010 and 2009, the Company did not recognize any impairment loss on goodwill.

p) Provisions

Provision liabilities are recognized whenever i) the Company has current obligations (legal or assumed) resulting from a past event; ii) it is probable that the obligation will result in a future cash disbursement for its settlement; and iii) the amount of the obligation can be reasonably estimated.

Contingent liabilities are recognized only when it is probable that they will result in a future cash disbursement for their settlement. Also, commitments are recognized only when they will generate a loss.

q) Exchange rate differences

Transactions in foreign currency are recorded at the prevailing exchange rate on the day of the related transactions. The assets and liabilities denominated in foreign currency are settled or translated at the exchange rate prevailing as of the date of the consolidated balance sheet.

Exchange rate differences that are determined from such date to the time foreign currency denominated assets and liabilities are settled or translated at the consolidated balance sheet date are debited or credited to operations and presented as part of the financing costs.

r) Reserve for pension plan, seniority premiums, termination benefits and other benefits

Defined benefit plans and seniority premiums granted to employees of subsidiaries in Mexico.

The Company has defined-benefit employee pension plans that cover all of its employees in its Mexican subsidiaries. Pensions are determined based on the salary of workers in their final year of service, the number of years employed by the Company and their age at retirement. In Mexico, seniority premiums are paid to employees as required under Mexican labor law.

In Mexico, the Company periodically recognizes the liability for pensions and seniority premiums based on independent actuarial computations using the projected unit-credit method and nominal financial assumptions.

In the United States of America, GCCRG and Dacotah have both established defined benefit plans and supplemental executive retirement plans, determined based on actuarial calculations using the projected unit-credit method and nominal financial assumptions.

The Company uses a December 31 measurement date for its employee benefit plans.

Additionally, GCCRG, Dacotah, CRM, GCCE, Midco, GCCRM and Alliance have a defined contribution benefit plan which qualifies as a 401(k) plan and covers substantially all of its employees. The Company matches contributions up to 4.5% of their salary paid.

Dacotah also has a sick leave plan as described in Note 16.

Transitional liabilities from labor obligations are being amortized over fifteen years for the United States of America and nineteen years for Mexico.

In Mexico and the United States of America, the costs of compensated absences such as holidays and vacation pay are recognized on a cumulative basis for establishing the respective provision.

s) Income tax

Current year taxes on profits are presented as a short-term liability, net of advances made during the year.

Income tax of Mexican and U.S. subsidiaries is determined on a consolidated basis with the direct holding company, Grupo Cementos de Chihuahua, S.A.B. de C.V. and GCC of America, Inc., respectively. Until July 31, 2011, SOBOCE and its subsidiaries were subject to the Enterprise Income Tax (IUE), which was calculated individually for every company.

Deferred taxes on profits are recognized using the asset and liability method. Under this method, deferred taxes on profits are recognized on all differences between the book values and tax values of assets and liabilities, applying the enacted income tax rate or flat-rate business tax rate (FRBT) effective as of the consolidated balance sheet date, or the enacted rate at the consolidated balance sheet date that will be effective when deferred tax assets and liabilities are expected to be recovered or settled, respectively.

Management periodically evaluates the possibility of recovering the deferred tax assets and creates, when applicable, a valuation allowance for those assets that do not have a high probability of being realized.

t) Recognition of revenues

The Company recognizes its revenues based on International Accounting Standard 18 (IAS 18), “Revenue Recognition”, applied on a supplementary basis. Revenues from cement sales are recognized at the time ownership of the products sold is transferred to the customer and the revenues from concrete sales are recognized at the time the products are received and accepted by the customer. The Company recognizes interest income as interest accrues.

u) Earnings per share

Earnings per share are computed by dividing controlling net income by the weighted average number of common shares issued and outstanding during the period. The Company does not have any instruments with dilutive effects.

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

v) Comprehensive (loss) income

Comprehensive (loss) income consists of the net (loss) income for the year plus the translation effect of foreign entities, net of tax.

w) Treasury share

The Company recognizes a reserve for repurchase of its own shares and it is shown under the retained earnings caption in the consolidated financial statements. The amount obtained in the relocation of repurchased shares affects directly the reserve for repurchase of shares. In the event that the sale price is greater than the cost, the difference is recorded as Contributed Capital under the Additional paid-in capital caption.

x) Reclassifications

Certain amounts shown in the 2010 and 2009 consolidated financial statements as originally issued have been reclassified for uniformity of presentation with the 2011 consolidated financial statements.

y) Risks

The main risks associated with the Company's financial instruments are cash flow risk, liquidity risk, market risk and credit risk. The Board of Directors reviews and approves the Company's risk management policies with recommendation from the Audit and Association Practices Committee. The Company does not have operations related to derivate financial instruments.

Credit risk represents the potential loss from the failure of the other party to meet all of its payment obligations. The Company is also exposed to market risk due to changes in exchange rates and interest rates.

Financial instruments which would potentially subject the Company to significant concentration of credit risk are cash and cash equivalents and trade accounts receivable. The Company's cash and cash equivalents are made and held in different financial institutions located in different geographical areas. The Company's policy is designed to limit its exposure to any one financial institution.

The credit risk in trade accounts receivable is considered diversified due to the wide range of customers which is geographically diverse. In order to ensure the recovery of its accounts receivable, the Company periodically assesses the credit capacity of each customer and the probability of nonperformance, requesting, when applicable, guarantees and collateral.

z) Segments

Segment information is presented based on information used by the Company in its decision-making processes for those geographical areas in which it operates and by product. The Company does not aggregate any segments (See Note 21).

5. Cash and cash equivalents

		2011		2010
Cash deposited in banks	Ps.	868,835	Ps.	724,603
Fixed and variable-yield investments		294,314		234,413
Restricted cash		18,376		62,590
	Ps.	1,181,525	Ps.	1,021,606

As of December 31, 2011 and 2010, restricted cash include an escrow account deposit for Ps. 18,376 (US$ 1,313) and Ps. 62,590 (US$ 5,065) respectively, as required by the Colorado Mined Land Reclamation Board in the U.S., withdrawals from this account are subject to the terms and conditions of the escrow agreement that prevail.

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

6. Accounts receivable

An analysis of accounts receivable and the allowance for doubtful accounts as of December 31, 2011 and 2010 is as follows:

		2011		2010
Accounts receivable	Ps.	1,282,987	Ps.	1,101,767
Allowance for doubtful accounts		(159,517)		(150,258)
	Ps.	1,123,470	Ps.	951,509

7. Related parties

a) An analysis of balances due/to related parties as of December 31, 2011 and 2010 is set forth below. All the companies are considered affiliates since the Company' primary shareholders are also either direct or indirect shareholders of the related parties.

Accounts receivable		2011		2010
Afiliates:				
Grupo Ruba, S.A. de C.V.	Ps.	12,715	Ps.	6,387
Copachisa, S.A. de C.V.		1,176		1,594
Abastecedora de Fierro y Acero, S.A. de C.V.		1,550		1,042
Cemex México, S.A. de C.V.		3,092		43
	Ps.	18,533	Ps.	9,066

The above amounts have been included in accounts receivable.

Balances due from related parties are considered to be recoverable. Accordingly, for the years ended December 31, 2011, 2010 and 2009, there was no expense resulting from the uncollectibility of balances due from related parties.

