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OFFERING MEMORANDUM

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U.S.$50,000,000

Cimento Tupi S.A.

(incorporated in the Federative Republic of Brazil)

9.75% Senior Unsecured Notes due 2018

Cimento Tupi S.A., or the issuer, is offering U.S.$50,000,000 in aggregate principal amount of its senior unsecured notes due May 11, 2018, or the additional notes. The additional notes will be issued under the indenture governing the U.S.$100,000,000 9.75% Senior Unsecured Notes due 2018 that we issued on May 11, 2011, or the original notes. The original notes and the additional notes offered hereby are referred to collectively herein as the notes. The additional notes will form part of the same issue as, and be treated as a single class for all purposes under the indenture governing the notes, and will vote together as one class on all matters with the original notes. The original notes and the additional notes will share the same ISIN and CUSIP numbers and be fungible. See "Listing and General Information."

The notes will mature on May 11, 2018. Interest on the additional notes will accrue from and including November 11, 2011, and interest on the notes will be payable semi-annually in arrears on each May 11 and November 11, commencing on May 11, 2012.

The issuer may redeem the notes, in whole, at any time on or after May 11, 2015, at the applicable redemption prices set forth in this offering memorandum, plus accrued and unpaid interest. Prior to May 11, 2015, the issuer may also redeem the notes, in whole, at a redemption price based on a "make-whole" premium plus accrued and unpaid interest. In addition, at any time on or prior to May 11, 2014, the issuer may redeem up to 35% of the notes at a redemption price equal to 109.75% of their principal amount, plus accrued and unpaid interest, using the proceeds of certain equity offerings. The notes also may be redeemed, in whole but not in part, at 100% of their principal amount plus accrued and unpaid interest, at any time upon the occurrence of specified events relating to the tax laws of Brazil, as set forth in this offering memorandum.

If a specified change of control event as described herein occurs, unless the issuer has previously exercised its option to redeem the notes, the issuer will be required to offer to purchase the notes at the price described in this offering memorandum.

The notes will rank equally in right of payment with all other present and future senior unsecured obligations of the issuer.

We have applied to the Luxembourg Stock Exchange to admit the additional notes to listing on the Official List and to trading on the Euro MTF Market of the Luxembourg Stock Exchange. This offering memorandum constitutes a prospectus for the purpose of the Luxembourg Law dated July 10, 2005 on Prospectuses for Securities.

Investing in the notes involves risks. See "Risk Factors" beginning on page 16 for certain information that you should consider before investing in the notes.

Price: 98.827% plus accrued interest from November 11, 2011.

Purchasers will be required to pay accrued interest totaling U.S.$1,164,583.33, or U.S.$23.29 per U.S.$1,000 principal amount of additional notes, from and including November 11, 2011 to but excluding February 7, 2012, the date we expect to deliver the additional notes.

The additional notes have not been registered under the U.S. Securities Act of 1933, as amended, or the Securities Act, or under the securities laws of any other jurisdiction. The additional notes may not be offered or sold within the United States or to U.S. persons, except to qualified institutional buyers as defined in Rule 144A of the Securities Act, or Rule 144A, in reliance on Rule 144A and to certain non-U.S. persons in offshore transactions in reliance on Regulation S. You are hereby notified that sellers of the additional notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For more information about restrictions on transfer of the additional notes, see "Transfer Restrictions."

Delivery of the additional notes is expected to be made to investors in book-entry form through The Depository Trust Company, or DTC, and its participants, including Euroclear Bank S.A./N.V., or Euroclear, and Clearstream Banking, *Société anonyme*, Luxembourg, or Clearstream on or about February 7, 2012.

BofA Merrill Lynch

The date of this offering memorandum is January 31, 2012.

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You should only rely on the information contained in this offering memorandum. No person is authorized to provide you with information that is different or additional from that contained in this offering memorandum and the documents referred to herein. If anyone provides you with different or additional information, you should not rely on it. You should assume that the information in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum, regardless of time of delivery of this offering memorandum or any sale of the additional notes. The issuer's business, financial condition, results of operations and prospects may change after the date on the front cover of this offering memorandum. Neither the issuer nor Merrill, Lynch, Pierce, Fenner & Smith Incorporated, or the initial purchaser, is making an offer to sell the additional notes in any jurisdiction where the offer or sale is not permitted.

Unless otherwise indicated or the context otherwise requires, all references in this offering memorandum to "Cimento Tupi," "issuer," "we," "our," "ours," "us" or similar terms refer to Cimento Tupi S.A., a *sociedade por ações* incorporated under the laws of Brazil, together with its subsidiaries.

This offering memorandum is intended solely for the purpose of soliciting indications of interest in the additional notes from qualified investors and does not purport to summarize all of the terms, conditions, covenants and other provisions contained in the indenture governing the notes and other transaction documents described herein. This offering memorandum may only be used for the purpose for which it has been published. The information provided is not all-inclusive. The market information in this offering memorandum has been obtained by the issuer from publicly available sources deemed by the issuer to be reliable. We accept responsibility for correctly extracting and reproducing such information. Notwithstanding any investigation that the initial purchaser may have conducted with respect to the information contained in this offering memorandum, the initial purchaser accepts no liability in relation to the information contained in this offering memorandum or its distribution or with regard to any other information supplied by or on the issuer's behalf.

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

You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the additional notes or possess or distribute this offering memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of the additional notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither the issuer nor the initial purchaser will have any responsibility therefor.

The issuer confirms that, after having made all reasonable inquiries, this offering memorandum contains all information with regard to the issuer and the additional notes which is material to the offering and sale of the additional notes, that the information contained in this offering memorandum is true and accurate in all material respects and is not misleading in any material respect and that there are no omissions of any other facts from this offering memorandum which, by their absence herefrom, make this offering memorandum misleading in any material respect. The issuer accepts responsibility accordingly.

This offering memorandum contains summaries intended to be accurate with respect to certain terms of certain documents, but reference is made to the actual documents, all of which will be made available to prospective investors upon request to the issuer or the trustee for complete information with respect thereto, and all such summaries are qualified in their entirety by such reference.

Prospective investors hereby acknowledge that: (i) they have been afforded an opportunity to request from the issuer and to review, and have received, all additional information considered by them to be necessary to verify the accuracy of, or to supplement, the information contained herein, (ii) they have had the opportunity to

review all of the documents described herein, (iii) they have not relied on the initial purchaser or any of its affiliates or subsidiaries in connection with any investigation of the accuracy of such information or their investment decision, and (iv) no person has been authorized to give any information or to make any representation concerning the issuer or the notes (other than as contained herein and information given by the issuer's duly authorized officers and employees, as applicable, in connection with prospective investors' examination of the issuer and the terms of this offering) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the issuer or the initial purchaser.

In making an investment decision, prospective investors must rely on their examination of the issuer and the terms of this offering, including the merits and risks involved. These additional notes have not been approved or recommended by any United States federal or state securities commission or any other United States, Brazilian or other regulatory authority. Furthermore, the foregoing authorities have not passed upon or endorsed the merits of the offering or confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

This offering memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any additional notes offered hereby by any person in any jurisdiction in which it is unlawful for such person to make an offer or solicitation.

None of the issuer, the initial purchaser or any of their respective affiliates or representatives is making any representation to any offeree or purchaser of the additional notes offered hereby regarding the legality of any investment by such offeree or purchaser under applicable legal investment or similar laws. Each prospective investor should consult with its own advisors as to legal, tax, business, financial and related aspects of a purchase of the additional notes.

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") 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 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 NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, 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 BRAZIL

The additional notes have not been and will not be registered with the Brazilian Securities Commission (the *Comissão de Valores Mobiliários* or "CVM"). Any public offering or distribution, as defined under Brazilian laws and regulations, of the additional notes in Brazil is not legal without prior registration under Law No. 6,385

of December 7, 1976 ("Law No. 6,385"), as amended, and Instruction No. 400, issued by the CVM on December 29, 2003 ("CVM Instruction No. 400"), as amended. Documents relating to the offering of the additional notes, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the additional notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of the additional notes to the public in Brazil. Persons wishing to offer or acquire the additional notes within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

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

This offering memorandum has been prepared on the basis that any offer of additional notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the additional notes. Accordingly, any person making or intending to make an offer of the additional notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the issuer or the initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the issuer nor the initial purchaser has authorized, nor do they authorize the making of any offer of additional notes in circumstances in which an obligation arises for the issuer or the initial purchaser to publish or supplement a prospectus for such offer. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU. This offering memorandum is not a "prospectus" for the purposes of the Prospectus Directive and has not been approved as such by a competent authority in any Relevant Member State.

You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the additional notes or possess or distribute this offering memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of the additional notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither the issuer nor the initial purchaser will have any responsibility therefor.

The additional notes will be initially issued in the form of one or more global securities registered in the name of Cede & Co., as nominee for DTC. See "Description of the Notes."

The issuer and the initial purchaser reserve the right to withdraw the offering of the additional notes at any time or to reject a commitment to subscribe for the additional notes, in whole or in part.

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FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements appear in a number of places in this offering memorandum, principally in "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "The Cement Industry" and "Business." Such estimates and forward-looking statements are primarily based on current expectations and projections about future events and financial trends that affect, or may affect, the issuer's business, financial condition, results of operations and prospects.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions because they relate to future events and, therefore, depend on circumstances that may or may not occur in the future. Our future results may differ materially from those expressed in or suggested by these forward-looking statements. Many of the factors that will determine these results are beyond our ability to control or predict. Investors are cautioned not to put undue reliance on any forward-looking statements. We do not undertake any obligation to release publicly any revisions to forward-looking statements contained in this offering memorandum to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

Investors should understand that the following important factors, in addition to those discussed in this offering memorandum, could affect our future results and could cause results to differ materially from those expressed in such forward-looking statements:

- general economic, political and business conditions, both in Brazil and abroad;
- our management's expectations and estimates concerning our future financial performance, financing plans and programs, and the effects of competition;
- our level of capitalization and debt;
- availability and cost of funding;
- weather conditions;
- natural disasters and other unforeseen events;
- our plans regarding capital expenditures;
- anticipated trends and competition in the Brazilian cement market;
- interest rate fluctuations, inflation and changes in the exchange rate of the *real* in relation to the U.S. dollar;
- regulatory environment, including environmental, tax and acquisition-related rules and regulations;
- credit risk, market risk and other risks of lending and investment activities;
- loss of clients and related lower revenues;
- our ability to sustain or improve our operating performance and implement our business strategies successfully;
- unfavorable outcome of legal actions and/or administrative proceedings involving us; and
- other risks as set forth under "Risk Factors."

The words “believe,” “could,” “may,” “estimate,” “continue,” “potential,” “anticipate,” “intend,” “expect,” “will,” “should” and “plan,” among others, are intended to identify forward-looking statements. Forward-looking statements speak only as of the date they were made and none of the issuer or the initial purchaser undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PRESENTATION OF FINANCIAL INFORMATION

Financial Information

The financial information included in this offering memorandum was derived from our non-consolidated audited financial statements as of and for the years ended December 31, 2010, 2009 and 2008 and for the nine month period ended September 30, 2010 and the unaudited interim financial information as of and for the nine month period ended September 30, 2011, which were prepared in accordance with accounting practices adopted in Brazil, or Brazilian GAAP. Brazilian GAAP is based on the Brazilian Corporate Law No. 6,404, as amended, or the Brazilian Corporate Law; the rules and regulations of the CVM; and technical accounting pronouncements issued by the Accounting Pronouncement Committee (*Comitê de Pronunciamentos Contábeis*), or CPC, and from the Accounting Federal Council (*Conselho Federal de Contabilidade*), or CFC. Our financial statements as of and for the years ended December 31, 2010, 2009 and 2008 and our financial information included in this offering memorandum as of September 30, 2011 and for the nine months ended September 30, 2011 and 2010 are non-consolidated. We have included consolidated financial information as of and for the nine months ended September 30, 2011 together with our non-consolidated financial information.

We adopted the modifications required by Law No. 11,638, as amended by Law No. 11,941, and the CPC Technical Accounting Pronouncements issued during 2009 and 2010 in the preparation of our annual financial statements as of and for the year ended December 31, 2010, with a retroactive application as from January 1, 2009. The adoption of the CPC Technical Accounting Pronouncements did not have a material effect on our non-consolidated financial statements and, accordingly, those financial statements are comparable.

Brazilian GAAP differs in certain significant respects from generally accepted accounting principles in the United States, or U.S. GAAP. Brazilian GAAP also differs in some respects from International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. For further information on the differences between Brazilian GAAP and IFRS, please see "Description of Certain Differences between Brazilian GAAP and International Financial Reporting Standards" presented herein.

We were not required to, and did not, produce consolidated financial statements for the years ended December 31, 2010, 2009 and 2008. As a result of the Shareholder Restructuring, which is described in "Summary—Shareholder Restructuring," we are required to prepare interim and annual consolidated financial statements. We prepared our interim financial information as of and for the nine months ended September 30, 2011 on both a non-consolidated and a consolidated basis, which are included in the financial information included elsewhere in this offering memorandum.

In this offering memorandum, unless otherwise specified, references to "R$," "*real*" or "*reais*" are to Brazilian *reais*, the official currency of Brazil; references to "U.S.$," "US$," "$," "U.S. dollars" or "dollars" are to United States dollars.

Restatement of 2010 Financial Information

The Brazilian GAAP financial information for 2010 was restated to correct the effect of slag received as a result of the *Companhia Siderúrgica Nacional*, or CSN, settlement. Previously, we recognized the slag received without cost, and after this correction, we recognized the slag based on its fair value. Accordingly, we reclassified the amounts previously presented in cost of sales to other operating income (expenses), net. The restatement resulted in an increase of cost of sales and a decrease in other operating expenses, net of R$4.1 million for the year ended December 31, 2010 and R$2.4 million for the nine months ended September 30, 2010. For further information please see note 2(ii) to our financial statements as of and for the years ended December 31, 2010 and 2009.

Changes to Brazilian GAAP

On December 28, 2007, the Brazilian Congress enacted Law No. 11,638/07, amending the Brazilian Corporate Law and introducing new accounting rules with respect to the preparation of financial statements in

order to facilitate the convergence of Brazilian GAAP with IFRS. During 2008, 2009, and 2010, the CPC issued several CPC Technical Accounting Pronouncements as part of the convergence between Brazilian GAAP and IFRS. The adoption of the CPC Technical Accounting Pronouncements did not have a material effect on our 2008, 2009, and 2010 financial statements and, accordingly, they are comparable.

Non-GAAP Measures

To be consistent with industry practice, we include certain non-GAAP financial measures which are not recognized under Brazilian GAAP, IFRS or U.S. GAAP, as part of our financial disclosure, including "EBITDA," "EBITDA margin," and "Adjusted EBITDA." Accordingly, these non-GAAP items do not have standardized meanings and may not be directly comparable to similarly-titled items adopted by other entities. Potential investors should not rely on information not recognized under Brazilian GAAP, IFRS or U.S. GAAP as a substitute for the GAAP measures of earnings, in making an investment decision. Additionally, our definition of EBITDA may not be comparable to the EBITDA defined and presented by other companies.

Shareholder Restructuring

At our extraordinary shareholders' meetings on March, 21, 2011, our shareholders and the shareholders of our then parent company, CP Cimento e Participações S.A., or CP Cimento, approved the downstream merger of CP Cimento into us, as described in further detail below in "Summary—Shareholder Restructuring." As a result of this downstream merger, we now have additional assets and liabilities and an additional subsidiary that were not included in our financial statements as of and for the years ended December 31, 2010, 2009 and 2008 or our financial information for the nine months ended September 30, 2010. Therefore, our annual financial statements as of and for the years ended December 31, 2010, 2009 and 2008 and our financial information for the nine months ended September 30, 2010 included in this offering memorandum do not reflect our financial condition post-restructuring. As required by Brazilian GAAP, due to our Shareholder Restructuring our financial information as of and for the nine months ended September 30, 2011 are presented on a consolidated basis and our future interim and annual financial statements will be on a consolidated basis. For further information please see, "Management's Discussion and Analysis of Financial Condition and Results of Operation—Financial Presentation—Shareholder Restructuring."

We have not included pro forma financial information to illustrate the effects of the downstream merger of CP Cimento into us as may be required if this offering was being made pursuant to a registration statement filed with the SEC.

Market Information

The information contained in this offering memorandum relating to Brazil and the Brazilian economy is based on information published by the Brazilian Central Bank (*Banco Central do Brasil*), or Central Bank, and by other public entities and by independent sources, including the Brazilian Geography and Statistics Institute (*Instituto Brasileiro de Geografia e Estatística*), or IBGE, among others. We have used the following sources to obtain market share and other related data: the National Cement Industry Union (*Sindicato Nacional da Indústria do Cimento*), or SNIC; the Association of Technical Standards (*Associação Brasileira de Normas Técnicas*), or ABNT; the Brazilian Portland Cement Association (*Associação Brasileira de Cimento Portland*), or ABCP; the Brazilian Construction Material Industry Association (*Associação Brasileira da Indústria de Materiais de Construção*), or Abramat; the European Cement Association, or Cembureau.

Industry publications generally state that the information presented therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry publications or forecasts and market research, while believed to be reliable, have not been independently verified by us or the initial purchaser, and neither we nor the initial purchaser make any representations as to the accuracy or completeness of any such information. Additionally, all 2011 industry data from SNIC is preliminary as of the date of this offering memorandum.

Exchange Rates

Unless otherwise indicated, we have translated certain *real* amounts included in this offering memorandum into U.S. dollars using a rate of R$1.8544 per U.S.$1.00, based on the U.S. dollar commercial selling rate as of September 30, 2011, published by the Central Bank. See "Exchange Rates."

The U.S. dollar equivalent information presented in this offering memorandum is provided solely for your convenience and should not be construed as implying that the amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate. The *real*/U.S. dollar exchange rate may fluctuate widely and the exchange rate described in this paragraph may not be indicative of future exchange rates. See "Exchange Rates" for information regarding *real*/U.S. dollar exchange rates.