Accounts payable		2011		2010
Afiliates:				
Neoris de México, S.A. de C.V.	Ps.	82	Ps.	27,715
Abastecedora de Fierro y Acero, S.A. de C.V.		2,522		6,114
Cemex México, S.A. de C.V.		7,310		4,012
	Ps.	9,914	Ps.	37,841

The above amounts have been included in suppliers.

b) During the years ended December 31, 2011, 2010 and 2009, the Company had the following significant transactions with related parties:

Sales of cement and construction materials		2011		2010		2009
Copachisa, S.A. de C.V.	Ps.	4,342	Ps.	17,504	Ps.	5,846
Abastecedora de Fierro y Acero, S.A. de C.V.		18,814		11,246		13,126
Cemex México, S.A. de C.V.		47,966		1,499		56,202
Grupo Ruba, S.A. de C.V. y DGA Desarrollos, S.A. de C.V.		18,830		926		2,489
Grupo ISI, S.A. de C.V.		-		-		40,604
	Ps.	89,952	Ps.	31,175	Ps.	118,267

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

Sales of developed land		2011		2010		2009
Grupo Ruba, S.A. de C.V. y DGA Desarrollos, S.A. de C.V.	Ps.	-	Ps.	6,728	Ps.	-
	Ps.	-	Ps.	6,728	Ps.	-

Purchase of inventories and other		2011		2010		2009
Neoris de México, S.A. de C.V.	Ps.	1,341	Ps.	46,657	Ps.	57,839
Cemex México, S.A. de C.V.		34,293		30,880		30,017
Abastecedora de Fierro y Acero, S.A. de C.V.		21,615		17,484		16,230
Grupo Ruba, S.A. de C.V. y DGA Desarrollos, S.A. de C.V.		5,215		3,388		2,160
IT Corp, S.A. de C.V.		-		-		6,875
	Ps.	62,464	Ps.	98,409	Ps.	113,121

c) An analysis of employee benefits granted to the Company's directors for the years ended December 31, 2011, 2010 and 2009 is as follows:

		2011		2010		2009
Short-term direct employee benefits	Ps.	31,506	Ps.	28,340	Ps.	31,394
Bonus payments		-		-		1,614
	Ps.	31,506	Ps.	28,340	Ps.	33,008

8. Inventories

An analysis of this item as of December 31, 2011 and 2010 is as follows:

		2011		2010
Finished products	Ps.	402,911	Ps.	205,086
Products in process		181,669		202,559
Raw materials and spare parts		346,390		358,844
Developed land for sale		541,234		552,899
	Ps.	1,472,204	Ps.	1,319,388

9. Prepaid expenses

An analysis of this item as of December 31, 2011 and 2010, is as follows:

		2011		2010
Advances for raw material suppliers	Ps.	565	Ps.	456
Prepaid insurance expenses		45,772		45,770
Advances to service suppliers		28,481		21,961
	Ps.	74,818	Ps.	68,187

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

10. Equity investment in associates and others

An analysis of this item as of December 31, 2011 and 2010, is as follows:

	% equity interest	2011	2010
Associated companies:			
Inmobiliaria Medica de México, S.A. de C.V.	33.33	Ps. 87,695	Ps. 83,918
Servicios de Previsión Integral, S.A. de C.V.	33.33	7,758	8,192
Permanent:			
Others		8,644	7,898
		Ps. 104,097	Ps. 100,008

11 Property, plant and equipment

a) An analysis of this item as of December 31, 2011, 2010 and 2009 is as follows:

	Depreciation Rates	December 31, 2010	Additions	Disposals	Transfers	Depreciation	Translation effect	December 31, 2011
Buildings	3%	Ps. 4,791,812	Ps. 11,782	Ps. (2,551)	Ps. 1,559		Ps. 367,471	Ps. 5,170,073
Machinery and Equipment	5%	11,924,856	115,015	(13,809)	5,855		666,041	12,697,957
Automotive equipment	17%	1,663,413	51,905	(98,249)	275		127,202	1,744,546
Computer equipment, furniture and fixtures	19%	443,718	3,783	(7,704)	1,343		21,653	462,793
		18,823,799	182,485	(122,313)	9,032		1,182,367	20,075,369
Accumulated Depreciation		(8,037,867)		109,962	-	Ps. (848,211)	(441,193)	(9,217,309)
Net carrying amount		10,785,932	182,485	(12,351)	9,032	(848,211)	741,174	10,858,060
Land		1,558,508	7,407	(12,919)	-		109,208	1,662,204
Investments projects in Progress		323,637	68,013	-	(121,271)		20,283	290,662
		Ps. 12,668,077	Ps. 257,905	Ps. (25,270)	Ps. (112,239)	Ps. (848,211)	Ps. 870,665	Ps. 12,810,926

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

As of December 31, 2010 and December 31, 2009, this item is as follows:

	Depreciation rates	December 31,2009	Additions	Disposals	Transfer	Depreciation	Translation effect	December 31, 2010
Buildings	3%	Ps. 4,847,379	Ps. 55,245	Ps. (8,911)	Ps. 51,243		Ps. (153,144)	Ps. 4,791,812
Machinery and Equipment	5%	11,980,643	102,149	(36,812)	214,649		(335,773)	11,924,856
Automotive equipment	17%	1,757,655	39,645	(81,192)	4,235		(56,930)	1,663,413
Computer equipment, furniture and fixtures	19%	416,721	33,210	(8,019)	10,276		(8,470)	443,718
		19,002,398	230,249	(134,934)	280,403		(554,317)	18,823,799
Accumulated Depreciation		(7,346,944)		92,348		Ps. (927,023)	143,752	(8,037,867)
Net carrying amount		11,655,454	230,249	(42,586)	280,403	(927,023)	(410,565)	10,785,932
Land		1,583,362	19,626	(357)	2,143		(46,266)	1,558,508
Investments projects in Progress		554,613	63,232	-	(282,547)		(11,662)	323,637
		Ps. 13,793,429	Ps. 313,107	Ps.(42,943)	Ps. -	Ps. (927,023)	Ps. (468,493)	Ps. 12,668,077

As of December 31, 2011, the investment projects in progress corresponded mainly to the construction of a block plant in the state of Chihuahua for an estimated amount of approximately Ps. 78,225; the exploration of new sites and improvements in the Pueblo plant and the coal mine for an estimated amount of Ps. 311,622; and finally, other investments for a total of Ps. 179,665.

As of December, 2010, investment projects correspond mainly to the implementation in the Mexican Division of the enterprise resource planning (ERP) SAP, of approximately for Ps. 109,800 (US$ 9,000) and other investments for Ps. 297,695.

In Mexico, the Company capitalized the amount of Ps. 61,602, corresponding to financing cost in the construction of the cement plant located in Samalayuca, Chihuahua, for the amount of Ps. 61,102 which is being amortized over the useful life of such assets. As of December 31, 2011, 2010 and 2009, its net carrying value is Ps. 25,368, Ps. 27,784 and Ps. 30,217, respectively.

In the United States of America, the Company capitalized the financing cost originated for the construction of cement plant in Pueblo, Colorado, the extension of the coal mine located in Durango, Colorado, and the construction of a vault located in Colorado as well for an amount of Ps. 287,699 (US$ 20,564), Ps. 15,653 (US$ 1,118) and Ps. 15,158 (US$ 1,083), respectively. The capitalization of capitalized financing cost is included in the property, plant and equipment item, and it is amortized over the useful life of such assets.

The cumulative amount of investment in construction in progress and capitalized financing cost is analyzed as follows:

	Cumulative amount of investment for the acquisition of qualifying assets	Financing cost capitalized	Period of amortization or depreciation	Annualized capitalization rates
Construction in progress 2011	Ps 68,013	Ps. 4,114	3% -5%	6.05 %
Construction in progress 2010	63,232	3,699	3% -5%	5.85 %
Construction in progress 2009	120,444	6,781	3% -5%	5.63 %

Depreciation expense for the years ended December 31, 2011, 2010 and 2009 was Ps 848,211, Ps. 927,023 and Ps. 944,230, respectively.

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

Inventories of spare parts have been included in machinery and equipment, which amount to Ps. 99,304, Ps. 84,313 as of December 31, 2011 and 2010, respectively.