Rounding

We have made rounding adjustments to reach some of the figures included in this offering memorandum. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

SUMMARY

This summary highlights information contained elsewhere in this offering memorandum. This summary presents an overview of our business and does not contain all the information you should consider before investing in the additional notes. You should read this entire offering memorandum carefully, including the sections "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited and unaudited financial statements and related notes included elsewhere in this offering memorandum before investing in the additional notes.

Overview

We are a traditional producer and distributor of cement in Brazil, with over 60 years of market experience. We offer a variety of types of cement to customers in the southeast region, the most developed and industrialized region in Brazil. The southeast region, which includes the states of São Paulo and Rio de Janeiro, has the highest gross domestic product, or GDP, in the country, and was responsible for approximately 50% of cement sales in 2010, according to SNIC. We generated non-consolidated net operating revenues of R$263.6 million for the nine months ended September 30, 2011 as compared to R$279.9 million for the nine months ended September 30, 2010. We recorded non-consolidated gross profit of R$68.3 million for the nine months ended September 30, 2011 as compared to R$68.0 million for the nine months ended September 30, 2010, non-consolidated EBITDA of R$90.4 million for the nine months ended September 30, 2011 as compared to R$47.7 million for the nine months ended September 30, 2010, and non-consolidated net income of R$57.7 million for the nine months ended September 30, 2011 as compared to R$32.7 million for the nine months ended September 30, 2010. We generated non-consolidated net operating revenues of R$374.8 million in 2010 as compared to R$348.3 million in 2009. We recorded non-consolidated gross profit of R$94.5 million in 2010 as compared to R$96.1 million in 2009, non-consolidated EBITDA of R$56.4 million in 2010 as compared to R$58.9 million in 2009, and non-consolidated net income of R$72.8 million in 2010 as compared to R$67.0 million in 2009. As of September 30, 2011, we had R$648.2 million in non-consolidated total assets, and as of December 31, 2010, we had R$504.6 million in non-consolidated total assets as compared to R$381.5 million as of December 31, 2009. We sold approximately 1.7 million tons of cement in 2009, approximately 1.8 million tons of cement in 2010, and approximately 1.2 million tons of cement for the nine month period ended September 30, 2011.

Due to the fact that cement has a low aggregate value and high transportation costs, geographic location and logistics are an essential part of our business. Our production and distribution facilities are strategically located close to Brazil's largest consumer markets. We currently own three major factories: a fully integrated production plant in Pedra do Sino in the State of Minas Gerais, a grinding plant in Volta Redonda in the State of Rio de Janeiro, and a mixing plant in Mogi das Cruzes in the State of São Paulo. We have four distribution centers in the southeast region, located in Juiz de Fora in the State of Minas Gerais, in the city of Rio de Janeiro in the State of Rio de Janeiro, in the city of Taubaté in the State of São Paulo and in the city of Queimados in the State of Rio de Janeiro, all of which are in or near major cities and consumer markets. We also distribute our products through our factories, including the Mogi das Cruzes plant adjacent to the city of São Paulo. We have an established logistics network to transport our products. We own 81 bulk cement railroad cars and rent 88 additional cars to transport both bulk and bagged cement among our facilities. Additionally, we use numerous trucks to distribute our product directly to customers.

We plan to use most of the proceeds from this offering and the offering of our original notes to expand our Pedra do Sino plant by adding a second production line, which will increase its annual nominal production capacity from 1.5 million tons to 3.2 million tons of cement per year. On April 23, 2011, we executed an Equipment Sale Agreement with Anhui Conch Kawasaki Engineering Co., Ltd., or Conch, to acquire equipment for the new production line in our Pedra do Sino plant for approximately U.S.$40.5 million. We prepaid approximately U.S.$10.2 million, and we obtained two letters of credit in favor of Conch in an aggregate amount of approximately U.S.$30.6 million. In exchange for the letters of credit, we deposited U.S.$34.0 million from the proceeds of our original notes with Bank of America Merrill Lynch. For additional information on these agreements, see "Business—Material Contracts." Furthermore, we have been working with relevant Brazilian authorities since October 2008 to acquire the necessary licenses and, on May 23, 2011, we were granted the preliminary and installation licenses for the expansion of the Pedra do Sino plant. Additionally, on August 28,

2011, we entered into a Construction Agreement (*Contrato de Empreitada*) with Serpal Engenharia e Construtora Ltda., or Serpal, in the amount of R$ 48.0 million, for the civil construction of the new production line in our Pedra do Sino plant, and on October 19, 2011, we signed an Agreement with the State of Minas Gerais for tax benefits related to the construction of the new production line.

We believe there is currently sufficient demand in the Brazilian cement market to utilize our increased capacity. According to SNIC, the consumption of cement in Brazil grew approximately 15.4% in 2010, and we believe the market will continue to grow over the coming years as a result of Brazil's growing economy, planned infrastructure projects and government incentives in the housing industry. The 2014 World Cup and the 2016 Olympic Games in Rio de Janeiro have led and will continue to lead to increases in public works and government projects. Additionally, we believe that other government projects, including the Accelerated Growth Program (*Programa de Aceleração do Crescimento*, or PAC) which has identified requirements of approximately R$1.0 trillion from 2011 to 2014 in investments in infrastructure, energy generation, transportation, housing and urban improvement projects, the "My House, My Life" ("*Minha Casa, Minha Vida*") housing program and the proposed high-speed railway connecting the cities of Rio de Janeiro, São Paulo and Campinas, will provide further demand for increased cement production. Our substantial market experience and central location, along with the increased production from our Pedra do Sino plant, will put us in good position to take advantage of the construction growth in the southeast region to stimulate the growth of our business.

Other Financial Information[1]

The table below presents summary financial data as of and for the periods indicated. As a result of the Shareholder Restructuring, we are now required to prepare interim consolidated financial information and we will be required to prepare future annual consolidated financial statements. We prepared our financial information as of and for the nine months ended September 30, 2011 on both a non-consolidated and consolidated basis, both of which are included below. The consolidated information as of and for the nine months ended September 30, 2011 is not comparable to the other periods presented as they are all non-consolidated.

	As of and for the Nine Months Ended September 30,			As of and for the Year Ended December 31,		
	2011	2011	2010	2010	2009	2008
	(*consolidated*)	(*non-consolidated*)				
	(R$ million, except percentages)					
Net income	57.7	57.7	32.7	72.9	67.0	48.3
Financial expenses	34.1	34.0	8.6	24.5	1.6	14.9
Financial income	(10.8)	(10.8)	(10.7)	(16.5)	(13.5)	(6.9)
Income tax and social contribution	8.0	6.5	11.5	(15.3)	(3.6)	(0.5)
Depreciation, amortization and depletion	3.1	3.0	5.6	3.7	7.4	8.5
Reversal of interest on shareholders' equity	–	–	–	(12.9)	–	–
EBITDA[2]	92.1	90.4	47.7	56.4	58.9	64.3
Equity results	–	(40.3)	6.2	(3.6)	2.9	(23.8)
Non-recurring income (expenses)[3]	2.8	2.8	1.0	17.5	4.6	(10.8)
Adjusted EBITDA[4]	94.9[5]	52.9	54.9	70.3	66.4	29.7
Adjusted EBITDA margin[6]	30.7%	20.1%	19.6%	18.8%	19.1%	9.2%
Net debt (cash)[7]	170.9	195.1	41.8	47.5	(14.7)	(19.0)

(1) This financial information provides a reconciliation of net income to EBITDA and Adjusted EBITDA.
(2) EBITDA means net income; *plus* financial expenses; *minus* financial income; *minus* income tax and social contribution; *plus* any depreciation, depletion or amortization; *minus* reversal of interest on shareholders' equity. EBITDA is not a measure of financial performance under Brazilian GAAP, IFRS or the accounting principles generally accepted in the United States, or US GAAP, nor should it be considered as an alternative to net income as a measure of operating performance, or as an alternative to operating cash flows, or as a measure of liquidity. EBITDA is not calculated using a standard methodology and may not be comparable to the definition of EBITDA or similarly titled measures used by other companies. As financial income and expenses, income tax and social contribution, depreciation, amortization and depletion are not considered for the calculation of EBITDA, we believe that our EBITDA provides an indication of our general economic performance, which is not affected by interest rate fluctuations, changes in income tax and social contribution rates, or depreciation and amortization. As a result, we believe EBITDA is an important tool to periodically compare our operating performance, and also as a basis for certain administrative decisions.
(3) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting our Results of Operations—Non-Recurring Events" for a discussion of factors affecting non-recurring income (expenses).
(4) Adjusted EBITDA, a performance measure used by our management, is defined as EBITDA *minus* equity results and *plus* non-recurring income (expenses). Adjusted EBITDA is not a measure of financial performance under Brazilian GAAP, IFRS or U.S. GAAP and it does not have a standardized meaning. Accordingly, our definition may not be comparable to that of other companies. Adjusted EBITDA should not

be considered as an alternative to net income (loss) as an indicator of our operating performance, or as an alternative cash flow or as an indicator of liquidity. We believe Adjusted EBITDA is an important tool to periodically compare our operating performance, and we use it as a basis for certain administrative decisions.
(5) These consolidated results include the R$38.3 million from the sale of a soybean farm by Mape. For further information see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting Our Results of Operations—Non-Recurring Events."
(6) Adjusted EBITDA margin means Adjusted EBITDA divided by net operating revenue.
(7) Net debt (cash) corresponds to the sum of short and long term loans and financing deducted by cash and cash equivalents and marketable securities.

Competitive Strengths

We believe that we possess the following strengths, which we intend to leverage in order to improve our financial performance:

Strategically Located Quarries, Plants and Distribution Centers. Our production and distribution facilities are strategically located in the southeast region, which is Brazil's most developed and industrialized region. The total consumption of cement in the southeast region of Brazil in 2010 was 29.6 million tons (according to the SNIC report), representing approximately 49.9% of Brazil's total consumption. This region represented approximately 33.1% of Brazil's GDP in 2008. Our Pedra do Sino plant, which is our largest plant and which we are expanding using proceeds from this offering, is strategically located to cater to the three largest cement markets in Brazil (São Paulo, Minas Gerais, and Rio de Janeiro). In addition, this plant is located adjacent to one of our limestone quarries, which provides us with efficient access to limestone (one of the key raw materials used to produce cement). We estimate that this quarry contains sufficient limestone reserves to supply our cement production for the next 50 years at our increased rate of consumption following the Pedra do Sino expansion.

Efficient Operations. We believe that the favorable locations of our plants and quarries allow us to produce uniform and consistent products, to be more efficient, increase profits and dilute fixed costs. Our production plant in Pedra do Sino is located 1.2 km from our limestone quarry, and our Volta Redonda facility is adjacent to a CSN (our biggest slag supplier) plant, reducing both the cost of transportation and logistical complexity. We have also been able to benefit from our proximity to rail networks connecting our plants. Because cement is a relatively expensive commodity to transport, our plants' strategic locations shorten the distance to be travelled to reach consumers, thereby lowering our costs. We believe that all of these factors reduce the costs of transportation and logistical complexity and lead to more efficient operations, higher margins and greater profits.

Established Cement Producer with a Strong Customer Base. The Cimento Tupi brand has been in the market for over 60 years, and we believe that it is associated with high quality products. We believe that our strong brand name recognition and our commitment to providing superior customer service and maintaining a strong relationship between our sales force and our clients help us maintain our diverse customer base and high customer loyalty. As of September 30, 2011, we had approximately 2,557 active customers, approximately 83% of which we estimate have been customers for 10 years or longer. Additionally, we have low customer delinquency rates; the average payment default rate over the last five years was less than 1% of cement sales.

Experienced Management. In the 60 years in which we have been operating, our managers and directors have acquired extensive experience in cement production and distribution. The average in-house experience of our senior management is 18 years. Our team of professionals is highly trained and is constantly focused on reducing operating costs and increasing revenue. In addition, our managers have developed an expertise in accessing a wide range of financing sources which we believe enables us to optimize our capital structure and costs of financing. We maintain human resource management tools that focus on the integration and motivation of our professionals with the objective of maximizing quality and efficiency.

Business Strategy

Our business strategy is to continue to strengthen our current position in the cement industry, to improve our efficiency and eventually to expand into other geographic markets. The principal components of our strategy are to:

Continue to reduce our operating costs and increase our operating efficiencies. We will continue to focus on improving the efficiency of our operations. In March 2011, we merged with our holding company, CP Cimento, in order to simplify our tax and corporate structures. Additionally, following the construction of the new production line at the Pedra do Sino plant, we plan to centralize our production in this one location, reducing transportation and other operating costs. We also continue to explore other cost-saving improvements including additional efficiencies in our cement production processes, more advanced technologies to monitor our operations and opportunities to streamline our logistics.

Focus on cement businesses. We plan to continue to focus on our core business, namely the production and sale of cement. We have reorganized and simplified our operations with respect to cement while divesting other related but less profitable businesses, such as our ready mix concrete operations and our cattle and soy bean farm in the State of Mato Grosso. For further information on the sale of our farm and our ready mix concrete operations please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting Our Results of Operations—Non-Recurring Events." By focusing on our profitable cement business, we believe we will continue to provide a high quality product to our customers while decreasing our costs.

Expand into selected new markets in the long term. As a long-term strategy, we believe that it is important to selectively diversify into new geographical markets that have strong growth potential. We currently have environmental licenses and mining concessions (*concessões de lavra*) to mine our quarry and the preliminary permits to build a factory in the northeast region of Brazil. The northeast region is the fastest growing region in Brazil in terms of GDP, with a growth rate of 21% between December 31, 2004 and December 31, 2008, which is 2% higher than the growth rate of Brazil (including the northeast) for the same period (according to IBGE). We have also recently acquired mining rights in the southern region. For further information on these mines please see "Business—Mining." By building plants and selling to customers in different regions we could expand our client base and decrease our exposure to economic fluctuations in the southeast region.

Expand into selected new cement products in the long term. We believe that it is important to selectively diversify into new products that have growth potential. We currently have mining rights for clay deposits near our mixing and distribution plant in Mogi das Cruzes, and we received on November 23, 2011 the installation license to expand this plant. This expansion would allow us to produce pozzolan cement, which is more impervious than portland cement to environmental hazards including sewage, seawater and sulfuric soils. For further information on our plans in Mogi das Cruzes and pozzolan cement, see "Business—Cement Production Capabilities—Mogi das Cruzes."

Our History

In 1949, we were incorporated as "Companhia de Cimento Vale do Paraíba." Soon after, we began our cement production at our Volta Redonda plant, in the State of Rio de Janeiro. In 1972, we changed our name to Cimento Tupi S.A. In 1976, we began operations in Pedra do Sino, in the State of Minas Gerais, and we built a distribution center in Mogi das Cruzes in the State of São Paulo. In 1998, we converted Mogi das Cruzes into a mixing and distribution plant to supply the greater São Paulo market.

Financial Restructuring

As a result of financial difficulties related to cement price instability from 2005 until 2007 at a time when approximately R$389 million of aggregate debt was maturing, CP Cimento's cash flows were insufficient to pay the outstanding debt. Both we and CP Cimento negotiated with major creditors for the renewal and restructuring of our and CP Cimento's debt. For further information on this period of cement price instability see "The Brazilian Cement Market—The Brazilian Market." On March 5, 2007, we entered into a global restructuring agreement and several ancillary agreements with creditors in which CP Cimento took on our outstanding debt and agreed to pay the full amount of the outstanding debt over an extended term to allow an opportunity to monetize certain assets. CP Cimento complied with all of the terms of these agreements and CP Cimento paid its outstanding debt from March 2007 to June 2010, when both we and CP Cimento were released from all of our obligations under these agreements. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Restructuring."

Corporate Structure

We were incorporated in 1949. Our headquarters and registered office are located at Av. Presidente Wilson, 231, 29th floor, in the city of Rio de Janeiro, State of Rio de Janeiro, CEP 20030-905. We can be contacted by telephone at +55 21 2277-2121, and we are enrolled with the Taxpayers' Registry (CNPJ/MF) under No. 33.039.223/0001-11. As of the date of this offering memorandum, we are an operating company with ten subsidiaries: Mape Incorporação e Empreendimentos Ltda., Tupi Rio Transportes S.A., Suape Granéis do Nordeste Ltda., Cimento Tupi do Nordeste Ltda., Cimento Touro Ltda., Tupimec – Indústria Mecânica Ltda., Sandra Mineração Ltda., Cimento Tupi Overseas Inc., CP Cimento Overseas Co. and Tupi Mineradora de Calcário Ltda. All of our subsidiaries except for Cimento Tupi Overseas Inc. and CP Cimento Overseas Co. are incorporated under the laws of Brazil. Cimento Tupi Overseas Inc. is organized under the laws of the British Virgin Islands, and CP Cimento Overseas Co. is incorporated in Panama. Only Mape Incorporação e Empreendimentos Ltda. and Tupimec – Indústria Mecânica Ltda. are operating subsidiaries.

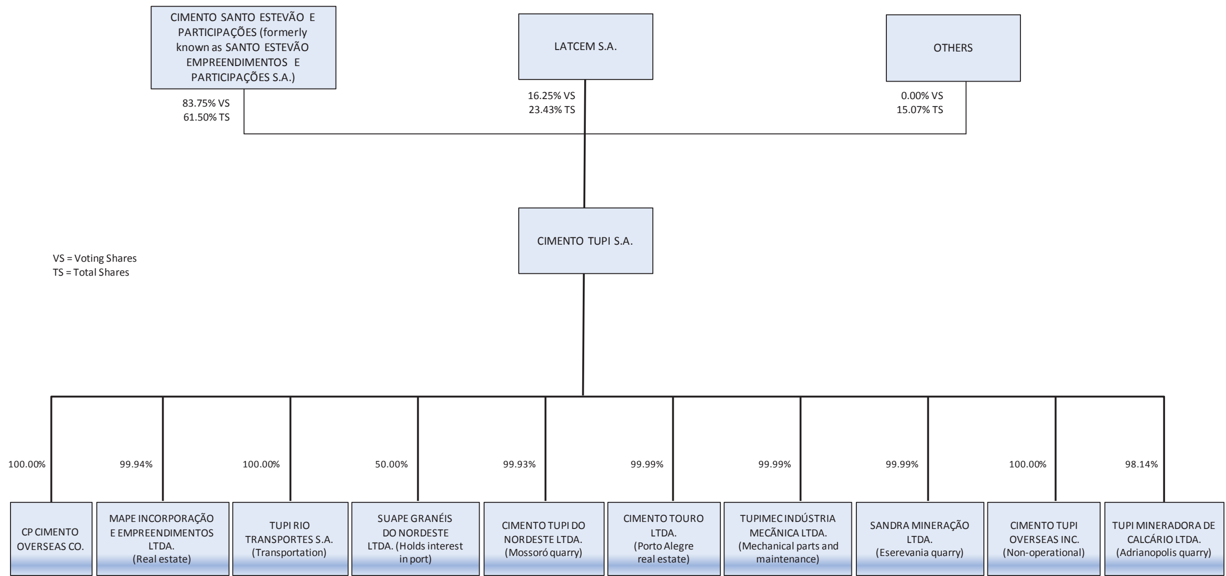
Shareholder Restructuring

At our extraordinary shareholders' meetings on March 21, 2011 our shareholders and the shareholders of our parent, CP Cimento, the holding company formed in 1999 that held 100% of our shares, approved the downstream merger of CP Cimento into us, or the Shareholder Restructuring. As a result of the Shareholder Restructuring, we became the successor of all the rights and obligations of CP Cimento. Under the Brazilian Corporate Law, our and CP Cimento's existing creditors had a period to challenge the approval of the merger in court. This period has expired and we were not notified about any legal claim challenging the merger.

Pursuant to the terms of the Brazilian Corporate Law and in accordance to the provisions of the CVM, on July 19, 2011 we filed a request to become a publicly-held company, which is still being reviewed by the CVM. Originally, the CVM requested that we provide it with audited financial statements for the three month period ended March 31, 2011. Because we were a privately held company and only have audited annual financial statements, the CVM agreed that we present audited annual financial statements as of and for the year ended December 31, 2011. We expect to become a publicly-held company after the CVM review of the additional information requested.

The shareholders of CP Cimento received our shares based on the percentage of shares that they held prior to the Shareholder Restructuring. According to the Brazilian Corporate Law, CP Cimento's shareholders who disapproved the Shareholder Restructuring had the option to exercise their rights to withdraw (*direito de retirada*) up to 30 days after publication of the minutes of the extraordinary shareholders' meetings held on March 31, 2011 in the Official Gazzette of the State of Rio de Janeiro on April 7, 2011. Four of CP Cimento's shareholders (holders of approximately 9.05% of the total shares issued by CP Cimento) exercised their withdrawal rights. We paid R$26.0 million to these minority shareholders. The Shareholder Restructuring was completed by the end of May 2011. For further information on the effect of the Shareholder Restructuring on our financial condition and results of operations see, "Management's Discussion and Analysis of Financial Condition and the Results of Operations—Financial Presentation—Shareholder Restructuring."

The chart below presents our ownership structure as of the date of this offering memorandum.



THE OFFERING

The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of the additional notes, see “Description of the Notes” in this offering memorandum.

Issuer	Cimento Tupi S.A.
Notes offered	U.S.$50,000,000 in aggregate principal amount of 9.75% Senior Unsecured Notes due May 11, 2018. The additional notes are being offered as additional debt securities under the indenture dated May 11, 2011, pursuant to which we have previously issued U.S.$100.0 million aggregate principal amount of the original notes. The original notes and the additional notes will share the same ISIN and CUSIP numbers and be fungible. The additional notes will form part of the same issue as, and be treated as a single class with the original notes for all purposes under the indenture governing the notes and will vote together as one class on all matters.
Issue price	98.827% of the principal amount of the additional notes, plus accrued interest from November 11, 2011. Purchasers will be required to pay accrued interest totaling U.S.$1,164,583.33, or U.S.$23.29 per U.S.$1,000 principal amount of additional notes, from and including November 11, 2011 to, but excluding February 7, 2012, the date we expect to deliver the additional notes.
Maturity date	May 11, 2018
Interest	The additional notes will bear interest from November 11, 2011. Interest will accrue on the notes at the annual rate of 9.75% and will be payable semi-annually in arrears on each May 11 and November 11 of each year, commencing on May 11, 2012.
Ranking	The additional notes will be the issuer’s senior unsecured obligations and will rank equally in right of payment with any future senior unsecured indebtedness of the issuer (except those obligations preferred by operation of law) and will be senior to any subordinated indebtedness of the issuer. The additional notes will effectively rank junior to all secured debt of the issuer to the extent of the value of the assets securing the debt, and will rank junior to all debt of the issuer’s subsidiaries. As of September 30, 2011, we had R$239.0 million of outstanding indebtedness on a non-consolidated basis. In addition, our subsidiaries had R$1.5 million of outstanding indebtedness as of September 30, 2011. R$57.4 million of indebtedness was secured indebtedness.

Optional Redemption	On or after May 11, 2015, we may redeem the notes in whole at any time at the redemption prices set forth in "Description of the Notes—Optional Redemption—Optional Redemption without a Make-Whole Premium." Before May 11, 2015, we may also redeem notes, in whole, at a redemption price based on a "make-whole" premium plus accrued and unpaid interest. In addition, prior to or on May 11, 2014, we may redeem up to 35% of the original principal amount of the notes with the net proceeds from certain equity offerings by us, at a price of 109.75% of the aggregate principal amount thereof, plus accrued and unpaid interest.
Redemption for Tax Reasons	We may redeem the notes, in whole but not in part, at 100% of their principal amount plus accrued and unpaid interest and additional amounts, if any, at any time upon the occurrence of specified events relating to Brazilian tax laws. See "Description of the Notes—Optional Redemption—Redemption for Taxation Reasons."
Repurchase upon change of control	If a Change of Control that results in a Ratings Decline (each as defined herein) occurs, each holder of the notes may require the issuer to repurchase all or a portion of such holder's notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase. See "Description of the Notes—Certain Covenants—Repurchase of Notes upon a Change of Control."
Certain Covenants	The indenture governing the notes contains covenants that, among other things, will limit our ability and the ability of our restricted subsidiaries to: • incur additional indebtedness, • pay dividends on, redeem or repurchase our capital stock, • make investments, • issue or sell capital stock of restricted subsidiaries, • sell assets, • enter into sale and leaseback transactions, • engage in transactions with affiliates, • create unrestricted subsidiaries, • create certain liens, and • consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a non-consolidated basis.

	These covenants are subject to important exceptions and qualifications that are described under the heading "Description of the Notes—Certain Covenants" in this offering memorandum.
Use of Proceeds	We estimate the net proceeds from the sale of the additional notes to be approximately U.S.$48.7 million after deducting the issue discount, commissions and other offering expenses. We intend to use the net proceeds of the issuance of the additional notes for the expansion of our Pedra do Sino plant, to repay debt and for general corporate purposes.
Additional Amounts	All payments of principal and interest by the issuer in respect of the notes will be made without withholding or deduction for any Brazilian or other relevant jurisdictions' taxes or other governmental charges unless such withholding or deduction is required by law. In the event we are required to withhold or deduct amounts for any taxes or other governmental charges, we will pay such additional amounts as are necessary to ensure that the holders of the notes receive the same amount as such holders would have received without such withholding or deduction, subject to certain exceptions. See "Description of the Notes—Additional Amounts."
Events of Default	For a discussion of certain events of default that will permit acceleration of the principal of the notes plus accrued interest, see "Description of Notes—Events of Default."
Additional Notes	We may, from time to time, without notice to or consent of the holders of the notes, create and issue an unlimited principal amount of additional notes of the same series as the notes initially issued in this offering, subject to satisfaction of the conditions set forth in the indenture.
Form and Denomination	The additional notes sold in the United States in reliance on Rule 144A will be evidenced by a note in global form called a restricted global note, which will be deposited with a custodian for, and registered in the name of a nominee of DTC. The additional notes sold outside the United States in reliance on Regulation S will be evidenced by a separate note in global form called a Regulation S global note, which also will be deposited with a custodian for, and registered in the name of a nominee of, DTC. Transfers of beneficial interests between the restricted global note and the Regulation S global note are subject to certification requirements. The additional notes will be issued in fully registered form in denominations of U.S.$2,000 and integral multiples of U.S.$1,000 in excess thereof. See "Description of the Notes."
Trading and Listing	Application has been made to list the additional notes on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market of the Luxembourg Stock

	Exchange.
Governing Law..	The indenture and the notes are governed by, and will be construed in accordance with, the laws of the State of New York.
ERISA..	Subject to certain conditions, the additional notes may be offered and sold to Benefit Plan Investors (as defined in "ERISA and Certain Other Considerations"). See "ERISA and Certain Other Considerations."
Trustee, registrar, paying agent and transfer agent..	The Bank of New York Mellon.
Listing agent..	The Bank of New York Mellon (Luxembourg) S.A.
Risk Factors...	See "Risk Factors" and the other information in this offering memorandum for a discussion of factors you should carefully consider before deciding to invest in the additional notes.

SUMMARY FINANCIAL AND OTHER INFORMATION

The tables below present summary financial and operating data at and for the periods indicated. You should read the information below in conjunction with the audited financial statements and unaudited financial information and notes included herein, as well as the sections entitled "Presentation of Financial Information," "Selected Financial and Operating Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this offering memorandum.

The audited financial statements as of and for the years ended December 31, 2010, 2009 and 2008 and for the nine months ended September 30, 2010 and the unaudited interim financial information as of and for the nine months ended September 30, 2011 were prepared in accordance with Brazilian GAAP. Brazilian GAAP differs in certain significant respects from U.S. GAAP. Brazilian GAAP may differ in some aspects from IFRS. For further information on the differences between Brazilian GAAP and IFRS, please see "Description of Certain Differences between Brazilian GAAP and International Financial Reporting Standards" presented herein.

We adopted the modifications required by Law No. 11,638, as amended by Law No. 11,941, and the CPC Technical Accounting Pronouncements issued during 2009 and 2010 in the preparation of our annual financial statements as of and for the year ended December 31, 2010, with a retroactive application as from January 1, 2009. The adoption of the CPC Technical Accounting Pronouncements did not have a material effect on our December 31, 2008, 2009 and 2010 financial statements and, accordingly, they are comparable.

Our audited financial statements as of and for the years ended December 31, 2008, 2009 and 2010 and for the nine months ended September 30, 2010 are non-consolidated. We were not required to, and did not, produce consolidated financial statements for these periods. As a result of the Shareholder Restructuring, we are required to prepare interim and annual consolidated financial statements. We prepared our financial information as of and for the nine months ended September 30, 2011 on both a non-consolidated and consolidated basis, both which are included herein.

At our extraordinary shareholders' meetings on March, 21, 2011, our shareholders and the shareholders of our then parent company, CP Cimento e Participações S.A., or CP Cimento, approved the downstream merger of CP Cimento into us, as described in further detail above in "Summary—Shareholder Restructuring." As a result of this downstream merger, we now have additional assets and liabilities and an additional subsidiary that were not included in our financial statements as of and for the years ended December 31, 2008, 2009 and 2010 or our financial information for the nine months ended September 30, 2010. Therefore, our annual financial statements for the years ended December 31, 2010, 2009 and 2008 and our interim financial information for the nine months ended September 30, 2010 included in this offering memorandum do not reflect our financial condition post-restructuring. As required by Brazilian GAAP, our consolidated financial information for the nine months ended September 30, 2011 are presented on a consolidated basis and our future interim and annual financial statements will be presented on a consolidated basis. For further information please see, "Management's Discussion and Analysis of Financial Condition and Results of Operation—Financial Presentation—Shareholder Restructuring."

Balance Sheet Information

Assets	As of September 30,		As of December 31,	
	2011	2011	2010	2009
	(*consolidated*) (*in millions of R$*)		(*non-consolidated*) (*in millions of R$*)	
Current assets				
Cash and cash equivalents	55.2	29.5	7.7	16.2
Marketable securities	14.3	14.3	–	–
Trade accounts receivable	55.4	29.7	26.6	24.2
Notes receivable	27.7	27.7	–	–
Inventories	40.9	38.0	49.5	53.2
Recoverable taxes	6.5	5.2	4.5	9.3
Advances to suppliers	6.6	5.9	2.5	1.1
Receivables from third parties	63.0	63.0	–	–
Other assets	1.1	0.8	0.5	0.4
Total current assets	**270.7**	**214.1**	**91.4**	**104.4**
Non-current assets				
Recoverable taxes	2.6	2.6	2.4	–
Notes receivable	25.2	25.2	23.3	21.1
Inventories	–	–	4.3	18.7
Related parties	–	20.0	186.7	66.1
Deferred income taxes and social contribution	16.8	16.8	27.0	–
Judicial deposits	3.3	3.3	3.0	2.1
Investments				
Subsidiaries	–	85.7	42.0	47.8
Other investments	2.1	2.1	2.1	2.1
Property, plant and equipment	190.7	183.6	121.1	114.7
Intangible assets	115.3	94.8	1.2	4.5
Other	10.8	–	–	–
Total non-current assets	**366.8**	**434.1**	**413.2**	**277.1**
Total assets	**637.5**	**648.2**	**504.6**	**381.5**

Liabilities	As of September 30,		As of December 31,	
	2011	2011	2010	2009
	(*consolidated*) (*in millions of R$*)		(*non-consolidated*) (*in millions of R$*)	
Current liabilities				
Suppliers	13.2	12.4	9.5	10.1
Salaries and social charges	6.0	5.5	4.5	3.9
Loans and financing	56.3	54.8	36.0	1.5
Related parties	–	20.8	18.6	11.2
Taxes payable	18.3	14.4	19.3	19.6
Interest on equity and dividends	1.1	1.1	11.0	0.1
Notes payable	–	–	4.5	10.5
Other payables	4.9	1.8	3.8	3.7
Total current liabilities	**99.8**	**110.8**	**107.2**	**60.6**
Non-current liabilities				
Loans and financing	184.1	184.1	19.2	–
Taxes and social contributions payable	33.5	33.4	35.3	38.2
Provision for contingencies	2.6	2.6	1.7	1.4
Total non-current liabilities	**220.2**	**220.1**	**56.2**	**39.6**
Equity				
Capital stock	279.9	279.9	279.9	279.9
Capital reserves	11.7	11.7	67.7	67.7
Other comprehensive income	0.3	0.3	–	–
Retained earnings (losses)	51.4	51.4	(6.4)	(66.3)
Treasury stocks	(26.0)	(26.0)	–	–
	317.3	317.3	341.2	281.3
Non-controlling interests	0.2	–	–	–
Total equity	**317.5**	**317.3**	**341.2**	**281.3**
Total liabilities and shareholders' equity	**637.5**	**648.2**	**504.6**	**381.5**

Assets	As of December 31,	
	2009	2008
	(*non-consolidated*) (*in millions of R$*)	
Current assets		
Cash and banks	16.2	30.4
Trade accounts receivables	24.2	22.0
Notes receivable	–	23.1
Inventories	53.2	37.9
Recoverable taxes	9.3	3.9
Advances to suppliers	1.1	1.6
Other assets	0.4	3.1
Total current assets	**104.4**	**122.0**
Non-current assets		
Notes receivable	21.1	27.4
Inventories	18.7	32.3
Related party transactions	66.1	14.1
Judicial deposits	2.1	2.1
Investments		
Subsidiaries	47.8	39.6
Other investments	2.1	2.1
Property, plant and equipment	114.7	127.7
Intangible assets	4.5	10.2
Total non-current assets	**277.1**	**255.5**
Total assets	**381.5**	**377.5**

Liabilities	As of December 31,	
	2009	2008
	(*non-consolidated*) (*in millions of R$*)	
Current liabilities		
Suppliers	10.1	10.2
Salaries and payroll taxes	3.9	3.5
Loans and financing	1.5	10.0
Related party transactions	11.2	31.9
Other taxes payable	19.6	22.3
Interest on shareholders' equity and dividends payable	0.1	0.1
Payable on legal suit	10.5	15.0
Other account payable	3.7	5.1
Total current liabilities	**60.6**	**98.1**
Non-current liabilities		
Loans and financing	–	1.4
Refinanced taxes and contributions	38.2	24.3
Income tax and social contribution on assets sold	–	1.3
Provision for contingencies	1.4	38.2
Total non-current liabilities	**39.6**	**65.2**
Shareholders' equity		
Capital stock	279.9	279.9
Capital reserves	65.3	65.3
Revenue reserve	2.4	2.4
Accumulated losses	(66.3)	(133.4)
Total shareholders' equity	**281.3**	**214.2**
Total liabilities and shareholders' equity	**381.5**	**377.5**

Income Statement Data

Income Statement	For the Nine Months ended September 30,			For the Year ended December 31	
	2011	2011	2010 (as restated)[(1)]	2010 (as restated)[(1)]	2009
	(*consolidated*)	(*non-consolidated*) (*in thousands of R$, except per share amounts*)			
Net operating revenue	**309,301**	**263,579**	**279,949**	**374,783**	**348,342**
Cost of sales	(199,608)	(195,245)	(211,956)	(280,261)	(252,250)
Gross income	**109,693**	**68,334**	**67,993**	**94,522**	**96,092**
Operating expenses					
Selling expenses	(5,619)	(5,619)	(5,215)	(6,883)	(6,864)
General and administrative expenses	(17,915)	(16,484)	(13,736)	(23,728)	(23,656)
Management's fees	(3,723)	(3,723)	(1,485)	(3,395)	(2,828)
Equity results	–	40,338	(6,247)	3,646	(2,865)
Other operating income (expenses), net	6,618	4,674	763	(11,403)	(8,394)
Operating income before financial income (expenses)	**89,054**	**87,520**	**42,073**	**52,759**	**51,485**
Financial expenses	(34,058)	(34,007)	(8,559)	(24,510)	(1,595)
Financial income	10,787	10,786	10,695	16,459	13,518
Financial income (expenses)	**(23,271)**	**(23,221)**	**2,136**	**(8,051)**	**11,923**
Income before income taxes	**65,783**	**64,299**	**44,209**	**44,708**	**63,408**
Income tax and social contribution	(8,034)	(6,574)	(11,462)	15,272	3,647
Reversal of interest on shareholders' equity	–	–	–	12,870	–
Non-controlling interest	(24)	–	–	–	–
Net income for the period	**57,725**	**57,725**	**32,747**	**72,850**	**67,055**
Weighted average shares (in thousands)		200,938	214,672	214,672	214,672
Common shares		107,336	107,336	107,336	107,336
Preferred shares		93,602	107,336	107,336	107,336
Basic and diluted earnings per thousand-shares – R$					
Common shares		274.5	145.3	323.2	297.5
Preferred shares		301.9	159.8	355.5	327.2

(1) The Brazilian GAAP financial information for 2010 was restated to correct the effect of slag received as a result of the CSN settlement. The restatement resulted in an increase of cost of sales and a decrease in other operating expenses, net of R$4.1 million for the year ended December 31, 2010 and R$2.4 million for the nine months ended September 30, 2010. See note 2(ii) to our financial statements as of and for the years ended December 31, 2010 and 2009.