12. Goodwill

An analysis of this caption at December 31, 2011, 2010 and 2009 is as follows:

	2011	2010	2009
Beginning balance	Ps. 4,191,220	Ps. 4,424,102	Ps. 4,700,277
Translation effect	553,975	(232,882)	(276,175)
Ending balance	Ps. 4,745,195	Ps. 4,191,220	Ps. 4,424,102

Goodwill acquired through business combinations in the United States of America has been allocated to five cash generating units, for impairment testing and their carrying amounts are described as follows:

	2011	2010
GCC Rio Grande, Inc.	Ps. 165,305	Ps. 146,087
GCC Dacotah, Inc.	543,737	480,259
Consolidated Ready Mix, Inc.	323,766	285,968
GCC Alliance Concrete, Inc.	799,286	705,973
Mid Continent Concrete Company, Inc.	2,913,101	2,572,933
	Ps. 4,745,195	Ps. 4,191,220

13. Intangibles and other assets

An analysis of intangible assets as of December 31, 2011 and 2010 is as follows:

	Useful life	Balance as of December 31, 2010	Investments	Amortization	Translation effect	Balance as of December 31, 2011
Intangible assets - Finite life:						
Coal mining rights		Ps. 19,363	Ps. -	Ps. -	Ps. 1,648	Ps. 21,011
Non-compete agreements	5 years	74,139	-	-	9,802	83,941
Software licenses	5 years	149,696	112,239	-	18,058	279,993
Accumulated amortization		(115,008)	-	(49,336)	(20,386)	(184,730)
Intangible, net		Ps. 128,190	Ps. 112,239	Ps. (49,336)	Ps. 9,122	Ps. 200,215

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

An analysis of intangible assets as of December 31, 2010 and December 31, 2009, is as follows:

		Balance as of December 31, 2009	Investments	Amortizatior	Translation effect	Balance as of December 31, 2010
Intangible assets - Finite life:						
Coal mining rights		Ps. 20,056	Ps. -	Ps.	Ps. (693)	Ps. 19,363
Non-compete agreements	5 years	78,258			(4,119)	74,139
Software licenses	5 years	144,656	11,804		(6,764)	149,696
Accumulated amortization		(92,284)	-	(14,022)	(8,702)	(115,008)
		Ps. 150,686	Ps. 11,804	Ps. (14,022)	Ps. (20,278)	Ps. 128,190

An analysis of other assets as of December 31, 2011 and 2010 is as follows:

	December 31, 2011	December 31, 2010
Guarantee deposits	Ps. 200,618	Ps. 93,319
Debt issuance cost	701,524	701,524
Long-term accounts and notes Receivable	105,652	67,436
Other assets	7,259	11,259
Debt issuance cost accumulated amortization	(322,177)	(134,157)
Other assets, net	Ps. 692,876	Ps. 739,401

Debt issuance costs amortization is recorded in the consolidated income statements as part of financing expenses. For the years ended December 31, 2011, 2010 and 2009, the amortization of debt issuance costs amounted to Ps. 206,664, Ps. 134,157 and Ps. -, respectively.

14. Long-term debt

a) An analysis of bank loans and long-term debt at December 31, 2011 and 2010 is as follows:

		2011		Maturity	
Loan	Currency	Interest rate	Amount	Current portion of long-term debt	Long-term
Senior notes					
Institutional investors	US$	5.00% variable	Ps. 3,968,327	Ps. -	Ps. 3,968,327
Syndicated loans					
Several banks	US$	LIBOR + 4.50%	3,518,586	517,645	3,000,941
Others					
Others	US$	Sundry	7,187	4,163	3,024
			Ps. 7,494,100	Ps. 521,808	Ps. 6,972,292

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

		2010						Maturity	
Loan	Currency	Interest rate		Amount		Current portion of long-term debt		Long-term
Senior notes								
Institutional investors	US$	5.00 % variable	Ps.	3,505,047	Ps.	-	Ps.	3,505,047
Syndicated loans								
Several banks	US$	LIBOR + 4.50%		4,689,520		926,783		3,762,737
Other								
Other	US$	Sundry		15,599		8,161		7,438
			Ps.	8,210,166	Ps.	934,944	Ps.	7,275,222

(*) The London Interbank Offered Rate (LIBOR) is a rate used in international markets for deposits made in U.S. dollars with three-month term maturity.

On March 30, 2011, GCC made one payment of debt for US$ 15,000 to partially repay a scheduled payment due on May 27, 2015. This payment was made using the funds from the sale of its subsidiary SOBOCE shares.

On September 30, 2011, GCC made a payment of debt for US $ 50,000 anticipating the amortizations scheduled for December 15, 2011, March 15, 2012 and June 15, 2012 for US $ 20,000, US $ 10,000 and US $ 20,000, respectively. These prepayments were made with the proceeds from the sale of shares (SOBOCE).

On December 30, 2011, GCC made one payment of debt for US$ 8,000 to partially repay a scheduled amortization due on September 15, 2012, using the funds from the operation.

b) Maturities on long-term debt as of December 31, 2011, are as follows:

Year ending December 31	Amount maturing	
2013	Ps.	1,400,973
2014		1,400,131
2015		4,171,188
	Ps.	6,972,292

During 2011 and 2010, the weighted average interest rate on the senior notes with institutional investors was 5.60% and 5.74%, respectively; with syndicated creditors, it was 6.50% and 5.95%, respectively.

c) In May 2010, the senior notes and the syndicated loans were renegotiated. The renegotiation agreements are summarized below:

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

The syndicated loans consisted of two syndicated loans and two bilateral loans, these were consolidated into a single credit agreement totaling Ps. 5,928,361 (US$ 454,500), at an annual interest of LIBOR + 4.5%, with a minimum LIBOR rate of 2% for the first two years of the loan. During 2011 and 2010, there were repayments of Ps. 1,653,710 (US$ 128,000) and Ps. 952,880 (US$ 75,000), respectively. Interest is paid quarterly and amortization of the principal will be as follows:

Year	Amount (US$)	
2012	US$	37,000
2013		100,000
2014		100,000
2015		14,500
	US$	251,500

Costs and expenses associated with the syndicated loans restructuring were capitalized for a total of Ps. 294,120, and are amortized over the new term of the syndicated loans.

In the case of the senior notes renegotiation, it was agreed to capitalize interest (make whole) for the amount of Ps. 570,365 (US$ 46,146), for a total debt of Ps. 3,505,047 (US$ 283,646) which will be paid in 2015. As a result of the interest capitalization, the senior notes holders agreed to reduce the 6.78% average annual interest rate stipulated in the original contract to an annual rate of 5% in the first year, with a step up of 1% each succeeding year until 2015.

Interest expenses associated with the senior notes were capitalized for a total of Ps. 590,365, and are amortized over the term of the new senior notes.

In accordance with Mexican Financial Reporting Standards, the restructuring of senior notes and the syndicated loans qualify as new loans and, therefore, Ps. 22,269 of financial expenses on the previous senior notes and the syndicated loans were directly recognized in other expenses in 2010.

d) The subsidiaries GCC Cemento, S.A. de C.V., Cementos de Chihuahua, S.A. de C.V., and GCC of America, Inc., are guarantors of both loans and their shares were pledged. This guarantee will be released in the event that the financial leverage ratio is less than three times and the senior notes are refinanced.

e) The two credit agreements establish certain negative and affirmative covenants regarding asset sales, capital investments, additional financing, debt prepayments and others, as well as the obligation to maintain specific financial ratios (financial leverage and interest coverage ratios) which, if not met or remedied within a specified period, could lead to early termination of the two loans. As of December 31, 2011, the Company has complied with the financial covenants and conditions required in the long-term debt agreements.

15. Foreign currency position

The Company has the following U.S. dollar denominated assets and liabilities at December 31, 2011 and 2010:

	2011		2010	
Current assets	US$	83,568	US$	123,493
Current liabilities		(105,629)		(110,838)
Long-term liabilities		(498,363)		(650,979)
Net short position	US$	(520,424)	US$	(638,324)

The exchange rates used to translate the U.S. dollar denominated assets and liabilities to Mexican pesos as of December 31, 2011 and 2010, were Ps. 13.99 and Ps. 12.36, respectively, per U.S. dollar. At the date of issuance of the consolidated financial statements, the exchange rate is Ps. 12.80 per U.S. dollar.

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

16. Employee benefits

a) The Company has defined benefit plans that cover all employees of its Mexican subsidiaries. Pensions are determined based on each employee's salary in the final year of employment, number of years employed by the Company and their age at retirement. Seniority premiums are paid to employees as required under Mexican labor law.

In the United States of America, GCCRG has a defined benefit plan. All full-time employees of GCCRG hired before October 1, 2008 are eligible to participate in the Pension Plan. Employees are not vested until they have performed five years of service and have reached the normal retirement age of 65 years, at which time they become 100% vested.

Dacotah also has a defined benefit pension plan. All full-time employees of Dacotah hired before October 1, 2008 are eligible to participate in the Pension Plan. Employees are not vested until they have performed three years of service and have reached the normal retirement age of 65 years, at which time they become 100% vested. Credited service performed by employees before Dacotah was acquired by GCCA, carried forward to the Pension Plan for vesting purposes. The Company uses a December 31 measurement date for its employee benefit plans.