Income Statement	For the Year ended December 31,	
	2009	2008
	(*non-consolidated*) (*in thousands of R$, except per share amounts*)	
Gross sales and service revenue	**451,115**	**417,709**
Products sold	451,115	398,410
Services rendered	–	19,299
Sales and service taxes and contributions	(102,773)	(94,353)
Net operating revenue	**348,342**	**323,356**
Cost of products sold	(252,250)	(230,370)
Cost of services rendered	–	(18,453)
Gross income	**96,092**	**74,533**
Operating expenses	(41,742)	(42,570)
Sales and service taxes and contributions	(6,864)	(7,168)
General and administrative	(23,656)	(22,879)
Management's fees	(2,828)	(1,759)
Provision for tax contingencies	–	(9,262)
Other operating expenses, net	(8,394)	(1,502)
Operating income before income on shareholding and financial income	**54,350**	**31,963**
Income on shareholding	(2,865)	23,853
Equity result	(2,865)	24,557
Goodwill amortization	–	(704)
Financial expenses	(1,595)	(14,937)

Financial income	13,518	6,899
Financial income (expense)	**11,923**	**(8,038)**
Operating income	**63,408**	**47,778**
Income tax and social contribution	3,647	509
Net income for the year	**67,055**	**48,287**
Shares outstanding at year end (in thousands)	679,547	679,547
Earnings per thousand-shares at year end – R$	**98.68**	**71.06**

Other Financial Information

	As of and for the Nine Months ended September 30,			As of and for the Year ended December 31,		
	2011	**2011**	**2010**	**2010**	**2009**	**2008**
	(*consolidated*) (*R$ million, except percentages)*	(*non-consolidated*) (*R$ million, except percentages)*				
Net income	57.7	57.7	32.7	72.9	67.0	48.3
EBITDA[(1)]	92.1	90.4	47.7	56.4	58.9	64.3
Adjusted EBITDA[(2)]	94.9[(3)]	52.9	54.9	70.3	66.4	29.7
Adjusted EBITDA margin[(4)]	30.7%	20.1%	19.6%	18.8%	19.1%	9.2%
Net debt (cash)[(5)]	170.9	195.1	41.8	47.5	(14.7)	(19.0)

(1) EBITDA means net income; *plus* financial expenses; *minus* financial income; *minus* income tax and social contribution; *plus* any depreciation, depletion or amortization; *minus* reversal of interest on shareholders' equity. See "Selected Financial Information" for further information on EBITDA and a reconciliation of our net income to EBITDA for the periods presented.
(2) Adjusted EBITDA means EBITDA *minus* equity results and *plus* non-recurring income (expenses). See "Selected Financial Information" for further information on Adjusted EBITDA and a reconciliation of our net income to Adjusted EBITDA for the periods presented.
(3) These consolidated results include the R$38.3 million from the sale of a soybean farm by Mape. For further information see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting Our Results of Operations—Non-Recurring Events."
(4) Adjusted EBITDA margin means Adjusted EBITDA divided by net operating revenue.
(5) Net debt (cash) corresponds to the sum of short and long term loans and financing deducted by cash and cash equivalents and marketable securities.

RISK FACTORS

You should carefully consider the risks and uncertainties described below and the other information in this offering memorandum before making an investment in the additional notes. The risks described below are not the only ones facing the issuer or investments in Brazil in general. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

This offering memorandum also contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements." Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including the risks facing the issuer or investments in Brazil described below and elsewhere in this offering memorandum.

For purposes of this section, the indication that a risk, uncertainty or problem may or will have a "material adverse effect on us" or that we may experience a "material adverse effect" means that the risk, uncertainty or problem could have a material adverse effect on our business, financial condition, results of operations, or our ability to make payments under the notes and/or the market price of the notes, except as otherwise indicated or as the context may otherwise require. You should view similar expressions in this section as having a similar meaning.

Risks Relating to our Operations and the Brazilian Cement Market

Our revenues depend upon the construction market, which is cyclical and depends on general economic conditions.

Demand for our products depends, in large part, upon residential and commercial construction activity and, to a lesser extent, on infrastructure construction. Commercial, residential and infrastructure construction is affected by factors such as general economic conditions, interest rates, inflation, gross domestic product, the availability of credit and consumer confidence. Historically, cement markets have experienced alternating periods of limited supply, which have caused prices and profit margins to increase, followed by periods of oversupply, which has resulted in reduced prices and profit margins. The sensitivity of residential, commercial and infrastructure construction markets to these factors, as well as to cyclical changes in the economy may adversely affect our business, results of operations or financial condition and prospects.

The market for our products is competitive, and we have little influence over the average price of cement.

The cement market is competitive, based largely on geographical coverage, brand recognition, price, and to a lesser extent, quality and service. Although the Brazilian cement market has historically been dominated by Brazilian companies, we also compete with large foreign companies. Our competitors have been and are continuing to expand their existing operations. For example, current cement producers recently announced that they will invest to increase capacity by an estimated 8.9 million tons by 2014, according to an article published in *Valor Econômico* newspaper dated October 13, 2010. Additionally, while we are primarily located in the southeast, other companies have a national presence.

We hold a market share of the Brazilian cement market of 2.63% according to preliminary data published by SNIC, which means that we have little influence on the average cement price in Brazil. If our competition lowers prices for cement, we may have to respond by lowering our prices in order to continue to compete with these companies. We believe that our efficient business practices allow us to maintain competitive prices, but if our costs of production increase, we may be unable to pass these costs on to our customers as a result of the low prices of our competitors. Lower prices or a reduction in our market share due to the growing competition could have a material adverse effect on our business, results of operations, financial condition and prospects as it has done in the past. For example in 2007, volatility in price contributed to our financial difficulties. For further

information see “Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Restructuring.”

In the past we have had to undertake a financial restructuring with our creditors and cannot assure the holders of the notes that a similar restructuring will not occur in the future.

As a result of financial difficulties related to cement price instability from 2005 until 2007 that coincided with maturities of a substantial portion of CP Cimento’s outstanding debt, both we and CP Cimento negotiated with creditors for the renewal and restructuring of our and CP Cimento’s debt. On March 5, 2007, CP Cimento and we entered into a global restructuring agreement and several ancillary agreements with the creditors in which CP Cimento took on our outstanding debt and agreed to pay the full amount of our and CP Cimento’s outstanding debt over an extended period. CP Cimento complied with all of the terms of these agreements and paid its outstanding debt of approximately R$389 million by June 30, 2010 through the sale of certain assets. Both we and CP Cimento were released from all of our obligations under these agreements. For further information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Financial Restructuring.”

We may experience periods of cement price instability in the future due to periods of oversupply as a result of the cyclical nature of the cement industry. Any such periods of price instability in the future could have a material adverse effect on our financial condition and results of operations, and we cannot assure the holders of the notes that such price instability will not impact our ability to service our debt as it becomes due. See “—The market for our products is competitive, and we have little influence over the average price of cement.”

Our operations can be affected by adverse weather conditions.

Construction activity, and thus demand for our products, decreases substantially during periods of heavy or sustained rainfall. Consequently, demand for our products is significantly lower during the rainy season which in the southeast of Brazil typically runs from January to March every year. High levels of rainfall can significantly reduce our sales volumes. Such adverse weather conditions can adversely affect our results of operations and profitability if they occur with unusual intensity, during abnormal periods, or for longer than the normal period of time, especially during peak construction periods.

Compliance with mining regulations may have a material adverse effect on our results of operations.

As part of our cement business, we carry out certain mining activities, which, pursuant to the Brazilian Federal Constitution, depend on mining authorizations (*autorização de pesquisa*) or concessions (*concessão minerária*) granted by the National Mineral Production Department (*Departamento Nacional de Produção Mineral*), or DNPM, an agency of the Ministry of Mines and Energy (*Ministério de Minas e Energia*). We must abide by numerous regulations which require periodic reporting and the payment of fees. We extract limestone from our quarries pursuant to certain mining concessions issued by the Brazilian mining authorities. Our licenses to operate our quarries and produce cement are subject to compulsory renewal. If any such license were not renewed within its compulsory term or were suspended for any reason, our production of cement could be substantially affected, as we would not have access to necessary raw materials. Additionally, we cannot assure you that modifications to existing prospecting or mining laws or regulations would not adversely affect our mining and prospecting activities and results of operations.

Compliance with environmental laws and regulations may have a material adverse effect on our results of operations.

We are subject to federal, state and municipal laws and regulations relating to the protection of the environment in Brazil. Certain laws enacted by the Brazilian government criminalize certain types of conduct that impact the environment, such as extreme pollution. Penalties for committing such crimes include fines, community service, and even imprisonment. Additionally, we are subject to administrative review of our activities, and corporations found to be in violation of these administrative environmental regulations can be fined

up to R$50 million, have their operations suspended, be barred from entering into certain types of government contracts, be required to repair or provide indemnification in respect of any environmental damages they cause and be required to forfeit tax benefits and incentives. Any violation of environmental laws and regulations and subsequent fines, suspensions, reparations and other effects may adversely affect our business, results of operations or financial condition and prospects. We cannot assure you that stricter enforcement by environmental agencies, the Public Prosecutor's Office and other governmental bodies or modifications of existing environmental laws and regulations, investigations or actions by the relevant authorities or additional environmental laws and regulations will not result in the need for additional investments in environmental testing, plant and quarry modifications and additional non-mined land and will not have a material adverse effect on our business, results of operations or financial condition.

We are also required under the Decree No. 6,640 dated November 7, 2008 to offset any environmental damage caused to the existing caves in the area we mine by adopting measures to ensure the preservation of other environmentally relevant caves. We may not have sufficient caves to offset all of the eventual exploration in our mines. If we choose to use our non-operational mines in the future, we cannot guarantee that we will be able to ensure the preservation of all needed caves. Additionally, even if we do find sufficient areas with caves to offset the environmental damage, we may have to purchase them for a high price. The inability to purchase the new areas or to adopt measures to ensure the preservation of caves could prevent us from obtaining environmental licenses necessary for our mining activities, which could result in a material adverse effect on our business, results of operations, financial condition and prospects.

We may be unaware of hazardous substances or regulated materials in the properties we own or lease. If we find contamination at any of the properties or if we fail to comply with other environmental laws and regulations, we may be required under applicable laws, regulations or lease agreements to remove or clean-up these substances at a substantial cost. Additionally, if there was an accident related to these materials, we could be held liable for any resulting damages, and we could incur significant costs associated with civil damages, administrative sanctions and penalties or criminal fines.

We believe we are in compliance with all applicable environmental standards and, at present, we are not subject to any environmental enforcement action that would have a material effect on our financial performance. Non-compliance with, or liability under, existing or imminent environmental laws and regulations, including failure to hold the requisite permits or licenses, could result in fines, penalties, criminal liability, third-party claims, remediation and clean-up costs, as well as other costs that could have a material adverse effect on our business.

A decline in Brazil's GDP could result in a rapid decline in cement consumption.

In the past, Brazilian consumption of cement has grown and declined at approximately twice the rate of Brazil's GDP growth. Depression and declines in the economy that in turn cause a decrease in GDP have led to extreme and rapid decreases in the consumption of cement. For example, according to SNIC, in 2010 the GDP increased 7.5% as compared to 2009, and correspondingly the consumption of cement increased 15.4%. If we are unable to sell our cement as a result of a decrease in consumption, our business, results of operations, financial condition and prospects could be materially adversely affected.

New products and techniques applied in the construction industry have reduced and may continue to reduce the use of cement and concrete.

New techniques and products are increasingly being applied in construction projects which have reduced the use of cement. Other traditional construction materials including steel, glass and wood are currently widely used in the construction industry in Brazil, and construction companies have begun to use a variety of new construction techniques to reduce the cost of construction. These developments may cause a reduction in the overall consumption of cement in Brazil which may adversely affect our business, results of operations, financial condition and prospects.

CADE may determine that we have engaged in anti-competitive practices and impose a substantial fine.

Since 2003, we and several other major cement companies have been involved in an administrative proceeding with the Secretary of Economic Law (*Secretaria de Direito Econômico*, or SDE) in which we are alleged to have engaged in anti-competitive behavior which restricted the supply of certain types of cement to independent ready mix companies. SDE is currently presiding over this case, and as of the date of this offering memorandum, the decision is still pending. If CADE rules against us in this proceeding, we may be subject to a fine ranging from 1% to 30% of our revenues in 2002. Any adverse decision would be subject to appeal. An adverse ruling could materially and adversely affect our business, results of operations, financial condition and prospects.

Delays in the expansion of our facilities and/or the construction of new facilities may adversely affect us.

As part of our strategy to increase our market share and improve our competitiveness through greater economies of scale, we plan to expand our Pedra do Sino plant with the proceeds from this offering of additional notes. The expansion of a production facility involves various risks, including engineering, construction, regulatory and other significant challenges that may both delay or prevent the successful operation of the project and significantly increase our costs. Our ability to successfully complete any expansion project on time is also subject to financing and other risks.

Our financial condition and results of operations may be adversely affected if:

- our new or modified facilities do not operate at designed capacity or cost more to operate than we expected;
- we are not able to complete any expansion project on time or within budget; and
- we are not able to sell our additional production at attractive prices.

We are concentrated in the southeast region of Brazil.

While we have non-operational quarries in the northeast and southern regions, our activities are concentrated in the southeast region of Brazil, where we currently hold a 5.22% market share, according to preliminary data published by SNIC. We do not engage in any significant business in other regions of the country, and as of September 30, 2011, 96.7% of our income was derived from sales to the southeast region. If our existing or new competitors decide to increase their market share in the southeast region, either by price reductions, acquisitions or through other means, we may not have the financial resources to lower our prices or to make significant investments into new markets or products to maintain our market share. If the economy in this region slows down, our business, results of operations or financial condition and prospects may be adversely affected.

Energy accounts for a significant portion of our total production costs, and higher energy prices, governmental restrictions and disruptions in the supply of energy could adversely affect our operations and financial condition.

Our production processes require us to consume a substantial amount of energy, and we currently rely on third party suppliers for all of our energy needs. Electricity shortages have occurred in Brazil in the past and could recur in the future, and we cannot assure you that the Brazilian government's policies will succeed in encouraging growth in power generation capacity. Additionally, the electricity prices under our contracts are linked to inflation, and any increase in inflation will lead to increased energy costs. Our results of operations may be materially adversely affected by higher costs of electricity, unavailability, interruptions or shortages of electrical power or other energy sources.

Petcoke is currently our principal fuel. See "Business—Costs of Production—Energy—Thermal Energy" below. We obtain our petcoke from various third-party suppliers including Petrobras and the price of petcoke is linked to global oil prices in U.S. dollars. Accordingly, if global oil prices increase or the real devalues substantially, the price of petcoke may become substantially more expensive in reais. If we are required to pay substantially more for petcoke and are not able to adjust cement prices, our results of operations may be adversely affected.

Our insurance coverage may be insufficient to cover losses in cases of damages.

Our business is generally subject to a number of risks and hazards, including industrial accidents, labor disputes, unexpected geological conditions, mine collapses, changes in the regulatory environment, environmental hazards and weather and other natural phenomena. These incidents may result in property, transportation, environmental and equipment damage, as well as personal injury and death. These accidents could also delay or interrupt our production activities, causing both monetary losses and reputational damage. We maintain insurance in amounts that we believe to be adequate to cover damages to our plants and inventories, but our insurance covers only part of the losses that we may incur. If we are unable to renew our insurance policies or suffer losses or other liabilities occur that are not covered by insurance or that exceed our insurance limits, we could be subject to significant unexpected additional costs.

We may be materially adversely affected by any disruption in or an increase in costs of our logistics or distribution networks.

Operations at our facilities could be completely or partially shut down, temporarily or permanently, as the result of any number of circumstances that are not within our control, such as catastrophic events, strikes or other labor difficulties, other disruptions in means of transportation, and suspension or termination of concessions granted to us or to our commercial partners or independent contractors relating to the right to provide a specific service. Additionally, increases in the cost of transportation could reduce our profit margin and results of operations to the extent that we are unable to pass on these increased costs to our customers. Any significant disruption in the transportation of our products between our facilities, inability to transport products to or from our customers and suppliers for any reason or increase in costs could materially adversely affect us.

If the price of raw materials increases or if there is a shortage of materials, our business and results of operations may be negatively affected.

Although we mine our own limestone, we purchase several raw materials and other inputs necessary for the production of cement. Prices for materials and inputs we use are subject to significant cyclical fluctuations and have at times substantially, increased. Increases in material costs, shorter payment terms and requests for transaction security, including bank guarantees or surety bonds, have led and may lead in the future to increased procurement costs. If we do not succeed in passing these increases on to our customers or compensating for them with other cost savings or technological advances, our results of operations could be negatively affected. Our production would also be materially impaired by disruptions in the availability of raw materials. All of the aforementioned risks could have material adverse effects on our business, financial condition and results of operations.

If we fail to complete the expansion of our Pedra do Sino plant before we exhaust our slag reserves, we will have to obtain slag from alternative slag producers.

Due to an out of court settlement reached in December 2009 with CSN over a contract dispute, CSN was required to provide us with 850,000 tons of slag. We currently receive and use approximately 30,000 tons of slag supplied by CSN each month, and, at the current rate, we will continue to receive slag from CSN until April 2012. In addition, our own slag reserves are expected to last, at current production levels, until the end of 2012.