In 2009, GCCRG and Dacotah created a supplemental executive retirement plans treated as a defined benefit pension plans. Executive level employees defined by the Board of Directors are vested until they have performed three years of service and reached the normal retirement age of 65 years, at which time they become 100% vested.

A summary of the net period cost and the net projected liability as of December 31, 2011, 2010 and 2009 and the employee's benefits accrual as of these dates are as follows:

Net period cost		**2011**		**2010**		**2009**
Mexico	Ps.	43,757	Ps.	33,536	Ps.	31,041
United States of America		30,634		26,890		36,090
	Ps.	74,391	Ps.	60,426	Ps.	67,131

Employee benefit obligations		**2011**		**2010**		**2009**
Mexico	Ps.	111,404	Ps.	101,689	Ps.	87,957
United States of America		99,511		63,725		49,828
	Ps.	210,915	Ps.	165,414	Ps.	137,785

Balance as of December 31, 2011, of the Mexican subsidiaries:

Net period cost		**Seniority Premiums**		**Termination Payments**		**Pension plan**		**Total**
Labor cost	Ps.	969	Ps.	2,257	Ps.	9,298	Ps.	12,524
Financial cost		887		984		12,152		14,023
Expected return on plan assets		(59)		-		-		(59)
Amortization of plan changes to be recognized		-		105		344		449
Amortization of transition liabilities (assets)		(17)		1,928		1,396		3,307
Actuarial gains/losses		(220)		30		2,222		2,032
Anticipated decrease of Resignations		-		-		165		165
Gains and losses from MFRS D-3 adoption		936		9,759		621		11,316
Net period cost	Ps.	2,496	Ps.	15,063	Ps.	26,198	Ps.	43,757

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

Defined benefit obligations (DBO)	Seniority premiums	Termination Payments	Pension plan	Total
Present value of DBO as of January 1, 2011	Ps. (11,216)	Ps. (13,571)	Ps. (160,124)	Ps. (184,911)
Labor cost	(969)	(2,257)	(9,298)	(12,524)
Financial cost	(887)	(984)	(12,152)	(14,023)
Anticipated decrease of resignations	-	-	(122)	(122)
Actuarial gain (loss)	(443)	(9,758)	2,124	(8,077)
Benefits paid	2,836	12,020	19,113	33,969
Present value of DBO as of December 31, 2011	Ps. (10,679)	Ps. (14,550)	Ps. (160,459)	Ps. (185,688)

Employee benefit Obligations	Seniority premiums	Termination Payments	Pension plan	Total
Defined benefit obligation	Ps. (10,679)	Ps. (14,550)	Ps. (160,459)	Ps. (185,688)
Transition liability	-	1,928	1,456	3,384
Amortization of plan changes	-	1,417	5,498	6,915
Fair value of plan assets	758	-	-	758
Actuarial gains or losses	(386)	-	63,613	63,227
Net recognized projected liability	Ps. (10,307)	Ps. (11,205)	Ps. (89,892)	Ps. (111,404)

The assets of the plans (AP) are recognized at fair value; changes in these assets are integrated as follows:

	Seniority premiums	Termination Payments	Pension plan	Total
Fair value of AP as of January 1, 2011	Ps. 625	Ps. -	Ps. -	Ps. 625
Contributions	74	-	-	74
Return on assets	59	-	-	59
Fair value of AP as of December 31, 2011	Ps. 758	Ps. -	Ps. -	Ps. 758

Balance as of December 31, 2010, of the Mexican subsidiaries:

Net period cost	Seniority premiums	Termination Payments	Pension plan	Total
Labor cost	Ps. 797	Ps. 2,339	Ps. 8,236	Ps. 11,372
Financial cost	786	1,070	12,168	14,024
Expected return on plan assets	(54)	-	-	(54)
Amortization of transition liabilities (assets)	1	1,959	1,740	3,700
Actuarial gains or losses	(12)	29	1,767	1,784
Gains and losses from MFRS D-3 adoption	1,763	388	559	2,710
Net period cost	Ps. 3,281	Ps. 5,785	Ps. 24,470	Ps. 33,536

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

Defined benefit obligations (DBO)	Seniority premiums	Termination Payments	Pension plan	Total
Present value of DBO as of January 1, 2010	Ps. (8,837)	Ps. (13,351)	Ps. (139,948)	Ps. (162,136)
Labor cost	(797)	(2,339)	(8,236)	(11,372)
Financial cost	(786)	(1,070)	(12,168)	(14,024)
Actuarial losses	(2,098)	(337)	(14,657)	(17,092)
Benefits paid	1,302	3,526	14,885	19,713
Present value of DBO as of December 31, 2010	Ps. (11,216)	Ps. (13,571)	Ps. (160,124)	Ps. (184,911)

Employee benefit Obligations	Seniority premiums	Termination Payments	Pension plan	Total
Defined benefit obligation	Ps. (11,216)	Ps. (13,571)	Ps. (160,124)	Ps. (184,911)
Unrecognized transition liability	(16)	3,858	2,827	6,669
Amortization of plan changes	-	1,553	5,952	7,505
Fair value of plan assets	625	-	-	625
Actuarial gains or (losses)	(113)	-	68,536	68,423
Net recognized projected liability	Ps. (10,720)	Ps. (8,160)	Ps. (82,809)	Ps. (101,689)

The assets of the plans (AP) are recognized at fair value; changes in these assets are integrated as follows:

	Seniority premiums	Termination Payments	Pension plan	Total
Fair value of AP as of January 1, 2010	Ps. 549	Ps. -	Ps. -	Ps. 549
Return on assets	76	-	-	76
Fair value of AP as of December 31, 2010	Ps. 625	Ps. -	Ps. -	Ps. 625

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

Balance at December 31, 2009 of the Mexican subsidiaries:

Net period cost		**Seniority premiums**		**Termination Payments**		**Pension plan**		**Total**
Labor cost	Ps.	721	Ps.	3,558	Ps.	8,425	Ps.	12,704
Financial cost		589		1,274		11,573		13,436
Expected return on plan assets		(29)		-		-		(29)
Amortization of liabilities (assets) of transition		(22)		2,331		2,244		4,553
Actuarial losses		684		-		1,322		2,006
Gains and losses from MFRS D-3 adoption		392		(2,021)		-		(1,629)
Net period cost	Ps.	2,335	Ps.	5,142	Ps.	23,564	Ps.	31,041

Defined benefit obligations (DBO)		**Seniority premiums**		**Termination Payments**		**Pension Plan**		**Total**
Present value of DBO as of January 1, 2009	Ps.	(7,287)	Ps.	(15,491)	Ps.	(128,291)	Ps.	(151,069)
Labor cost		(721)		(3,558)		(8,425)		(12,704)
Financial cost		(589)		(1,274)		(11,573)		(13,436)
Actuarial gains (loss)		(1,588)		2,022		(19,213)		(18,779)
Benefits paid		1,348		4,950		27,554		33,852
Present value of DBO as of December 31, 2009	Ps.	(8,837)	Ps.	(13,351)	Ps.	(139,948)	Ps.	(162,136)

Employee benefit obligations		**Seniority premiums**		**Termination Payments**		**Pension Plan**		**Total**
Defined benefit obligation	Ps.	(8,837)	Ps.	(13,351)	Ps.	(139,948)	Ps.	(162,136)
Transition liability		3		5,711		4,223		9,937
Amortization of plan changes		67		1,689		6,407		8,163
Fair value of plan assets		549		-		-		549
Actuarial gains or (losses)		(564)		-		56,094		55,530
Net projected liability recognized	Ps.	(8,782)	Ps.	(5,951)	Ps.	(73,224)	Ps.	(87,957)

The assets of the plans (AP) are recognized at fair value, changes in these assets are integrated as follows:

		Seniority premiums		**Termination Payments**		**Pension Plan**		**Total**
Fair value of AP as of January 1, 2009	Ps.	520	Ps.	-	Ps.	-	Ps.	520
Return on assets		29		-		-		29
Fair value of AP as of December 31, 2009	Ps.	549	Ps.	-	Ps.	-	Ps.	549

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

Balances as of December 31, 2011, 2010 and 2009, of the U.S. subsidiaries:

Benefit obligations		**2011**		**2010**		**2009**
Benefit obligation at beginning of year	Ps.	297,151	Ps.	277,046	Ps.	257,942
Foreign exchange valuation gain (loss)		39,239		(9,835)		(14,178)
Service cost		23,000		20,365		32,189
Financial cost		18,285		14,915		15,385
Actuarial gain (loss)		35,100		368		7,843
Benefits paid		(7,051)		(5,708)		(3,522)
Curtailments		-		-		(18,613)
Benefit obligation at end of year	Ps.	405,724	Ps.	297,151	Ps.	277,046

Change in plan assets		**2011**		**2010**		**2009**
Fair value of plan assets at beginning of the year	Ps.	186,852	Ps.	178,370	Ps.	148,481
Foreign exchange rate valuation gain (loss)		24,663		(9,350)		(7,877)
Actual return on plan assets		(6,268)		11,393		20,458
Benefits paid		(7,051)		(5,708)		(3,522)
Company's contributions		22,580		12,147		20,830
Fair value of plan assets at end of the Year	Ps.	220,776	Ps.	186,852	Ps.	178,370
Unfunded liability	Ps.	(184,948)	Ps.	(110,299)	Ps.	(98,676)
Unrecognized actuarial losses		85,437		46,574		48,848
Net projected liability	Ps.	(99,511)	Ps.	(63,725)	Ps.	(49,828)

Net period cost		**2011**		**2010**		**2009**
Service cost	Ps.	23,000	Ps.	20,365	Ps.	32,189
Financial cost		18,285		14,915		15,385
Expected return on plan assets		(14,372)		(11,455)		(9,776)
Amortization of net loss		3,721		3,065		4,746
Curtailment gain		-		-		(6,454)
Net period cost	Ps.	30,634	Ps.	26,890	Ps.	36,090

The most significant assumptions used in determining the net period cost of the plan are as follows:

	México			**United States of America**		
Real rates	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Discount rate	8.00%	7.75%	9.25%	4.85%	5.50%	5.75%
Rate of salary increases	4.50%	4.50%	4.75%	4.00%	4.00%	4.00%
Return on plan assets	6.00%	5.00%	5.00%	6.75%	6.75%	6.75%

The Company considers various factors in estimating the expected long-term rate of return on plan assets. The factors considered include the historical long-term returns on plan assets, the current and expected allocation of plan assets, input from our actuaries and investment consultants and long-term inflation assumptions. The Company's expected allocation of plan assets is based on a diversified portfolio consisting of domestic and international equity and fixed income securities.

Plan assets in the Unites States of America

The Company's investment policy for its pension plan is to balance risk and return using a diversified portfolio consisting primarily of high-quality equity and fixed-income securities. Plan assets are managed by outside investment managers. Dacotah's Employee Pension Plan Committee provides oversight of the plan investments and the performance of the investments managers.

Equity securities consist of publicly traded U.S. companies and international companies. Publicly traded equities are valued at the closing prices reported in the active market in which the individual securities are traded.

Fixed income consists of corporate bonds, government securities, and fixed income share funds. Government securities are valued by third-party pricing sources. Corporate bonds are valued using either the yields currently available on comparable securities of issuers with similar credit ratings or using a discounted cash flows approach that utilizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks. Fixed income share funds are valued at the net asset value per share multiplied by the number of shares held as of the measurement date.

Hedge funds are investment structures that pursue a diverse array of investment strategies with a wide range of different securities and derivative instruments. These investments are made through funds-of-funds (commingled, multi manager fund structures) and through direct investments in individual hedge funds. Hedge funds are primarily valued by each fund's third party administrator based upon the valuation of the underlying securities and instruments and primarily by applying a market or income valuation methodology as appropriate depending on the specific type of security or instrument held. Funds-of-funds are valued based upon the net asset values of the underlying investments in hedge funds.

Company's funding policy in the Unites States of America

The Company funds the Company's pension plan and no contributions are made by employees. The Company funds the plan annually by making a contribution of at least the minimum amount required by applicable regulations and as recommended by the Company's actuary. However, the Company also may fund the plan in excess of the minimum required amount. Cash contributions in subsequent years will depend on a number of factors including performance of plan assets.

b) 401 (K) Plans

GCCRG, Dacotah, CRM, GCC Energy, Midco, GCCRM and Alliance have defined contribution benefit plans (the Plans), which qualify as 401 (K) plans. The Plans are available to substantially all employees. The Company matches contributions up to 4.5% of their salary paid. The Company's contributions to the plans recorded in the consolidated income statements for the years ended December 31, 2011, 2010 and 2009 amounted to Ps. 16,731 (US$ 1,346), Ps. 16,871 (US$ 1,335) and Ps. 16,628 (US$ 1,293), respectively.

c) Sick Leave Plan

Dacotah has a sick leave plan, which pays employees for 25% of their unused sick leave at their current pay rate, not to exceed 550 hours in total, per employee. The accrued liability for this plan as of December 31, 2011 and 2010 amounts to Ps. 6,953 (US$ 497) and Ps. 7,019 (US$ 568), respectively. The expenses related to this plan recorded in the consolidated income statements for the years ended December 31, 2011, 2010 and 2009 amounted to Ps. 1,380 (US$ 111), Ps. 543 (US$ 43) and Ps. 1,569 (US$ 122), respectively.

d) Employee profit sharing in Mexico

Employee profit sharing is determined basically on the individual tax results of each subsidiary in Mexico, excluding the inflation adjustment and the restatement of depreciation expense.

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

17. Stockholders' equity

a) As of December 31, 2011, 2010 and 2009, capital stock is variable and its fixed minimum capital with no right to withdrawal is Ps. 134,960, represented by 337,400,000 common registered shares with no par value.

b) During 2011, the Company sold five million repurchased shares for a total of Ps. 180,406. As of December 31, 2011, the Company held 4,864,492 treasury shares for a total amount of Ps. 217,929, which represented 1.4% of the Company's outstanding shares. As of December 31, 2011, the Company has 332,535,508 outstanding shares. At a regular stockholders' meeting held on April 27, 2011, it was approved that the amount of Ps. 500,000 be allotted to the repurchase of shares. The available balance for the repurchase of the Company's own shares was Ps. 332,158.

c) During the same regular stockholders' meeting, it was authorized to increase the variable stockholders' equity up to the amount of Ps. 575,000, represented by up to 14,000,000 ordinary nominal shares, with no par value, class II, unique serial, to be subscribed and paid later by private placing.

d) During 2010, the Company did not sell or repurchase its treasury shares. As of December 31, 2010, the Company held 9,864,492 treasury shares for a total of Ps. 339,349, which represented 2.9% of the Company's outstanding shares. As of December 31, 2010, the Company has 327,535,508 outstanding shares. At a regular stockholders' meeting held on April 30, 2010, was approved an increase of the repurchase of the Company's own shares for Ps. 300,000. The balance available for the repurchase of the Company's own shares was Ps. 160,651.

e) During 2009, the Company did not sell or repurchase its treasury shares. As of December 31, 2009, the Company held 9,864,492 treasury shares for a total of Ps. 339,349, which represented 2.9% of the Company's outstanding shares. As of December 31, 2009, the Company has 327,535,508 outstanding shares. At a regular stockholders' meeting held on April 28, 2009, was approved an increase of the repurchase of the Company's own shares for Ps. 300,000. The balance available at December 31, 2009 for the repurchase of the Company's own shares was Ps. 460,651.

f) In conformity with the Mexican Corporations Act, the Company is required to transfer at least 5% of the net income of each year to increase the legal reserve. This practice must be continued until the legal reserve reaches 20% of capital stock, issued and outstanding.

g) Dividends paid from the consolidated net tax profit account (CUFIN) are not subject to payment of income tax. However, earnings may be distributed from the CUFIN only after the consolidated reinvested net tax profit account (CUFINRE) has been exhausted.