As a result of its planned expansion, the Pedra do Sino plant will no longer need slag to produce cement as the expanded plant will not require slag in order to produce cement. However, if we are unable to complete the Pedra do Sino expansion by the end of 2012, we will have to acquire slag, either by entering into a domestic slag

contract or by importing slag from the global market in order to maintain our current production level. We cannot guarantee that we will be able to obtain slag through an alternative source at an economically viable price. If the Pedra do Sino expansion is not completed by the time our slag reserves are exhausted and if the price of slag increases or if we are unable to obtain the necessary slag, our production will diminish, which will have an adverse effect on our business, financial condition and results of operations.

We also face a risk that CSN may choose to stop providing slag to us under the settlement agreement, which may shut down or interrupt our operations in Volta Redonda once our existing reserves run out. We would have to return to court to force CSN to resume their slag shipments, and in the meantime we may have to find alternative slag sources at higher cost. Any interruptions in production or increased costs of slag could have an adverse effect on our business, financial condition and results of operations

The loss of senior management, or our inability to attract and maintain additional personnel, could have a material adverse effect on us.

Our ability to maintain our competitive position and implement our growth strategy depends on our senior management. We cannot assure you that we will be successful in attracting and maintaining qualified personnel in our management team. The loss of some of the members of our senior management, or our inability to maintain and attract additional personnel could have a material adverse effect on us.

We are substantially controlled by a single shareholder whose interests could conflict with the interests of holders of the notes.

The Koranyi Ribeiro family directly controls approximately 83% of our total voting common shares. See "Principal Shareholders." Consequently, the Koranyi Ribeiro family has the power to control us, including the power to:

- elect our directors and executive officers, set our management policy and exercise overall control over our management;
- agree to sell or in any manner transfer the controlling stake in us or any of our subsidiaries; and
- determine the outcome of any action requiring shareholder approval, including transactions with related parties, corporate reorganizations, acquisitions and dispositions of assets and the timing and payment of any future dividends.

In addition, circumstances may occur in which the interests of our controlling shareholder could conflict with the interests of the holders of the notes. For example, our controlling shareholder may have an interest in pursuing transactions that, in its judgment, will enhance the value of its investment in us even though it may involve risks to holders of the notes.

Cement is a perishable product, and failure to take proper precautions when storing and distributing cement may lead to monetary losses.

Because cement is a perishable product, it must be carefully stored and transported. Humidity and other conditions can cause the cement to harden. Additionally, cement must be distributed before its expiration date. Any storage and distribution failures may affect our business, results of operations, financial condition and prospects.

Risks Relating to Brazil

All of our operations are in Brazil or related to Brazilian assets, and therefore Brazilian economic and political conditions may adversely affect our financial condition and results of operations and the market price of the notes.

All of our operations and customers are located in Brazil. Accordingly, our financial condition and results of operations are substantially dependent on Brazil's economy, which in the past has been characterized by frequent and occasionally drastic intervention by the Brazilian government as well as volatile economic cycles.

The Brazilian government has often changed monetary, credit and other policies to influence Brazil's economy. The Brazilian government's actions to control inflation and stabilize the economy have often involved wage and price controls and fluctuation in the Central Bank's base interest rates. Actions taken by the Brazilian government concerning the economy may have significant effects on Brazilian companies including us, and on market conditions and prices of Brazilian securities. For example, in the past, the Brazilian government maintained domestic price controls, and we cannot assure investors that price controls will not be reimposed in the future, which controls could have a material adverse effect on us. Our financial condition and results of operations may also be materially and adversely affected by the following factors and the Brazilian government's actions in response to them:

- interest rate and currency exchange rate fluctuations;
- inflation;
- price instability;
- exchange controls and restrictions on remittances abroad;
- monetary policy;
- tax policy;
- environmental policy;
- policies impacting Brazil's logistical infrastructure;
- availability of experienced labor;
- liquidity of domestic capital and lending markets; and
- other political, diplomatic, social and economic developments in or affecting Brazil.

Uncertainty over whether the Brazilian government will implement changes in policy or regulation affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in the securities issued abroad by Brazilian companies. Historically, the political scenario in Brazil has influenced the performance of the Brazilian economy. In particular, political crises have affected the confidence of investors and the public in general, which adversely affected the economic development in Brazil.

Political uncertainty and other future developments in the Brazilian economy and governmental policies may adversely affect us.

Inflation and the Brazilian government's measures to curb inflation, including increasing interest rates, may contribute significantly to economic uncertainty in Brazil and adversely affect our results of operations and the trading price of the notes.

Brazil has historically experienced high rates of inflation. More recently, Brazil's annual rate of inflation was 3.85% in 2006, 7.75% in 2007, 9.81% in 2008 and (1.72%) in 2009, as measured by the General Market Price Index (*Índice Geral de Preços—Mercado*), or IGP-M. For the year ended December 31, 2010, the rate of inflation as measured by IGP-M was 11.32%, and inflation for the nine month period ended September, 2011 was 4.1%. Inflation, and certain government actions taken to combat inflation, especially through the Central Bank, had and may in the future have considerable effects on the Brazilian economy and our business. Stringent monetary policies combined with high interest rates may restrict the economic growth of Brazil and the availability of credit. Inversely, less stringent government and monetary policies as well as decreases in interest rates may increase inflation rates and, consequently, growth volatility, leading to sudden and significant rises in interest rates. If the Brazilian economy declines, there may be less demand for cement, which may adversely affect our results of operations. Additionally, the electricity, salary, real estate and vehicle rent prices under our contracts are linked to inflation, and any increase in inflation will lead to an increase in energy, salary and rent costs.

In the future, the Brazilian government may take measures such as reducing interest rates, intervening in the currency exchange market or adjusting or fixing the value of the *real*, all of which could result in higher inflation, which could adversely affect our business.

In case of increased inflation, the Brazilian government may choose to increase interest rates. High interest rates directly affect our cost of financing and may adversely affect our results of operations and the market value of the notes.

Currency devaluations and fluctuations may have a material adverse effect on our business, condition (financial or otherwise), revenues, prospects or results of operations.

The Brazilian currency has historically suffered frequent devaluations. In the past, the Brazilian government has implemented various economic plans and utilized a number of exchange rate policies, including sudden devaluations, periodic mini-devaluations, floating exchange rate systems, exchange controls and dual exchange rate markets. Devaluations over shorter periods of time have resulted in significant fluctuations in the exchange rates between the *real*, the U.S. dollar and other currencies.

In recent years, the exchange rate between the *real* and the U.S. dollar has varied significantly. However, the government's economic policies since 2003 have substantially restored confidence in the Brazilian market, and as a result, the *real* has been gradually appreciating against the U.S. dollar. The *real*/U.S. dollar exchange rates as of December 31, 2005, 2006, 2007 were R$2.3407, R$2.1380, R$1.7713 per U.S.$1.00, respectively. As an effect of the disruptions experienced in the global credit markets during the second half of 2008, the *real* began depreciating against the U.S. dollar to a rate of R$2.3370 per U.S.$1.00 as of December 31, 2008. As of December 31, 2010, the *real* appreciated 4.3% against the U.S. dollar reaching a rate of R$1.6662 per U.S.$1.00. As of September 30, 2011, the *real* had further appreciated 1.0% against the U.S. dollar reaching a rate of R$1.8544 per U.S.$1.00. No assurance can be given that the *real*/U.S. dollar exchange rate will not experience significant fluctuations again in the future. See "Exchange Rates" below.

Although we have an option on the São Paulo Stock Exchange (*BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros*), partially hedging our obligations to pay principal and interest on the original notes, our income is denominated in *reais*, and the devaluation of the *real* could, among other things, increase the cost of our payments under the notes and increase the cost of our petcoke supply contracts, both of which are denominated in dollars. See "—We rely on third parties for the supply of petcoke, the price of which is linked to global oil prices in U.S. dollars" above for further information. A fluctuation may limit our ability to make payments under the notes and may have an adverse effect on our business, condition (financial or otherwise), revenues, prospects or results of operations.

Fluctuations in interest rates could increase the cost of servicing our debt and negatively affect our overall financial performance.

Interest rates affect certain financial expenses, such as the Interbank Deposit Certificate (*Certificado de Depósito Interbancário*), or CDI. The CDI rate has fluctuated significantly in the past in response to the growth or decline of the Brazilian economy, inflation, policies of the Brazilian government and other factors. For example, the CDI rate increased from 8.55% as of December 31, 2009 to 10.64% as of December 31, 2010. The CDI rate increased to 11.88% as of September 30, 2011. A significant increase in interest rates, particularly the CDI, could have a material adverse effect on our financial expenses and negatively affect our overall financial performance.

Developments and the perception of risk in other countries, such as the recent developments in the global financial markets, and particularly in emerging market countries, may adversely affect the market price of Brazilian securities, including our notes.

The market value of securities of Brazilian companies is affected to varying degrees by economic and market conditions in Brazil, as well as, to varying degrees, by market conditions in other countries, including other Latin American countries, emerging market countries and the United States. Although economic conditions in these countries may differ significantly from economic conditions in Brazil, investors' reactions to developments in these other countries may cause the capital markets in Brazil to fluctuate.

The disruptions recently experienced in the international capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants, resulting in a reduction of available financing. Companies located in emerging market countries such as us may be particularly susceptible to these events, which may affect the price and availability of financing. Because international investors' reactions to the events occurring in one market may affect other regions, Brazil could be adversely affected by negative economic or financial developments in other countries.

The recent market volatility and disruptions have been accompanied by worsening economic data in the world's major economies, as evidenced by the economic crisis in Europe including the financial crises in Greece, Spain, Italy and Portugal, and the downgrade of the U.S. long term sovereign credit rating by Standard & Poor's. Likewise, the recent earthquake in Japan has had a negative impact on the capital markets and the world's economies, and may continue to have an impact on the natural evolution of the world's major economies.

Weakening economic conditions in Brazil may impair the ability of some of our customers to purchase our products and limit our ability to effectively execute our strategies. Accordingly, our business, financial condition and results of operations could be adversely affected by conditions in the global financial markets as long as they remain volatile and subject to disruption and uncertainty.

Changes in Brazilian tax policy may have an adverse effect on our business and results of operations.

The Brazilian Government has implemented and may again implement changes to its tax policies that may affect us. These changes include amendments to the tax rates, fees, and charges and, occasionally, the collection of temporary taxes related to specific governmental purposes. Some of such measures may lead to tax increases, which may adversely affect our results of operations.

Risks Relating to the Notes

We may incur additional indebtedness ranking equal to the notes.

The indenture will permit us and our subsidiaries to incur additional debt, including debt that ranks on an equal and ratable basis with the notes. If we incur additional debt or guarantees that rank on an equal and ratable basis with the notes, the holders of that debt (and beneficiaries of those guarantees) would be entitled to share ratably with the holders of the notes in any proceeds that may be distributed upon our insolvency, liquidation, reorganization, dissolution or other winding up. This would likely reduce the amount of any liquidation proceeds that would be available to be paid to holders of the notes.

Controls and restrictions on foreign currency remittance, or remittance to foreign investors generally, could impede our ability to make payments under the notes.

The purchase and sale of foreign currency in Brazil is subject to governmental control. In the past, the Brazilian economy has experienced balance of payment deficits and shortages in foreign currency reserves to which the Brazilian government has responded by restricting the ability to convert Brazilian currency into foreign currency. Brazilian law provides that whenever a serious imbalance in Brazil's balance of payments exists or is anticipated, the Brazilian government may impose temporary restrictions on the remittance to foreign investors of the proceeds of their investments in Brazil. For example, in 1989 and early 1990, the Brazilian government restricted fund transfers that were owed to foreign equity investors and held by the Central Bank, in order to conserve Brazil's foreign currency reserves. These amounts were subsequently released. However, similar measures could be taken by the Brazilian government in the future.

Even though the Brazilian foreign exchange market passed through a de-regulation process, the Brazilian government may in the future:

- restrict companies from paying amounts denominated in foreign currencies (such as payments under the notes); or
- require that any of those payments be made in *reais*.

The likelihood of such restrictions may be determined by the extent of Brazil's foreign currency reserves, the availability of foreign currency in the foreign exchange markets on the date a payment is due, the size of Brazil's debt service burden relative to the economy as a whole, Brazil's policy toward the International Monetary Fund, political constraints to which Brazil may be subject and other factors. To date, the Brazilian government has not imposed any restrictions on payments by Brazilian issuers in respect of debt securities issued in the international capital markets, but we cannot assure that such restrictions will not be imposed by the Brazilian government.

A liquid trading market for the notes may not develop.

Although a trading market has developed for the original notes, there can be no assurance that an active trading market will exist for the notes.

While the additional notes will be registered on the Euro MTF Market of the Luxembourg Stock Exchange, there can be no assurance that a liquid trading market for the notes will be maintained. If an active market for the notes does not develop, the price of the notes and the ability of a holder of the notes to find a ready buyer will be adversely affected. As a result, an investor may be unable to sell the notes at a price equivalent to, or higher than, the price paid to purchase the notes.

The market for Brazilian securities is substantially smaller, less liquid and potentially more volatile than the markets for securities from the United States and other developed countries. These market characteristics may significantly limit the ability of the notes holders to sell the notes at the price and time desired, which may adversely affect the price of the notes.

The notes are subject to transfer restrictions.

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

Judgments of Brazilian courts enforcing our obligations under the notes are payable only in Brazilian reais.

If proceedings were brought in the courts of Brazil seeking to enforce our obligations under the notes, we would not be required to discharge our obligations in a currency other than *reais*. Under the Brazilian exchange control limitations, an obligation in Brazil to pay amounts denominated in a currency other than *reais* may only be satisfied in Brazilian currency at the rate of exchange, as determined by the Central Bank, in effect on the date on which: (i) the lawsuit is filed, (ii) the judgment is rendered or (iii) the relevant payment is made. We cannot provide any assurance that such rate of exchange will afford the full compensation of the amount invested in the notes plus accrued interest (if any).

Payments under the notes are subject to our receipt of certain governmental authorizations.

Our issuance of the additional notes is subject to certain Central Bank registrations, namely (1) registration of the main financial terms under the relevant Declaratory Registry of Financial Operations (*Registro Declaratório de Operações Financeiras*), or ROF, on the Information System of the Central Bank for the issuance of the notes by us, which shall be obtained prior to any such issuance, (2) schedule of payments in connection with any such issuance, which shall be obtained after the entry of the related proceeds into Brazil, and (3) further authorization from the Central Bank to enable us to remit payments abroad in foreign currency other than scheduled payments of principal, interest, commissions, costs and expenses contemplated by the relevant ROF or to make any payment provided for in such ROF earlier than the due date thereof. It is uncertain that any such approval will be obtainable at any future date. If such approval is not obtained, we may be unable to make payments to noteholders in U.S. dollars.

Brazilian bankruptcy laws may not be as favorable to noteholders as insolvency and bankruptcy laws of other jurisdictions.

If we are unable to pay our indebtedness, including our obligations under the notes, we may become subject to bankruptcy proceedings in Brazil. The bankruptcy laws of Brazil currently in effect are significantly different from, and may be less favorable to creditors than, those of certain other jurisdictions. If we were to be declared bankrupt, statutory preferences such as claims for salaries, wages, secured credits, social security and other taxes, court fees and expenses, would have preference over any other claims. In addition, since the notes will be unsecured debt, the notes will rank equally in right of payment with our existing and future unsecured debt, and will be subordinated to all existing and future secured debt to the extent of the value of the assets securing the secured debt.

Noteholders may have limited voting rights at creditors' meetings in the context of a court reorganization proceeding. In addition, any judgment obtained against us in Brazilian courts in respect of any payment obligations under the notes normally would be expressed in the *real* equivalent of the U.S. dollar amount of such sum at the exchange rate in effect (1) on the date of actual payment, (2) on the date on which such judgment is rendered or (3) on the date on which collection or enforcement proceedings are started against us. Consequently, in the event of our bankruptcy, all of our debt obligations, including the notes, which are denominated in foreign currency, will be converted into *reais* at the prevailing exchange rate on the date of declaration of our bankruptcy by the court. We cannot assure investors that such rate of exchange will afford full compensation of the amount invested in the notes plus accrued interest.

We cannot assure investors that a judgment of a court for liabilities under the securities laws of a jurisdiction outside Brazil would be enforceable in Brazil, or that an original action can be brought in Brazil against us for liabilities under applicable securities laws.

We are incorporated under the laws of Brazil, and all of our assets are located in Brazil. Substantially all of our directors, executive officers and certain advisors named herein reside in Brazil. As a result, it may not be possible for investors to effect service of process within the United States upon us or our directors, executive officers and advisors, or to enforce us or our directors, executive officers and advisors, in U.S. or Brazilian courts, any judgments predicated upon the civil liability provisions of applicable securities laws. In addition, it may not be possible to bring an original action in Brazil against us for liabilities under securities laws of the United States

or other jurisdictions or to enforce the Notes if the indenture or the Notes were to be declared void by a court applying the laws of the State of New York. See “Enforceability of Civil Judgments.”

Any reduction in our credit ratings could materially and adversely affect us.

The ratings of the notes address the likelihood of payment of principal at the maturity of the notes. The ratings also address the timely payment of interest on each interest payment date. The ratings of the notes are not a recommendation to purchase, hold or sell the notes, and the ratings do not comment on market price or suitability for any particular investor. We cannot assure you that the ratings of the notes will remain for any given period of time or that the ratings will not be lowered or withdrawn. The assigned ratings may be raised or lowered depending, among other factors, on the rating agencies' respective assessment of our financial strength, as well as their assessment of Brazilian sovereign risk generally.

In addition, credit ratings impact the interest rates we pay on funds that we borrow and the market's perception of our financial strength. If the ratings on the notes were reduced and the market were to perceive any such reduction as a deterioration of our financial strength, our cost of borrowing would likely increase and our results of operations, cash flows and financial condition could be materially adversely affected.

We may be unable to purchase the notes upon a specified change of control event, which would result in defaults under the indenture governing the notes.

The terms of the notes require us to make an offer to repurchase the notes upon the occurrence of a specified change of control event at a purchase price equal to 101% of the principal amount of the notes, plus accrued interest to the date of the purchase. Any financing arrangements we may enter may require repayment of amounts outstanding upon the occurrence of a change of control event and limit our ability to fund the repurchase of your notes in certain circumstances. It is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of notes or that restrictions in our credit facilities and other financing arrangements will not allow the repurchases. See “Description of the Notes—Certain Covenants—Repurchase of Notes upon a Change of Control.”

ENFORCEABILITY OF CIVIL JUDGMENTS

We are a corporation organized under the laws of Brazil. Substantially all of our directors and executive officers and certain advisors named herein reside in Brazil or elsewhere outside the United States, and all or a significant portion of the assets of such persons may be, and substantially all of our assets are, located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States or other jurisdictions outside Brazil upon such persons or to enforce against them or against any of our judgments predicated upon the civil liability provisions of the U.S. federal securities laws or the laws of such other jurisdictions. In the terms and conditions of the notes, we: (1) agree that the courts of the State of New York and the federal courts of the United States, in each case sitting in the borough of Manhattan, the city of New York shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with the notes and, for such purposes, irrevocably submit to the jurisdiction of such courts; and (2) name an agent for service of process in the borough of Manhattan, the city of New York. See "Description of the Notes."

We have been advised by Barbosa, Müssnich e Aragão, our Brazilian counsel, that judgments of non-Brazilian courts for civil liabilities predicated upon the securities laws of such countries, including the securities laws of the United States, subject to certain requirements described below, may be enforced in Brazil. A judgment against either us or any other person described above obtained outside Brazil would be enforceable in Brazil against us or any such person without reconsideration of the merits, upon confirmation of that judgment by the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça)*. That confirmation, generally, will occur if the foreign judgment: (1) fulfils all formalities required for its enforceability under the laws of the country where the foreign judgment is granted; (2) is issued by a competent court after proper service of process is made in accordance with Brazilian legislation; (3) is not subject to appeal; (4) is authenticated by a Brazilian consular office in the country where the foreign judgment is issued and is accompanied by a sworn translation into Portuguese; and (5) is not contrary to Brazilian national sovereignty, public policy or public morality (as set forth in Brazilian law). Notwithstanding the foregoing, no assurance can be given that confirmation will be obtained, that the process described above can be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment for violation of the securities laws of countries other than Brazil with respect to the notes.

We understand that original actions predicated on the securities laws of countries other than Brazil may be brought in Brazilian courts and that Brazilian courts may enforce civil liabilities in such actions against us, our directors, certain of our officers and the advisors named herein. Pursuant to Article 835 of the Brazilian Code of Civil Procedures, a plaintiff (whether Brazilian or non-Brazilian) who resides outside or leaves Brazil during the course of litigation in Brazil must provide a bond to guarantee court costs and legal fees if the plaintiff owns no real property in Brazil that may ensure such payment. This bond must have a value sufficient to satisfy the payment of court fees and defendant's attorneys' fees, as determined by the Brazilian judge. This requirement does not apply to enforcement of foreign judgments which have been duly confirmed by the Brazilian Superior Court of Justice, nor to cases of collection of claims based on an instrument (which does not include the notes) that may be enforced in Brazil without the review of its merit (*título executivo extrajudicial*) or counterclaims (*reconvenções*).

EXCHANGE RATES

Until March 4, 2005, there were two legal foreign exchange markets in Brazil: the commercial rate exchange market (or the Commercial Market) and the floating rate exchange market (or the Floating Market). On January 25, 1999, the Brazilian government announced the unification of the exchange positions of the Brazilian financial institutions in the Commercial Market and in the Floating Market, leading to a convergence in the pricing and liquidity of both markets. The Commercial Market was reserved primarily for foreign trade transactions and transactions that generally required prior approval from Brazilian monetary authorities, such as the purchase and sale of registered investments by foreign persons and related remittances of funds abroad (including the payment of principal of and interest on loans, notes, bonds and other debt instruments denominated in foreign currencies and duly registered with the Central Bank). The Floating Market rate generally applied to specific transactions for which Central Bank approval was not required. Both the Commercial Market rate and the Floating Market rate were reported by the Central Bank on a daily basis.

The Brazilian National Monetary Council (*Conselho Monetário National*), or CMN, has since then introduced several changes in the Brazilian foreign exchange regime, including: (1) unification of the Commercial Market and the Floating Market; (2) relaxation of rules for the acquisition of foreign currency by Brazilian residents; (3) extension of the period for reporting proceeds derived from Brazilian exports to the Central Bank; (4) permission for exporters to retain their proceeds from exports outside Brazil; and (5) authorization to receive export proceeds in any currency (including *reais*), regardless of the specific currency registered with the Central Bank, among others.

The following table sets forth the period end, average, high and low Foreign Exchange Market selling rates published by the Central Bank on its electronic information system (SISBACEN), under transaction code PTAX 800 (*Consultas de Câmbio*), or Exchange Rate Enquiry, Option 5, *Venda (Cotações para Contabilidade),* or Rates for Accounting Purposes expressed in *reais* per U.S. dollar for the periods and dates indicated. The exchange rate as of January 27, 2012 was R$1.7436 per U.S.$1.00.

	Closing Selling Rates of *reais* per U.S.$1.00			
Year	**Low**	**High**	**Average[(1)]**	**Year End**
2006	2.0586	2.3711	2.1778	2.1380
2007	1.7325	2.1556	1.9483	1.7713
2008	1.5593	2.5004	1.8372	2.3370
2009	1.7024	2.4218	1.9935	1.7412
2010	1.6554	1.8811	1.7583	1.6662
2011	1.5345	1.9016	1.6746	1.8758

	Closing Selling Rates of *reais* per U.S.$1.00			
Month	**Low**	**High**	**Average[(2)]**	**Period End**
July 2011	1.5345	1.5828	1.5639	1.5563
August 2011	1.5551	1.6334	1.5989	1.5872
September 2011	1.6040	1.9016	1.7348	1.8544
October 2011	1.6885	1.8856	1.7726	1.6885
November 2011	1.7270	1.8937	1.7905	1.8109
December 2011	1.7830	1.8758	1.8369	1.8758
January 2012 (through January 27)	1.7389	1.8683	1.7942	1.7436

(1) Represents the average of the month end rates beginning with December of the previous period through the last month of the period indicated.
(2) Represents the average of the lowest and highest daily rates in the period.

USE OF PROCEEDS

We estimate the net proceeds from the sale of the additional notes to be approximately U.S.$48.7 million after deducting the issue discount, commissions and other offering expenses. We intend to use the net proceeds of the issuance of the additional notes for the expansion of our Pedra do Sino plant, the repayment of debt and general corporate purposes. For further information please see “Business—Cement Production Capabilities—Expansion of Pedra do Sino.”

CAPITALIZATION

The following table sets forth our capitalization represented by the sum of our short- and long-term loans and financing and shareholders equity as of September 30, 2011, as derived from our unaudited interim non-consolidated financial information, prepared in accordance with Brazilian GAAP on an actual basis and as adjusted to give effect to (i) the R$10.0 million financing agreement entered into on December 19, 2011 with the Development Bank of the State of Minas Gerais (*Banco de Desenvolvimento de Minas Gerais*), or BDMG (for further information see "Management's Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and Capital Resources—Indebtedness"); (ii) the approval of the payment of R$16.5 million interest on shareholders' equity on December 26, 2011 (for further information see "Principal Shareholders—Payments of Dividends to Shareholders—Payment of Dividends and Interest on Shareholders' Equity"); and (iii) the issuance of the additional notes. This table should be read in conjunction with "Summary Financial and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements included elsewhere in this offering memorandum.

Since September 30, 2011, there has been no material change in our capitalization.

	As of September 30, 2011 (Actual)		**As of September 30, 2011 (As adjusted)[2]**	
	(*in R$ thousands*)	(*in U.S.$ thousands*)[1]	(*in R$ thousands*)	(*in U.S.$ thousands*)[1]
Short-term				
Loans and financing	54,844	29,575	54,844	29,575
Total short-term loans and financing	**54,844**	**29,575**	**54,844**	**29,575**
Long-term				
Loans and financing[3]	184,135	99,296	284,496	153,417
Total long term loans and financing	**184,135**	**99,296**	**284,496**	**153,417**
Shareholders' equity	**317,281**	**171,096**	**300,781**	**162,199**
Total capitalization[4]	**556,260**	**299,967**	**640,121**	**345,191**

(1) Amounts stated in U.S. dollars have been converted from Brazilian *reais* using a rate of R$1.8544 per U.S.$1.00, based on the U.S. dollar selling rate as of September 30, 2011, as published by the Central Bank.

(2) As adjusted to reflect (i) the R$10.0 million financing agreement entered into on December 19, 2011 with BDMG; (ii) the approval of the payment of R$16.5 million interest on shareholders' equity on December 26, 2011; and (iii) the issuances of the additional notes and assuming net proceeds of U.S.$48.7 million, after deducting the issue discount, commissions and other estimated offering expenses, converted from U.S. dollars to *reais* using the rate of R$1.8544 to U.S.$1.00, the U.S. dollar selling rate as of September 30, 2011, as published by the Central Bank.

(3) Reflects the net proceeds of R$145.907 million from the issuance of the original notes, converted from U.S. dollars to *reais* using the rate of R$1.6662 to U.S.$1.00, the U.S. dollar selling rate as of December 31, 2010, as published by the Central Bank. The net proceeds from the issuance of the original notes was used for general corporate purposes and the expansion of our Pedra do Sino plant.

(4) Total capitalization corresponds to the sum of short and long term loans and financing and shareholders' equity.

SELECTED FINANCIAL INFORMATION

The tables below present summary financial and operating data at and for the periods indicated. You should read the information below in conjunction with the audited financial statements and unaudited financial information and notes included herein, as well as the sections entitled "Presentation of Financial Information," "Selected Financial and Operating Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this offering memorandum.

The audited financial statements as of and for the years ended December 31, 2010, 2009 and 2008 and for the nine months ended September 30, 2010 and the unaudited interim financial information as of and for the nine months ended September 30, 2011 were prepared in accordance with Brazilian GAAP. Brazilian GAAP differs in certain significant respects from U.S. GAAP. Brazilian GAAP may differ in some aspects from IFRS. For further information on the differences between Brazilian GAAP and IFRS, please see "Description of Certain Differences between Brazilian GAAP and International Financial Reporting Standards" presented herein.

We adopted the modifications required by Law No. 11,638, as amended by Law No. 11,941, and the CPC Technical Accounting Pronouncements issued during 2009 and 2010 in the preparation of our annual financial statements as of and for the year ended December 31, 2010, with a retroactive application as from January 1, 2009. The adoption of the CPC Technical Accounting Pronouncements did not have a material effect on our December 31, 2008, 2009 and 2010 financial statements and, accordingly, they are comparable.

Our financial statements as of and for the years ended December 31, 2008, 2009 and 2010 and for the nine months ended September 30, 2010 are non-consolidated. We were not required to, and did not, produce consolidated financial statements for these periods. As a result of the Shareholder Restructuring, we are required to prepare interim and annual consolidated financial statements. We prepared our financial information as of and for the nine months ended September 30, 2011 on both a non-consolidated and consolidated basis, both which are included herein.

At our extraordinary shareholders' meetings on March, 21, 2011, our shareholders and the shareholders of our then parent company, CP Cimento e Participações S.A., or CP Cimento, approved the downstream merger of CP Cimento into us, as described in further detail above in "Summary—Shareholder Restructuring." As a result of this downstream merger, we now have additional assets and liabilities and an additional subsidiary that were not included in our financial statements as of and for the years ended December 31, 2008, 2009 and 2010 or our financial information for the nine months ended September 30, 2010. Therefore, our annual financial statements for the years ended December 31, 2010, 2009 and 2008 and our interim financial information for the nine months ended September 30, 2010 included in this offering memorandum do not reflect our financial condition post-restructuring. As required by Brazilian GAAP, our consolidated financial information for the nine months ended September 30, 2011 are presented on a consolidated basis and our future interim and annual financial statements will be presented on a consolidated basis. For further information please see, "Management's Discussion and Analysis of Financial Condition and Results of Operation—Financial Presentation—Shareholder Restructuring."

Balance Sheet Information

Assets	As of September 30,		As of December 31,	
	2011	2011	2010	2009
	(consolidated) *(in millions of R$)*		*(non-consolidated)* *(in millions of R$)*	
Current assets				
Cash and cash equivalents	55.2	29.5	7.7	16.2
Marketable securities	14.3	14.3	–	–
Trade accounts receivable	55.4	29.7	26.6	24.2
Notes receivable	27.7	27.7	–	–
Inventories	40.9	38.0	49.5	53.2
Recoverable taxes	6.5	5.2	4.5	9.3
Advances to suppliers	6.6	5.9	2.5	1.1
Receivables from third parties	63.0	63.0	–	–
Other assets	1.1	0.8	0.5	0.4
Total current assets	**270.7**	**214.1**	**91.4**	**104.4**
Non-current assets				
Recoverable taxes	2.6	2.6	2.4	–
Notes receivable	25.2	25.2	23.3	21.1
Inventories	–	–	4.3	18.7
Related parties	–	20.0	186.7	66.1
Deferred income taxes and social contribution	16.8	16.8	27.0	–
Judicial deposits	3.3	3.3	3.0	2.1
Investments				
Subsidiaries	–	85.7	42.0	47.8
Other investments	2.1	2.1	2.1	2.1
Property, plant and equipment	190.7	183.6	121.1	114.7
Intangible assets	115.3	94.8	1.2	4.5
Other	10.8	–	–	–
Total non-current assets	**366.8**	**434.1**	**413.2**	**277.1**
Total assets	**637.5**	**648.2**	**504.6**	**381.5**

Liabilities	As of September 30,		As of December 31,	
	2011	2011	2010	2009
	(consolidated) *(in millions of R$)*		*(non-consolidated)* *(in millions of R$)*	
Current liabilities				
Suppliers	13.2	12.4	9.5	10.1
Salaries and social charges	6.0	5.5	4.5	3.9
Loans and financing	56.3	54.8	36.0	1.5
Related parties	–	20.8	18.6	11.2
Taxes payable	18.3	14.4	19.3	19.6
Interest on equity and dividends	1.1	1.1	11.0	0.1
Notes payable	–	–	4.5	10.5
Other payables	4.9	1.8	3.8	3.7
Total current liabilities	**99.8**	**110.8**	**107.2**	**60.6**
Non-current liabilities				
Loans and financing	184.1	184.1	19.2	–
Taxes and social contributions payable	33.5	33.4	35.3	38.2
Provision for contingencies	2.6	2.6	1.7	1.4
Total non-current liabilities	**220.2**	**220.1**	**56.2**	**39.6**
Equity				
Capital stock	279.9	279.9	279.9	279.9
Capital reserves	11.7	11.7	67.7	67.7
Other comprehensive income	0.3	0.3	–	–
Retained earnings (losses)	51.4	51.4	(6.4)	(66.3)
Treasury stocks	(26.0)	(26.0)	–	–
	317.3	317.3	341.2	281.3
Non-controlling interests	0.2	–	–	–
Total equity	**317.5**	**317.3**	**341.2**	**281.3**
Total liabilities and shareholders' equity	**637.5**	**648.2**	**504.6**	**381.5**

Assets	As of December 31,	
	2009	2008
	(*non-consolidated*) (*in millions of R$*)	
Current assets		
Cash and banks	16.2	30.4
Trade accounts receivables	24.2	22.0
Notes receivable	–	23.1
Inventories	53.2	37.9
Recoverable taxes	9.3	3.9
Advances to suppliers	1.1	1.6
Other assets	0.4	3.1
Total current assets	**104.4**	**122.0**
Non-current assets		
Notes receivable	21.1	27.4
Inventories	18.7	32.3
Related party transactions	66.1	14.1
Judicial deposits	2.1	2.1
Investments		
Subsidiaries	47.8	39.6
Other investments	2.1	2.1
Property, plant and equipment	114.7	127.7
Intangible assets	4.5	10.2
Total non-current assets	**277.1**	**255.5**
Total assets	**381.5**	**377.5**

Liabilities	As of December 31,	
	2009	2008
	(*non-consolidated*) (*in millions of R$*)	
Current liabilities		
Suppliers	10.1	10.2
Salaries and payroll taxes	3.9	3.5
Loans and financing	1.5	10.0
Related party transactions	11.2	31.9
Other taxes payable	19.6	22.3
Interest on shareholders' equity and dividends payable	0.1	0.1
Payable on legal suit	10.5	15.0
Other account payable	3.7	5.1
Total current liabilities	**60.6**	**98.1**
Non-current liabilities		
Loans and financing	–	1.4
Refinanced taxes and contributions	38.2	24.3
Income tax and social contribution on assets sold	–	1.3
Provision for contingencies	1.4	38.2
Total non-current liabilities	**39.6**	**65.2**
Shareholders' equity		
Capital stock	279.9	279.9
Capital reserves	65.3	65.3
Revenue reserve	2.4	2.4
Accumulated losses	(66.3)	(133.4)
Total shareholders' equity	**281.3**	**214.2**
Total liabilities and shareholders' equity	**381.5**	**377.5**

Income Statement Data

Income Statement	For the Nine Months ended September 30,			For the Year ended December 31	
	2011	2011	2010 (as restated)[(1)]	2010 (as restated)[(1)]	2009
	(*consolidated*)	(*non-consolidated*) (*in thousands of R$, except per share amounts*)			
Net operating revenue	**309,301**	**263,579**	**279,949**	**374,783**	**348,342**
Cost of sales	(199,608)	(195,245)	(211,956)	(280,261)	(252,250)
Gross income	**109,693**	**68,334**	**67,993**	**94,522**	**96,092**
Operating expenses					
Selling expenses	(5,619)	(5,619)	(5,215)	(6,883)	(6,864)
General and administrative expenses	(17,915)	(16,484)	(13,736)	(23,728)	(23,656)
Management's fees	(3,723)	(3,723)	(1,485)	(3,395)	(2,828)
Equity results	–	40,338	(6,247)	3,646	(2,865)
Other operating income (expenses), net	6,618	4,674	763	(11,403)	(8,394)
Operating income before financial income (expenses)	**89,054**	**87,520**	**42,073**	**52,759**	**51,485**
Financial expenses	(34,058)	(34,007)	(8,559)	(24,510)	(1,595)
Financial income	10,787	10,786	10,695	16,459	13,518
Financial income (expenses)	**(23,271)**	**(23,221)**	**2,136**	**(8,051)**	**11,923**
Income before income taxes	**65,783**	**64,299**	**44,209**	**44,708**	**63,408**
Income tax and social contribution	(8,034)	(6,574)	(11,462)	15,272	3,647
Reversal of interest on shareholders' equity	–	–	–	12,870	–
Non-controlling interest	(24)	–	–	–	–
Net income for the period	**57,725**	**57,725**	**32,747**	**72,850**	**67,055**
Weighted average shares (in thousands)		200,938	214,672	214,672	214,672
Common shares		107,336	107,336	107,336	107,336
Preferred shares		93,602	107,336	107,336	107,336
Basic and diluted earnings per thousand-shares – R$					
Common shares		274.5	145.3	323.2	297.5
Preferred shares		301.9	159.8	355.5	327.2

(1) The Brazilian GAAP financial information for 2010 was restated to correct the effect of slag received as a result of the CSN settlement. The restatement resulted in an increase of cost of sales and a decrease in other operating expenses, net of R$4.1 million for the year ended December 31, 2010 and R$2.4 million for the nine months ended September 30, 2010. See note 2(ii) to our financial statements as of and for the years ended December 31, 2010 and 2009.