Dividends paid from the CUFINRE are subject to 5% income tax for earnings distributed from income of 2001 and 2000 and 3% for dividends paid from 1999 income. Any distribution of earnings in excess of the CUFIN balance will be subject to corporate income tax, payable by the Company, at the enacted income tax rate at that time.

h) An analysis of the accumulated other comprehensive income as of December 31, 2011, 2010 and 2009 and the changes in such accounts during those years are as follows:

		2011		2010		2009
Effect of translation of foreign entities	Ps.	1,437,844	Ps.	778,688	Ps.	1,407,596
Deferred income tax effect from currency translation		(287,691)		(89,944)		(278,644)
Accumulated other comprehensive income	Ps.	1,150,153	Ps.	688,744	Ps.	1,128,952

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

Changes during the year of translation effect		**2011**		**2010**		**2009**
Beginning balance of translation effect	Ps.	778,688	Ps.	1,407,596	Ps.	1,509,953
Translation effect of the year		1,169,256		(817,008)		(276,257)
Reclassification of the accumulated translation effect to net income for the sale of investment in SOBOCE (Note 2)		(105,000)		-		-
Foreign exchange differences hedge		(405,100)		188,100		173,900
Ending balance of translation effect	Ps.	1,437,844	Ps.	778,688	Ps.	1,407,596

Changes during the year of deferred income tax on Translation effect		**2011**		**2010**		**2009**
Beginning balance of deferred income tax on translation effect	Ps.	(89,944)	Ps.	(278,644)	Ps.	(309,700)
Deferred income tax from on translation effect		(197,747)		188,700		31,056
Ending balance of deferred income tax on translation effect	Ps.	(287,691)	Ps.	(89,944)	Ps.	(278,644)

18. Financing cost

For the years ended December 31, 2011, 2010 and 2009, an analysis of financing cost is as follows:

		2011		**2010**		**2009**
Financial income	Ps.	34,751	Ps.	33,062	Ps.	42,539
Financial expenses		(502,314)		(540,233)		(823,919)
Amortization of debt issuance cost		(206,664)		(134,157)		-
Exchange gain, net		30,826		4,905		(11,722)
	Ps.	(643,401)	Ps.	(636,423)	Ps.	(793,102)

19. Other expenses, net

As of December 31, 2011, 2010 and 2009, other expenses net are integrated as follows:

		2011		**2010**		**2009**
Gain on disposals of fixed assets	Ps.	13,130	Ps.	20,670	Ps.	1,794
Withholding of non-creditable taxes		(25,120)		(12,547)		(13,590)
Employee profit sharing and others		(74,392)		(85,124)		(58,186)
	Ps.	(86,382)	Ps.	(77,001)	Ps.	(69,982)

20. Income tax and flat-rate business tax

a) The 2010 Tax Reform approved increases in the income tax rate as follows:

- For the period of 2010 to 2012: 30%;
- For 2013: 29%; and
- For 2014 and thereafter: 28%.

The income tax of the Mexican companies is calculated under a tax consolidated basis in the consolidated participation of Grupo Cementos de Chihuahua, S.A.B. de C.V. (Grupo Cementos), in its subsidiaries in Mexico. In this sense Grupo Cementos as a holding company calculates the consolidated income tax result like a "single company", considering the net sum of income tax profits and net tax operation losses in the same year, and other considerations according to the tax rules for the consolidation regime.

Additionally, the Tax Reform included changes to the tax consolidation regime, establishing that income tax payments deferred because of the benefits obtained from the tax consolidation regime from 1999 should be paid in five installments during years six to ten following those in which the benefits were taken advantage of. These benefits result from:

i) Tax losses; used in tax consolidation, and that had not been amortized individually by the entity that generated them (See Note 20g); and

ii) Other items; refers to items other than tax losses that generated benefits through tax consolidation, such as losses on disposal of outstanding shares deducted individually by the generating entity, special consolidation measures from transactions occurring between the consolidated companies, and dividends paid by consolidated subsidiaries that did not come from the Net Taxable Income Account (CUFIN) or Reinvested Net Taxable Income Account (CUFINRE), distributed since 1999. (See Note 20i).

The above mentioned effects were applied for the first time in 2010 on the accrued benefits from the tax consolidations of 1999 to 2004, requiring payment of the related tax for the years 2010 to 2014. The income tax associated with the consolidation of 2005 and subsequent years will be paid in five years starting from the sixth year following that in which the benefit was taken; for example, the benefit related to 2005 is being paid between 2011 and 2015.

In addition to the above, the 2010 Tax Reform established that the difference, calculated in terms of the Income Tax Law, between CUFIN balances and consolidated CUFINRE balances, and the CUFIN and CUFINRE balances among the entities of the group can result in line with taxable income under the Income Tax Law that cause income tax. For purposes of this MFRS Interpretation 18, these amounts are referred to hereinafter as CUFIN differences.

The above provision implies that deferred taxes originating from accrued CUFIN differences since December 31, 2004 is being paid from the year 2010 to 2014; income tax for the year 2005 and subsequent years will be paid over the sixth to tenth years to which it is related; for example, income tax related to 2005 will be paid between 2011 and 2015.

b) The FRBT for the period is calculated by applying the rate of 17.5% over a profit computed on cash flows basis from which the authorized credits are deducted.

FRBT credits consist primarily of those arising from the FRBT negative basis to be amortized, those corresponding to salaries and contributions to social security, and those arising from the deductions of some assets such as inventories and fixed assets, during the transition period of the FRBT.

FRBT must be paid only when it is greater than income tax for the same period. In order to determine the amount of FRBT to be paid, income tax paid must be deducted from the FRBT for the same period.

When the FRBT base is negative, because deductions exceed taxable income, there is no FRBT imposed. The amount of the negative base multiplied by the FRBT rate results in an FRBT credit, which can be credited against income tax for the same period or, where appropriate, against the FRBT to be paid for the next ten years.

Based on the projected fiscal results it was concluded that in the following years the Company will be subject to income tax payments.

c) An analysis of income tax charged to results of operations of the years ended December 31, 2011, 2010 and 2009 is as follows:

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

	2011	2010	2009
Current year income tax	Ps. 254,537	Ps. (48,516)	Ps. (155,890)
Current flat rate business tax	14,009	14,853	-
Deferred flat rate business tax	17,694	16,549	-
Deferred income tax	(923,576)	(16,616)	130,273
Total income tax	Ps. (637,336)	Ps. (33,730)	Ps. (25,617)

d) The subsidiaries GCC Comercial, S.A de C.V. and Urbanizaciones Contemporaneas, S.A. de C.V. will pay FRBT, the main differences that generated deferred FRBT liability as of December 31, 2011, 2010 under MFRS Interpretation 8, “Effects of the Flat-Rate Business Tax”, are the following:

	2011	2010
Deferred tax asset:		
Trade advances	Ps. 13,013	Ps. 4,751
Other assets	36,248	35,006
Credits from FRBT tax losses	3,353	-
	52,614	39,757
Deferred tax liability:		
Fixed assets	8,163	6,594
Prepayments and others	111,497	82,514
	119,660	89,108
Deferred FRBT liability, net	Ps. 67,046	Ps. 49,351

An analysis of the major differences that gave rise to deferred tax liability is as follows:

	December 31, 2011	December 31, 2010
Deferred tax assets:		
Liability provisions	Ps. 167,886	Ps. 118,494
Trade advances	178,413	88,456
Tax losses net of valuation allowance	1,373,438	922,300
	1,719,737	1,129,250
Deferred tax liabilities:		
Fixed assets	2,051,102	1,784,077
Inventories	66,891	11,892
Prepaid expenses and others	218,250	647,641
Effect of translation of foreign subsidiaries	287,691	89,944
	2,623,934	2,533,554
Deferred income tax liability, net	Ps. 904,197	Ps. 1,404,304
FRBT liability, net	67,046	49,351
Deferred income tax from MFRS Interpretation 18	689,023	538,630
Deferred taxes liability, net	Ps. 1,660,266	Ps. 1,992,285

f) The major items that gave rise to a difference between the total amount of current year income tax and the current year deferred tax determined at the statutory rate are as follows:

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

	2011	2010	2009
Loss before income tax and discontinued Operations	Ps. (297,660)	Ps. (148,613)	Ps. 197,755
Statutory rate	30.0%	30.0%	28.00%
Benefit over loss before income taxes	Ps. (89,298)	Ps. (44,584)	Ps. 55,371
Other items:			
Non-deductible expenses	8,300	7,365	8,107
Inflation adjustment	47,608	34,204	36,022
Effect of translation of exchange differences	(121,530)	56,430	48,692
Change in valuation allowance	(57,048)	162,806	-
Effect of restatement and other items	(323,690)	(206,431)	(125,785)
Effect of restatement of fixed assets	(77,680)	(69,435)	(59,712)
Effect of change tax rate	(35,061)	(18,661)	(12,013)
Effect of the different income tax rate in the United States of America	(20,640)	13,174	23,701
Income tax benefit	(669,039)	(65,132)	(25,617)
Current and deferred FRBT	31,703	31,402	-
Income tax benefit, net	Ps. (637,336)	Ps. (33,730)	Ps. (25,617)

g) As of December 31, 2011, the Company and some of its Mexican and US subsidiaries have tax losses of Ps. 4,442,644, which may be carried forward against taxable income of future years. An analysis is as follows:

	Mexico		United States of America	
Year of loss	Amount restated as of December 31, 2011	Effect on deferred income tax	Amount as of December 31, 2011	Effect on deferred income tax
2008	Ps. 1,496,121	Ps. 418,914	Ps. 33,260	Ps. 11,641
2009	846,444	237,004	53,603	18,761
2010	1,167,233	326,825	1,088,651	381,028
2011	1,829,293	512,202	756,080	264,628
	5,339,091	1,494,945	1,931,594	676,058
Tax losses used in consolidation (1)	(2,269,532)	(635,469)	-	-
Valuation allowance	(476,336)	(133,374)	(82,063)	(28,722)
	Ps. 2,593,223	Ps. 726,102	Ps.1,849,421	Ps. 647,336

(1) Tax losses used in consolidation are those taxes losses that have already been deducted for purposes of tax consolidation purposes.

h) As of December 31, 2011, the balance of the restated contributed capital account (CUCA), net tax profits account (CUFIN) and the net reinvested tax profit account (CUFINRE) are Ps. 1,469,880, Ps. 3,023,865 and Ps. 194,762, respectively.

i) Other items in tax consolidation are as follows:

	2011	2010
Beginning tax liability balance	Ps. 369,153	Ps. 386,943
Tax paid	(19,389)	(17,790)
Income tax liability	Ps. 349,764	Ps. 369,153

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

The income tax payable as of December 31, 2011 and 2010 was recorded in the long term income taxes account in the consolidated balance sheets.

21. Segment information

GCC is a Mexican corporation engaged mainly in producing and selling hydraulic cement, ready-mix concrete and aggregates. The Company's operations in the United States of America are carried out mostly by three wholly-owned subsidiaries.

Inter-segment revenues are eliminated upon consolidation and reflected in the "eliminations and other adjustments" column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

In the following list, the column for Mexico includes all of the domestic operations:

	2011				
	Mexico	United States of America	Bolivia	Eliminations and other adjustments	Consolidated
Net sales:					
External customers	Ps. 2,555,332	Ps. 4,642,071	Ps. -	Ps. -	Ps. 7,197,403
Intercompany sales	245,754	154,237	-	(399,991)	-
	Ps. 2,801,086	Ps. 4,796,308	Ps. -	Ps. (399,991)	Ps. 7,197,403
Operating income	Ps. 333,686	Ps. 109,551	Ps. -	Ps. (11,114)	Ps. 432,123
(Loss) income before taxes and discontinued operations	Ps. (423,253)	Ps. 136,707	Ps. -	Ps. (11,114)	Ps. (297,660)
Depreciation and amortization	Ps. 348,113	Ps. 547,014	Ps. -	Ps. -	Ps. 895,127
Discontinued operation	Ps. -	Ps. -	Ps. (248,470)	Ps. -	Ps. (248,470)
Financial income	Ps. 22,863	Ps. 11,888	Ps. -	Ps. -	Ps. 34,751
Financial expense	Ps. (499,079)	Ps. (3,235)	Ps. -	Ps. -	Ps. (502,314)
Amortization of debt issuance cost	Ps. (206,664)	Ps. -	Ps. -	Ps. -	Ps. (206,664)
Exchange gain, net	Ps. 30,826	Ps. -	Ps. -	Ps. -	Ps. 30,826
Capital expenditures	Ps. 118,606	Ps. 139,299	Ps. -	Ps. -	Ps. 257,905
Equity investments	Ps. 104,097	Ps. -	Ps. -	Ps. -	Ps. 104,097
Goodwill	Ps. -	Ps. 4,745,195	Ps. -	Ps. -	Ps. 4,745,195
Property, plant and equipment, net	Ps. 3,933,301	Ps. 8,877,625	Ps. -	Ps. -	Ps. 12,810,926
Total assets	Ps. 8,621,508	Ps. 15,112,603	Ps. -	Ps. (11,114)	Ps. 23,622,997
Total Liabilities	Ps. 9,515,978	Ps. 1,523,009	Ps. -	Ps. -	Ps. 11,038,987
Cash flow generated by operating activities	Ps. 960,951	Ps. 326,897	Ps. -	Ps. -	Ps. 1,287,848
Cash flow generated (used in) investing activities	Ps. 807,811	Ps. (43,594)	Ps. -	Ps. -	Ps. 764,217
Cash flow generated (used in) financing activities	Ps. (3,157,032)	Ps. 1,206,380	Ps. -	Ps. -	Ps.(1,950,652)

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

	2010				
	Mexico	**United States of America**	**Bolivia**	**Eliminations and other adjustments**	**Consolidated**
Net sales:					
External customers	Ps. 2,436,257	Ps. 4,423,076	Ps. -	Ps. -	Ps. 6,859,333
Intercompany sales	312,172	150,546	-	(462,718)	-
	Ps. 2,748,429	Ps. 4,573,622	Ps. -	Ps. (462,718)	Ps. 6,859,333
Operating income	Ps. 348,737	Ps. 216,074	Ps. -	Ps. -	Ps. 564,811
(Loss) income before taxes and discontinued operation	Ps. (401,494)	Ps. 263,479	Ps. -	Ps. (10,598)	Ps. (148,613)
Depreciation and amortization	Ps. 335,082	Ps. 602,548	Ps. -	Ps. -	Ps. 937,630
Discontinued operation	Ps. -	Ps. -	Ps. 198,227	Ps. -	Ps. 198,227
Finance income	Ps. 25,016	Ps. 8,046	Ps. -	Ps. -	Ps. 33,062
Finance expense	Ps. (539,010)	Ps. (1,223)	Ps. -	Ps. -	Ps. (540,233)
Amortization of debt issuance cost	Ps. (134,157)	Ps. -	Ps. -	Ps. -	Ps. (134,157)
Exchange loss, net	Ps. 4,905	Ps. -	Ps. -	Ps. -	Ps. 4,905
Capital expenditures	Ps. 155,059	Ps. 158,048	Ps. -	Ps. -	Ps. 313,107
Equity investments	Ps. 100,008	Ps. -	Ps. -	Ps. -	Ps. 100,008
Goodwill	Ps. -	Ps. 4,191,220	Ps. -	Ps. -	Ps. 4,191,220
Property, plant and equipment	Ps. 4,284,119	Ps. 8,383,958	Ps. -	Ps. -	Ps. 12,668,077
Total assets	Ps. 8,661,643	Ps. 13,537,367	Ps. 2,028,578	Ps. (10,598)	Ps. 24,216,990
Total liabilities	Ps. 10,406,855	Ps. 1,256,804	Ps. 702,342	Ps. -	Ps. 12,366,001
Cash flow generated by operating activities	Ps. 1,263,650	Ps. 6,190	Ps. -	Ps. -	Ps. 1,269,840
Cash flow used in investing activities	Ps. (189,494)	Ps. (161,515)	Ps. -	Ps. -	Ps. (351,009)
Cash flow used in financing activities	Ps. (1,573,831)	Ps. (190)	Ps. -	Ps. -	Ps. (1,574,021)