Income Statement	For the Year ended December 31,	
	2009	2008
	(*non-consolidated*) (*in thousands of R$, except per share amounts*)	
Gross sales and service revenue	**451,115**	**417,709**
Products sold	451,115	398,410
Services rendered	–	19,299
Sales and service taxes and contributions	(102,773)	(94,353)
Net operating revenue	**348,342**	**323,356**
Cost of products sold	(252,250)	(230,370)
Cost of services rendered	–	(18,453)
Gross income	**96,092**	**74,533**
Operating expenses	(41,742)	(42,570)
Sales and service taxes and contributions	(6,864)	(7,168)
General and administrative	(23,656)	(22,879)
Management's fees	(2,828)	(1,759)
Provision for tax contingencies	–	(9,262)
Other operating expenses, net	(8,394)	(1,502)
Operating income before income on shareholding and financial income	**54,350**	**31,963**
Income on shareholding	(2,865)	23,853
Equity result	(2,865)	24,557
Goodwill amortization	–	(704)
Financial expenses	(1,595)	(14,937)

Financial income	13,518	6,899
Financial income (expense)	**11,923**	**(8,038)**
Operating income	**63,408**	**47,778**
Income tax and social contribution	3,647	509
Net income for the year	**67,055**	**48,287**
Shares outstanding at year end (in thousands)	679,547	679,547
Earnings per thousand-shares at year end – R$	**98.68**	**71.06**

Other Financial Information[1]

	As of and for the Nine Months ended September 30,			As of and for the Year ended December 31,		
	2011	**2011**	**2010**	**2010**	**2009**	**2008**
	(*consolidated*) (*R$ million, except percentages*)	(*non-consolidated*) (*R$ million, except percentages*)				
Net income	57.7	57.7	32.7	72.9	67.0	48.3
Financial expenses	34.1	34.0	8.6	24.5	1.6	14.9
Financial income	(10.8)	(10.8)	(10.7)	(16.5)	(13.5)	(6.9)
Income tax and social contribution	8.0	6.5	11.5	(15.3)	(3.6)	(0.5)
Depreciation, amortization and depletion	3.1	3.0	5.6	3.7	7.4	8.5
Reversal of interest on shareholders' equity	–	–	–	(12.9)	–	–
EBITDA[2]	92.1	90.4	47.7	56.4	58.9	64.3
Equity results	–	(40.3)	6.2	(3.6)	2.9	(23.8)
Non-recurring income (expenses)[3]	2.8	2.8	1.0	17.5	4.6	(10.8)
Adjusted EBITDA[4]	94.9[5]	52.9	54.9	70.3	66.4	29.7
Adjusted EBITDA margin[6]	30.7%	20.1%	19.6%	18.8%	19.1%	9.2%
Net debt (cash)[7]	170.9	195.1	41.8	47.5	(14.7)	(19.0)

(1) This financial information provides a reconciliation of net income to EBITDA and Adjusted EBITDA.
(2) EBITDA means net income; *plus* financial expenses; *minus* financial income; *minus* income tax and social contribution; *plus* any depreciation, depletion or amortization; *minus* reversal of interest on shareholders' equity. EBITDA is not a measure of financial performance under Brazilian GAAP, IFRS or US GAAP nor should it be considered as an alternative to net income as a measure of operating performance, or as an alternative to operating cash flows, or as a measure of liquidity. EBITDA is not calculated using a standard methodology and may not be comparable to the definition of EBITDA or similarly titled measures used by other companies. As financial income and expenses, income tax and social contribution, depreciation, amortization and depletion are not considered for the calculation of EBITDA, we believe that our EBITDA provides an indication of our general economic performance, which is not affected by interest rate fluctuations, changes in income tax and social contribution rates, or depreciation and amortization. As a result, we believe EBITDA is an important tool to periodically compare our operating performance, and also as a basis for certain administrative decisions.
(3) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting our Results of Operations—Non-Recurring Events" for a discussion of factors affecting non-recurring income (expenses).
(4) Adjusted EBITDA, a performance measure used by our management, is defined as EBITDA *minus* equity results and *plus* non-recurring income (expenses). Adjusted EBITDA is not a measure of financial performance under Brazilian GAAP, IFRS or U.S. GAAP and it does not have a standardized meaning. Accordingly, our definition may not be comparable to that of other companies. Adjusted EBITDA should not be considered as an alternative to net income (loss) as an indicator of our operating performance, or as an alternative cash flow or as an indicator of liquidity. We believe Adjusted EBITDA is an important tool to periodically compare our operating performance, and we use it as a basis for certain administrative decisions.
(5) These consolidated results include the R$38.3 million from the sale of a soybean farm by Mape. For further information see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting Our Results of Operations—Non-Recurring Events."
(6) Adjusted EBITDA margin means Adjusted EBITDA divided by net operating revenue.
(7) Net debt (cash) corresponds to the sum of short and long term loans and financing deducted by cash and cash equivalents and marketable securities.

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

The following discussion is based on, and should be read in conjunction with, our audited non-consolidated financial statements and related notes as of and for the years ended December 31, 2010, 2009 and 2008 and for the nine months ended September 30, 2010 and our unaudited interim non-consolidated financial information as of and for the nine months ended September 30, 2011 included elsewhere in this offering memorandum and with the financial information included under "Selected Financial Information." This section contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set forth in "Risk Factors" and the matters set forth in this offering memorandum in general.

Our audited non-consolidated financial statements as of and for the years ended December 31, 2010, 2009 and 2008 and the nine months ended September 30, 2010 and our unaudited interim non-consolidated financial information as of and for the nine months ended September 30, 2011 were prepared in accordance with Brazilian GAAP. Brazilian GAAP differs in certain significant respects from U.S. GAAP. Brazilian GAAP may differ in some aspects from IFRS. For further information on the differences between Brazilian GAAP and IFRS, please see "Description of Certain Differences between Brazilian GAAP and International Financial Reporting Standards" presented herein.

Overview

We are a traditional producer and distributor of cement in Brazil, with over 60 years of market experience. We recorded non-consolidated net income of R$57.7 million for the nine months ended September 30, 2011 and non-consolidated net operating revenue of R$263.6 million in the same period, and we recorded non-consolidated net income of R$72.8 million for the year ended December 31, 2010 and non-consolidated net operating revenue of R$374.8 million in the same period. We derive substantially all of our revenues from the sale of cement. We produce our cement in three plants located in the States of São Paulo, Minas Gerais and Rio de Janeiro.

The markets for our products generally are local, and our operating results are subject to changes in the level and type of construction activity in the markets in which we operate. Additionally, the preferred type of product used in construction projects among the various segments of the construction industry affects our operating results.

Financial Restructuring

As a result of financial difficulties related to cement price instability from 2005 until 2007 at a time when approximately R$389 million of our and CP Cimento's aggregate debt was maturing, CP Cimento's cash flows were insufficient to pay the outstanding debt. For further information on this period of cement price instability see "The Brazilian Cement Market—The Brazilian Market." Both we and CP Cimento negotiated with the creditors for the renewal and restructuring of our and CP Cimento's debt. This debt consisted of R$112 million in local capital markets debt, U.S.$32 million in commercial paper, and loans with Brazilian banking institutions. On March 5, 2007, CP Cimento and we entered into a global restructuring agreement and several ancillary agreements with creditors in which CP Cimento took on our outstanding debt and agreed to pay the full amount of the outstanding debt over an extended period to allow an opportunity to monetize certain assets. CP Cimento complied with all of the terms of these agreements and paid its outstanding debt from March 2007 to June 2010, when both we and CP Cimento were released from all of our obligations under these agreements.

Financial Presentation

In preparing the financial statements included in this offering memorandum, we made estimates and assumptions that we consider reasonable based on our historical experience and other factors. The presentation of our financial condition and results of operations requires that our management make estimates about inherently uncertain matters, such as the book value of our assets, our liabilities and, consequently, our results of operations.

Our financial presentation would be materially affected if we were to use different estimates or if we were to change our estimates in response to future events.

Restatement of 2010 Financial Information

The Brazilian GAAP financial information for 2010 was restated to correct the effect of slag received as a result of the CSN settlement. Previously, we recognized the slag received without cost, and after this correction, we recognized the slag based on its fair value. Accordingly, we reclassified the amounts previously presented in cost of sales to other operating income (expenses), net. The restatement resulted in an increase of cost of sales and a decrease in other operating expenses, net of R$4.1 million for the year ended December 31, 2010 and R$2.4 million for the nine months ended September 30, 2010. For further information please see note 2(ii) to our financial statements as of and for the years ended December 31, 2010 and 2009.

The table below provides reconciliation of the amounts previously as reported and as restated in cost of sales and other operating income (expenses), net:

	For the year ended December 31, 2010		
	As previously reported	Adjustment	As restated
		(*non-consolidated*) (*in thousands of R$*)	
Cost of sales	(276,193)	(4,068)	(280,261)
Other operating income (expenses), net	(15,471)	4,068	(11,403)

	For the nine months ended September 30, 2010		
	As previously reported	Adjustment	As restated
		(*non-consolidated*) (*in thousands of R$*)	
Cost of sales	(209,568)	(2,388)	(211,956)
Other operating income (expenses), net	(1,625)	2,388	763

Shareholder Restructuring

At our extraordinary shareholders' meetings on March 21, 2011, our shareholders and the shareholders of our then parent company, CP Cimento e Participações S.A., or CP Cimento, approved the downstream merger of CP Cimento into us, as described in further detail above in "Summary—Shareholder Restructuring." As a result of this downstream merger, we now have additional assets and liabilities and an additional subsidiary that were not included in our financial statements as of and for the years ended December 31, 2008, 2009 and 2010 or our financial information for the nine months ended September 30, 2010. Therefore, our non-consolidated annual financial statements as of and for the years ended December 31, 2010, 2009 and 2008 and our non-consolidated interim financial information for the nine months ended September 30, 2010 included do not reflect our financial condition post-restructuring. As required by Brazilian GAAP, due to our Shareholder Restructuring our financial information as of and for the nine months ended September 30, 2011 are presented on a consolidated basis and our future interim and annual financial statements will be on a consolidated basis.

Changes in Brazilian GAAP

On December 28, 2007, the Brazilian Congress enacted Law No. 11,638/07, amending the Brazilian Corporate Law and introducing new accounting rules with respect to the preparation of financial statements in order to facilitate the convergence of Brazilian GAAP with IFRS. These rules, which were published by the IASB, permit the CPC and the CVM to introduce and approve new accounting standards. During 2008, 2009, and 2010, the CPC issued several CPC Technical Accounting Pronouncements as part of the convergence between Brazilian GAAP and IFRS. The adoption of the CPC Technical Accounting Pronouncements did not have a

material effect on our non-consolidated financial statements as of and for the years ended December 31, 2010, 2009 and 2008 and, accordingly, these financial statements are comparable.

Net Revenue Presentation

Based on CPC 26, we presented our income statement starting from net operating revenues. Until December 31, 2009, we presented our income statement starting from gross revenues. For comparison purposes, we adjusted our 2009 financial statements to conform with the current year's presentation.

Property, Plant and Equipment

In compliance with CPC 27 and ICPC 10, for the nine months ended September 30, 2011 and for the year ended December 31, 2010 we estimated the useful life of fixed assets and their net book values over a 30 year period, using qualified experts, whose assumptions were subject to examination by third parties. Additionally, for the year ended December 31, 2010, we assessed the depreciation rates of buildings, machinery, equipment and industrial installations and railway cars, which resulted in R$3.8 million less in depreciation compared to the year ended December 31, 2009.

Critical Accounting Policies

To provide an understanding of how our management forms its judgments about future events, including the factors and assumptions underlying those estimates, we have identified the following critical accounting policies.

Accounting judgments, estimates and assumptions

Our financial statements were prepared using several accounting estimates based on objective and subjective factors. Significant items subject to estimates include: allowance for doubtful accounts; provision for obsolete inventory; the useful life for property, plants and equipment; deferred income and social contribution taxes; provisions for contingencies and measurement of the fair value of financial instruments. The final results may differ significantly from those recorded in the financial statements due to the uncertainties inherent in the estimate process. We review our estimates and assumptions on an annual basis, at the very least.

Slow-moving or Obsolete Inventories

We record provisions for slow-moving or obsolete inventories when deemed necessary by our management. This requires significant estimates, and we consider a number of factors including current economic trends, estimates of forecast write offs, the aging of the inventories in stock and other factors. While we believe that the estimates used are reasonable, actual results could differ from these estimates.

Allowance for Doubtful Accounts

We record allowance for doubtful accounts in an amount that our management considers sufficient to cover probable losses, based on an analysis of trade accounts receivable and in accordance with the accounting policies stated note 2(f) to our interim financial information as of September 30, 2011 and for the nine months ended September 30, 2011 and 2010 and note 2(e) to our annual financial statements as of and for the year ended December 31, 2010.

The methodology for determining the allowance for doubtful accounts receivable requires significant estimates, and we consider a number of factors including historical collection experience, current economic trends, estimates of forecast write offs, the aging of the trade accounts receivable portfolio and other factors. While we believe that the estimates used are reasonable, actual results could differ from these estimates.

Depreciation, Amortization and Depletion

We compute depreciation, amortization and depletion of our property, plant and equipment and intangible assets on a straight-line basis. The determination of the useful life of property, plant and equipment and intangible assets requires a certain level of our subjective judgment. Such determination is inherently uncertain due to the many factors that may cause a premature loss of asset value, and it requires the application of the impairment analysis described below. Depreciation, amortization and depletion expenses may differ if we are required to materially change the assumptions used to determine the useful life of our property, plant and equipment and intangible assets.

Impairment of Long lived Assets

We review our long lived assets, primarily property, plant and equipment and intangible assets with definite lives, for impairments to determine and measure impairments when events or changes in circumstances indicate that the carrying value of an asset or group of assets may not be recoverable, in accordance with the accounting policy stated in Note 2(k) to our interim financial information as of September 30, 2011 and for the nine months ended September 30, 2011 and 2010 and Note 2(j) to our financial statements as of and for the years ended December 31, 2010 and 2009.

The evaluation of the impairment of long lived assets requires significant assumptions and estimates on matters that are inherently uncertain, including projections of our future operating income and cash flows, future growth rates, and the remaining useful lives of the assets, among other factors. In addition, projections are computed over an extended period of time, which subjects these assumptions and estimates to an even larger degree of uncertainty. While we believe that the estimates used are reasonable, the use of different assumptions could materially affect the recoverable amount.

Provision for contingencies

We are party to a number of legal proceedings arising in the normal course of business. These legal proceedings include tax, labor, environmental, civil and other proceedings. Additional information on these legal proceedings is disclosed in Note 19 to our interim financial information as of September 30, 2011 and for the nine months ended September 30, 2011 and 2010 and Note 16 to our financial statements as of and for the years ended December 31, 2010 and 2009. We account for probable losses resulting from these claims and proceedings when we determine that the likelihood that a loss has occurred is probable and that the amount of such loss can be reasonably estimated. Therefore, we are required to make judgments regarding future events. Due to the fact that we must use our own judgment to assess and estimate these provisions for contingencies, actual losses realized in future periods could differ significantly from these estimates and could exceed the amounts provisioned.

Income taxes

We compute our taxable income and pay our income taxes based on results of operations determined under Brazilian GAAP. We recognize deferred tax assets and liabilities based on differences between the financial statement carrying amounts and the tax bases of assets and liabilities. We regularly review the deferred tax assets for recoverability. Deferred tax assets are recorded when recovery is considered probable. When performing such reviews, we are required to make significant estimates and assumptions about future taxable income. In order to determine future taxable income, we estimate future taxable revenues and deductible expenses, which are subject to different external and internal factors, such as economic and industry trends, interest rates, changes in our business strategies and changes in the type of goods and service to the market. The use of different assumptions and estimates could significantly change our financial statements. A change in the assumptions and estimates with respect to our expected future taxable income could result in a reduction in deferred tax assets. If we operate at a loss or are unable to generate sufficient future taxable income, or if there is a material change in the actual effective tax rates or discount rates, the time period over which the underlying temporary differences become taxable or deductible, or any change in its future projections, we could be required to establish a valuation allowance against or write off all or a significant portion of our deferred tax assets, resulting in a substantial increase of our effective tax rate and a material adverse impact on operating results.

Principal Factors Affecting Our Results of Operations

Our results of operations have been influenced and will continue to be influenced by a variety of factors, including:

- capital expenditures and other investments;
- the growth rate of Brazilian GDP, which affects Brazilian income per capita and the demand for our products and, consequently, our sales volumes;
- the market price of our production inputs, which significantly affects the cost of producing our products;
- fluctuations in the *real*/U.S. dollar exchange rate, which impacts the average market price for petcoke, our main energy source; and
- Non-recurring events.

Capital Expenditures and Other Investments

Our capital expenditures over the past two years were due to improvements in our plants in order to comply with environmental standards and maintain production at current levels. In addition, we started the expansion of our Pedra do Sino plant. For further information see "Business—Cement Production Capabilities—Expansion of Pedra do Sino."