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

	2009				
	Mexico	United States	Bolivia	Eliminations and other adjustments	Consolidated
Net sales:					
External customers	Ps. 2,411,067	Ps. 5,161,933	Ps. -	Ps. -	Ps. 7,573,000
Intercompany sales	339,753	168,300	-	(508,053)	-
	Ps. 2,750,820	Ps. 5,330,233	Ps. -	Ps. (508,053)	Ps. 7,573,000
Operating income	Ps. 429,800	Ps. 631,039	Ps. -	Ps. -	Ps. 1,060,839
(Loss) income before taxes and discontinued operations	Ps. (469,796)	Ps. 681,559	Ps. -	Ps. (14,008)	Ps. 197,755
Depreciation and amortization	Ps. 292,430	Ps. 651,800	Ps. -	Ps. -	Ps. 944,230
Discontinued operation	Ps. -	Ps. -	Ps. 229,922	Ps. -	Ps. 229,922
Financial income	Ps. 31,758	Ps. 10,781	Ps. -	Ps. -	Ps. 42,539
Financial expense	Ps. (811,573)	Ps. (12,346)	Ps. -	Ps. -	Ps. (823,919)
Exchange gain, net	Ps. (11,722)	Ps. -	Ps. -	Ps. -	Ps. (11,722)
Capital expenditures	Ps. 316,239	Ps. 189,624	Ps. -	Ps. -	Ps. 505,863
Equity investments					
Goodwill	Ps. -	Ps. 4,424,102	Ps. -	Ps. -	Ps. 4,424,102
Property, plant and equipment, net	Ps. 4,461,296	Ps. 9,332,133	Ps. -	Ps. -	Ps. 13,793,429
Total assets	Ps. 9,449,471	Ps. 15,042,745	Ps. -	Ps. (14,008)	Ps. 24,478,208
Liabilities	Ps. 11,898,282	Ps. 824,895	Ps. -	Ps. -	Ps. 12,723,177
Cash flow generated by operating activities	Ps. 1,285,276	Ps. 943,046	Ps. -	Ps. -	Ps. 2,228,322
Cash flow used in investing activities	Ps. (316,239)	Ps. (189,624)	Ps. (145,117)	Ps. -	Ps. (651,980)
Cash flow used in financing activities	Ps. (1,050,811)	Ps. -	Ps. -	Ps. -	Ps. (1,050,811)

An analysis of net sales by country and by product for the years ended December 31, 2011, 2010 and 2009 is as follows:

2011						
Country	Cement	Ready-mix concrete	Aggregates	Others	Eliminations	Consolidated
Mexico	Ps. 1,599,160	Ps. 744,793	Ps. 181,171	Ps. 763,479	Ps. (733,198)	Ps. 2,555,405
United States	2,836,328	1,728,181	-	848,987	(771,498)	4,641,998
Total	Ps. 4,435,488	Ps. 2,472,974	Ps. 181,171	Ps. 1,612,466	Ps. (1,504,696)	Ps. 7,197,403

2010						
Country	Cement	Ready-mix concrete	Aggregates	Others	Eliminations	Consolidated
Mexico	Ps. 1,369,265	Ps. 675,388	Ps. 150,392	Ps. 753,832	Ps. (512,620)	Ps. 2,436,257
United States	2,715,536	1,818,414	30,436	786,780	(928,090)	4,423,076
Total	Ps. 4,084,801	Ps. 2,493,802	Ps. 180,828	Ps. 1,540,612	Ps. (1,440,710)	Ps. 6,859,333

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

						2009						
Country		**Cement**		**Ready-mix concrete**		**Aggregates**		**Others**		**Eliminations**		**Consolidated**
Mexico	Ps.	1,404,582	Ps.	766,851	Ps.	204,529	Ps.	641,893	Ps.	(606,788)	Ps.	2,411,067
United States		3,138,390		1,976,889		42,048		895,155		(890,549)		5,161,933
Total	Ps.	4,542,972	Ps.	2,743,740	Ps.	246,577	Ps.	1,537,048	Ps.	(1,497,337)	Ps.	7,573,000

The column "Others" includes mainly concrete blocks, prefabricated products, developed land, coal and other materials for construction.

22. Commitments and contingencies and accounts payable

a) In 1996, the subsidiary GCC Rio Grande, Inc. (GCCRG) submitted to the State of New Mexico a plan as required by the State Mining Act for the proposed use of the plant site and required reclamation of the quarry at the conclusion of operations. Closeout measures are planned for implementation incrementally and concurrently throughout a forty-year period with more than half of the disturbed acreage being reclaimed during the operating life of the plant. The estimated cost of the plan is Ps. 67,692 (US$ 5,478). As of December 31, 2011 and 2010, the liability recorded under the plan is Ps. 25,700 (US$ 1,837) and Ps. 20,599 (US$ 1,667), respectively. These amounts are included in other long-term liabilities in the accompanying consolidated balance sheets. The Company spent approximately Ps. 504 (US$ 36) during 2011 and nothing during 2010 on this concept, to meet the reclamation requirements within the closeout plan.

b) In 2010, the Environmental Protection Agency (EPA) established new environmental emissions standards under the Clean Air Act. The specific regulation is called NESHAP (National Emission Standards for Hazardous Air Pollutants). These emission standards are much stricter and require compliance by September of 2013 unless an extension has been granted. In order to achieve compliance, the Company has incurred Ps. 17,922 (US$ 1,281) in capital expenditures through December 31, 2011 and expects to incur an estimated additional Ps. 547,724 (US$ 39,150) through 2013.

c) To guarantee the reclamation of the quarry in case the anticipated closeout measure of the Tijeras plant GCCRG, as required by the State of New Mexico, the Company has provided a bond of Ps. 979 (US$ 70) in favor of USDA Forest Service Property and a certificate of Ps. 12,130 (US$ 867) in favor of the New Mexico Mining Commission. Also, the Company has guaranteed an amount of Ps. 39,355 (US$ 2,813) in the event that GCCRG fails to fulfill the reclamation obligations.

d) Its subsidiary GCC Alliance is under an antitrust legal investigation. On June, 2011 GCC Alliance plea of guilty was accepted. Several civil lawsuits were filed against GCC Alliance seeking to proceed as class actions for treble damages. Effective July, 2011 all parties settled the consolidated case and the court approved the settlements. Pursuant the settlements, GCC Alliance had to pay a total Ps. 85,860 (US$ 6,137), for which as of December 31, 2011 Ps. 50,547 (US$ 3,613) has been paid and the rest has been reserved. On March 12, 2012, the Judge pronounced sentence and GCC Alliance paid a Ps. 1,399 (US$ 100) fine.

e) Operating leases

As of December 31, 2011, the future minimum rental payments are follows:

2012	Ps.	45,343
2013		29,758
2014		16,872
2015		16,886
Other		252
Total	Ps.	109,111

(Amounts in thousands of Mexican pesos (Ps.) and in thousands of U.S. dollars (US$))

The future minimum rental payments represent mainly operating commitments to lease railcars, light vehicles and office building space. Rent expense for the years ended December 31, 2011, 2010 and 2009 amounts to Ps. 90,395, Ps. 86,148 and Ps. 89,491, respectively. The increase of the rental payments is based on the Consumer Price Index.

f) Other accounts payable and expenses payable

An analysis of the accounts payable and expenses payable at December 31, 2011, 2010 and 2009 is as follows:

		2011		2010		2009
Contributions and other taxes payable	Ps.	377,514	Ps.	207,366	Ps.	222,085
Provisions		95,583		76,574		89,860
Direct benefits to employees		154,997		113,152		86,507
Other accounts payable		33,888		21,674		43,687
Interest payable		20,104		20,850		15,264
	Ps.	682,086	Ps.	439,616	Ps.	457,403

An analysis of the provisions for 2011 and 2010, are as follows:

		2010		Arising during the year		Utilized		2011
Professional services	Ps.	57,992	Ps.	61,645	Ps.	65,392	Ps.	54,244
Others		18,582		217,318		194,562		41,339
	Ps.	76,574	Ps.	278,963	Ps.	259,954	Ps.	95,583

		2009		Arising during the year		Utilized		2010
Professional services	Ps.	65,108	Ps.	69,210	Ps.	76,326	Ps.	57,992
Others		24,752		289,461		295,631		18,582
	Ps.	89,860	Ps.	358,671	Ps.	371,957	Ps.	76,574

Professional services will be accrued during the 2011 fiscal year and will be paid in 2012.

In other provisions, contracted services are recorded that are attributable to this year but are expected to be liquidated next year.

23. Adoption of International Financial Reporting Standards (unaudited)

The accompanying MFRS consolidated financial statements are presented in English for the purpose of a bond offering described in the attached Offering Memorandum. In that same Offering Memorandum are unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2012. Those statements contain unaudited IFRS 1 transition disclosures, which encompass all disclosures otherwise required by INIF 19.

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GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. de C.V.

8.125% Senior Secured Notes due 2020

OFFERING MEMORANDUM

February 8, 2013