Growth of Brazil's Gross Domestic Product and Domestic Demand for Our Products

As a Brazilian company with all of our operations in Brazil, we are significantly affected by economic conditions in Brazil. Our results of operations and financial condition have been, and will continue to be, affected by the growth rate of Brazilian GDP because our products are used in the construction industry, which is influenced by the overall growth and stability of the Brazilian economy. Brazilian consumption of cement also fluctuates according to Brazilian income levels. The following table shows the growth in real GDP and the growth in cement prices for the years ended December 31, 2010, 2009 and 2008 and for the nine months ended September 30, 2011.

	Nine Months Ended September 30,	Year Ended December 31,		
	2011	2010	2009	2008
Growth (contraction) in real GDP	3.2%	7.5%	(0.6%)	5.2%
Period-end retail cement price (R$/ton of cement)	421.0	385.8	362.5	382.3
Average cement price (R$/ton of cement)	397.0	372.9	364.1	247.9
Growth (contraction) in cement prices[(1)]	6.5%	6.0%	(5.2)%	17.2%

Source: CBIC (*Câmara Brasileira da Indústria da Construção*)

(1) Growth (contraction) calculations were based on period-end cement prices.

The level of activity in the Brazilian construction market generally fluctuates in accordance with, but to a greater extent than, fluctuations in the growth rate of GDP in Brazil. Similarly, Brazilian consumption of cement has generally grown and declined based on changes in Brazil's GDP and income levels. For example, according to SNIC, for the nine months ended September 30, 2011 the GDP increased 3.2% as compared to September 30, 2010, and correspondingly the consumption of cement increased 8.0%. This increase was due in part to the level of activity in the construction market (including cement manufacturers) which is closely correlated with levels of disposable income, unemployment, infrastructure spending and availability of affordable credit.

Additionally, according to SNIC, in 2010 the GDP increased 7.5% as compared to 2009, and correspondingly the consumption of cement increased 15.4%. This increase in activity was due in part to an

increase in the availability of mortgage financing by 65.3% from 2009 to 2010 and to a decrease in unemployment in the Brazilian metropolitan areas from 7.3% in January 2010 to 5.3% in December 2010 and a 31% increase in *real* income in the same period, as the level of activity in the construction market (including cement manufacturers) is closely correlated with levels of disposable income, unemployment, infrastructure spending and availability of affordable credit.

In 2009, Brazilian GDP decreased by 0.2% and cement sales decreased by 0.5%. Despite the overall trends in the market, our sales of cement increased by 5.1% in 2009 compared to 2008. In 2010, Brazilian GDP increased by 7.5% and overall cement sales increased by 13%, while our sales of cement increased by 6.3% in 2010 compared to 2009.

Brazilian GDP growth has fluctuated significantly over the past ten years, and we anticipate that it may continue to do so. Our management believes that increased economic growth in Brazil would positively affect our future net operating revenue and results of operations. However, reduced growth or a recession in Brazil would likely lower our net operating revenue and materially adversely impact our results of operations.

Effects of Fluctuations in Production Costs

The prices that we charge for our cement products are indirectly related to our production costs. Fluctuations in the market price of petcoke, our principal source of thermal energy and electricity, have significant effects on our costs of goods sold. Significant increases in the price of petcoke or electricity and, consequently, the cost of producing our products, would likely reduce our gross margins and our results of operations to the extent that we are unable to pass a significant portion of these costs on to our customers. Conversely, significant decreases in the price of petcoke or electricity and, consequently, the cost of producing our products, would likely increase our gross margins and our results of operations.

The following table shows the appreciation/depreciation of the *real* against the U.S. dollar and inflation for the years ended December 31, 2010, 2009 and 2008 and for the nine months ended September 30, 2011.

	Nine Months Ended September 30,	**Year Ended December 31,**		
	2011	**2010**	**2009**	**2008**
Depreciation (appreciation) of the *real* vs. U.S. dollar [1]	11.1%	(9.3)%	(25.5)%	31.9%
Period-end exchange rate (R$/U.S.$)	R$1.85	R$1.67	R$1.74	R$2.34
Average exchange rate (R$/U.S.$)[2]	R$1.63	R$1.76	R$1.99	R$1.84
Inflation (IGP-M)[3]	4.1%	11.3%	(1.7)%	9.8%
Inflation (IPC-A)[4]	5.0%	5.9%	4.3%	5.9%

Sources: Fundação Getúlio Vargas, IBGE, and the Central Bank.

(1) Based on period-end exchange rates for depreciation and appreciation calculations.

(2) Represents the average of the commercial selling exchange rates on the last day of each month during the period.

(3) Inflation (IGP-M) is the general market price index measured by the Getúlio Vargas Foundation

(4) Inflation (IPC-A) is a broad consumer price index measured by IBGE.

Inflation primarily affects our business by increasing operating costs, especially our energy costs as the energy prices in our energy contracts are linked to inflation. We may be able to recover a portion of these increased costs by passing the increases on to our customers. For information on the risks related to inflation and energy costs, see "Risk Factors—Energy accounts for a significant portion of our total production costs, and higher energy prices, governmental restrictions and disruptions in the supply of energy could adversely affect our operations and financial condition" and "Risk Factors—Inflation and the Brazilian government's measures to curb inflation, including increasing interest rates, may contribute significantly to economic uncertainty in Brazil and adversely affect our results of operations and the trading price of the notes."

Petcoke

Petcoke is currently the primary source of thermal energy used in the production of cement, and thermal energy accounted for approximately 16.5% of our cost of sales in 2010 and 17.7% of our cost of sales for the nine

months ended September 30, 2011. The price of petcoke is linked to global oil prices in U.S. dollars. Therefore, when the *real* depreciates against the U.S. dollar, assuming petcoke costs remain constant in U.S. dollars, the production cost for our products increases. To the extent that our price increases are not sufficient to cover the increased cost of petcoke, our operating income would decrease. When the *real* appreciates against the U.S. dollar, assuming petcoke costs remain constant in U.S. dollars, the production cost for our products decreases.

The price of petcoke may increase significantly or the *real* may devalue significantly in the future. A significant increase in petcoke costs would likely reduce our profit margin and results of operations to the extent that we are unable to pass on these increased costs to our customers.

We do not currently hedge our exposure to changes in the price of petcoke or for *real*/U.S. dollar exchange rate fluctuations. In periods of high volatility in the *real*/U.S. dollar exchange rate, we may be unable to pass on the resulting increased cost in *reais* to our customers in Brazil. Accordingly, a depreciation in the *real* could materially adversely affect our results of operations and financial condition.

Electricity

The production of cement requires the use of a significant amount of electricity. Electricity represented approximately 15.0% of our total cost of sales in 2010 and 15.7% of our total cost of sales for the nine months ended September 30, 2011. We are party to several electricity supply contracts and transmission contracts with:

- CEMIG Geração e Transmissão S.A., or CEMIG, in the State of Minas Gerais and Rio de Janeiro;
- Light – Serviços de Eletricidade S.A., or Light, in the State of Rio de Janeiro; and
- EDP – Bandeirante Energia S.A., or EDP, in the State of São Paulo.

Additionally, the electricity prices under our contracts are linked to inflation, and any increase in inflation will lead to increased energy costs. If there is a substantial increase in inflation, we may be unable to pass on the resulting increased cost to our customers. In connection with our energy needs, our results of operations may be materially adversely affected by higher costs of electricity.

Non-Recurring Events

A number of non-recurring events impacted our financial condition and results of operations in the periods presented:

Notes issuance. On May 11, 2011, we issued the original notes. This issuance of the original notes and the related issuance costs affected our cash flows. As a result of the influx of cash from the issuance, our net cash provided by financing activities increased substantially for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010.

Shareholder Restructuring. At our extraordinary shareholders' meetings on March 21, 2011, our shareholders and the shareholders of our parent, CP Cimento, approved the downstream merger of CP Cimento into us, or the Shareholder Restructuring. For further information on the Shareholder Restructuring see "Summary—Corporate Structure—Shareholder Restructuring."

Withdrawal rights. According to the Brazilian Corporate Law, CP Cimento's shareholders who did not approve the Shareholder Restructuring had the option to exercise their rights to withdraw (*direito de retirada*) up to 30 days after publication of the minutes of the extraordinary shareholders' meetings held on March 21, 2011 in the Official Gazzette of the State of Rio de Janeiro on April 7, 2011. We paid R$26.0 million to the minority shareholders exercising their withdrawal rights. We recorded these payments in shares in treasury in our financial statement as of and for the nine months ended September 30, 2011.

Sale of assets. In September 2008, we sold an option for the sale of our soy bean farm in the State of Mato Grosso. The total consideration, which included the sale proceeds from our farming equipment, up front rent for two years and a purchase option, was R$33.0 million. In 2010, the counterparty exercised its option to purchase the soy bean farm and we received R$27.0 million of proceeds in 2010 and R$25.0 million in September 2011, and we received a further R$16.0 million in December 2011 as an advance for the final payment, which is due in September 2012. The remaining amount related to this final payment is R$6.0 million. The proceeds from the farm-related transaction resulted in higher levels of cash and cash equivalents at December 31, 2008 and 2010. In addition, the equity pick-up/equity results for 2008 as well as 2010 increased as the farm transaction proceeds resulted in an increase in net income of our subsidiary, Agropecuária Tupi Ltda., or Agro Tupi which, on September 1, 2010, we merged into our subsidiary Mape Incorporação e Empreendimentos Ltda., or Mape. Our financial revenues also increased in 2009 due to interest from the proceeds that AgroTupi (now Mape) had paid to us as dividends. Additionally, there is a difference between the consolidated and non-consolidated revenues principally as a result of the proceeds from the sale of the farm, which were included in the consolidated financial statements.

Settlement of CSN litigation. In 2009, we settled a lawsuit with CSN, according to which CSN was required to provide us with 850,000 tons of slag. This settlement has affected both our cash flows and our inventories, specifically raw materials – slag, as we fill a substantial portion of our slag requirements from the settlement. At current requirement levels, we estimate that we will have exhausted our recourse to slag pursuant to this settlement by April 2012. In addition, our own slag reserves are expected to last, at current production levels, until the end of 2012. See note 7 to our financial information as of and for the nine month period ended September 30, 2011 for further discussion of the effect of this litigation on our inventories. For a further description of this lawsuit and our slag requirements, see "Business—Costs of Production—Raw Materials" and "Business—Material Contracts."

Lawsuit related to real estate in Minas Gerais. We purchased real estate from a state-owned company in Minas Gerais in the 1970s, but the prior owner of the property sued the state-owned company and us to recover additional compensation for the eminent domain of the real estate. The court ruled that we owed the former owner R$15.0 million payable in R$0.5 million monthly installments, and we are currently suing the state-owned company to recover this amount. Accordingly, we recorded a R$15.0 million liability related to the legal suit at December 31, 2008. As of December 31, 2009, the overall outstanding amount had been reduced to R$10.5 million, and as of September 30, 2011, we had paid the final installment. For a further description of this litigation, see "Business—Civil and Labor Proceedings."

Tax amnesty. In 2009, we agreed to pay certain federal taxes that had been in dispute as part of a tax amnesty program (*Programa de Recuperação Fiscal*), or REFIS. The refinanced, current and non-current portion of our taxes and contributions under REFIS and other amnesty programs for the years ended December 31, 2010, 2009 and 2008 and for the nine month period ended September 30, 2011 were R$44.1 million, R$50.7 million, R$34.9 million and R$39.8 million, respectively. In the years ended December 31, 2010, 2009 and 2008 and in the nine month period ended September 30, 2011 we paid R$11.5 million, R$12.2 million, R$14.6 million and R$8.5 million, respectively, pursuant to this program. Installments through these programs mature by October 2024. For further information on these tax matters, see "Business—Legal Proceedings—Tax Matters" and note 13 to our financial statements as of and for the year ended December 31, 2010 included herein.

Income tax. In 2008, 2009 and 2010, we realized tax credits of R$0.5 million, R$3.6 million and R$15.3 million, respectively, as a result of tax losses carried forward from prior years. We have recorded R$27.0 million of tax losses to carry forward and may credit these losses up to 30% of our taxable income each year. For further information on our deferred tax assets and the expected realization, see note 15 to our financial statements as of and for the year ended December 31, 2010.

Sale of ready mix concrete assets to Polimix. We sold the assets related to our ready mix concrete business to Polimix for R$53.0 million in 2008, and until such time we earned revenues and incurred costs in services rendered in our ready mix concrete business. For further information on the effects of this sale, see "—Cash Flows" and "Business—Legal Proceedings—Antitrust" below.

Results of Operations for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010

The discussion of the results of operations for the nine months ended September 30, 2011 and 2010 is based on financial information prepared on a non-consolidated basis. The following table sets out the components of our statement of income for the nine months ended September 30, 2011 and 2010:

Income Statement	Nine months ended September 30,			
	2011	2011 (as restated)[1]	2010 (as restated)[1]	Variation (%)
	(consolidated)	*(non-consolidated)*		
	(in thousands of R$, except percentages)	*(in thousands of R$, except percentages)*		
Net operating revenue	**309,301**	**263,579**	**279,949**	**(5.8)%**
Cost of sales	(199,608)	(195,245)	(211,956)	(7.9)%
Gross profit	**109,693**	**68,334**	**67,993**	**0.5%**
Operating expenses				
Selling expenses	(5,619)	(5,619)	(5,215)	7.7%
General and administrative expenses	(17,915)	(16,484)	(13,736)	20.0%
Management's fees	(3,723)	(3,723)	(1,485)	150.7%
Equity results	–	40,338	(6,247)	n.m.
Other operating income (expenses), net	6,618	4,674	763	512.6%.
Operating income before financial income (expenses)	**89,054**	**87,520**	**42,073**	**108.0%**
Financial expenses	(34,058)	(34,007)	(8,559)	297.3%
Financial income	10,787	10,786	10,695	0.9%
Financial income (expenses)	**(23,271)**	**(23,221)**	**2,136**	**n.m.**
Income before income taxes	**65,783**	**64,299**	**44,209**	**45.4%**
Income tax and social contribution	(8,034)	(6,574)	(11,462)	(42.6)%
Non-controlling interest	(24)	–	–	–
Net income for the period	**57,725**	**57,725**	**32,747**	**76.3%**

(1) The Brazilian GAAP financial information for 2010 was restated to correct the effect of slag received as a result of the CSN settlement. The restatement resulted in an increase of cost of sales and a decrease in other operating expenses, net of R$2.4 million for the nine months ended September 30, 2010. See note 2(ii) to our financial statements as of and for the years ended December 31, 2010 and 2009.

Net operating revenue

Net operating revenue decreased 5.8% to R$263.6 million for the nine months ended September 30, 2011 from R$279.9 million for the nine months ended September 30, 2010, principally due to a decrease in the amount of cement sold from 1,353,766 tons during the nine months ended September 30, 2010 to 1,242,412 tons during the nine months ended September 30, 2011. The decrease was partially offset by an increase in our sales price from R$264.44 per ton as of September 30, 2010 to R$282.07 per ton as of September 30, 2011.

Cost of sales

Cost of sales decreased 7.9% to R$195.2 million for the nine months ended September 30, 2011 from R$212.0 million for the nine months ended September 30, 2010, due primarily to a 8.2% decrease in the volume of cement sold and an 11.9% decrease in freight costs from R$30.2 million for the nine months ended September 30, 2010 to R$26.6 million for the nine months ended September 30, 2011.

Gross profit

Gross profit increased 0.5% to R$68.3 million for the nine months ended September 30, 2011 from R$68.0 million for the nine months ended September 30, 2010, as a result of the factors described above.

Operating expenses

Selling expenses increased 7.7% to R$5.6 million for the nine months ended September 30, 2011 from R$5.2 million for the nine months ended September 30, 2010, due primarily to an increase in allowance for doubtful accounts from R$0.3 million for the nine months ended September 30, 2010 to R$1.0 million for the nine months ended September 30, 2011.

General and administrative expenses increased 20.0% to R$16.5 million for the nine months ended September 30, 2011 from R$13.7 million for the nine months ended September 30, 2010 due primarily to the Shareholder Restructuring.

Management's fees increased to R$3.7 million for the nine months ended September 30, 2011 from R$1.5 million for the nine months ended September 30, 2010 due to the appointment of additional directors and officers as a result of preparing to become a public company following the Shareholder Restructuring.

Equity results increased to a gain of R$40.3 million for the nine months ended September 30, 2011 from a loss of R$6.2 million for the nine months ended September 30, 2010, mainly due to the results from the sale of a farm by Mape. For further information on the sale of the farm see "—Non-Recurring Events—Sale of Assets" above.

Other operating income (expenses), net increased to R$4.7 million income for the nine months ended September 30, 2011 from R$0.8 million income for the nine months ended September 30, 2010, mainly due to gains from the receipt of slag from the CSN settlement. This amount was partially offset by a R$0.9 million increase in provisions for contingencies.

Operating income before financial income (expenses)

Operating income before financial income (expenses) increased by 108.0% to R$87.5 million for the nine months ended September 30, 2011 from R$42.1 million for the nine months ended September 30, 2010, as a result of the factors described above.

Financial income (expenses)

We incurred a net financial expense of R$23.2 million for the nine months ended September 30, 2011 compared to an income of R$2.1 million for the nine months ended September 30, 2010. Financial expenses increased 297.3% to R$34.0 million for the nine months ended September 30, 2011 compared to R$8.6 million for the nine months ended September 30, 2010 mainly due to an increase in interest expense as a result of our issuance of the original notes and due to the fact that following the Shareholder Restructuring we eliminated the intercompany loan we provided to CP Cimento, and we no longer received interest under this loan. Financial income increased 0.9% to R$10.8 million for the nine months ended September 30, 2011 from R$10.7 million for the nine months ended September 30, 2010 due to interest earned on the R$34.0 million deposit with Bank of America Merrill Lynch.

Income before income taxes

Income before income taxes increased 45.4% to R$64.3 million for the nine months ended September 30, 2011 compared to R$44.2 million for the nine months ended September 30, 2010, as a result of the factors described above.

Income tax and social contribution

Income tax and social contribution resulted in an expense of R$6.6 million for the nine months ended September 30, 2011 compared to an expense of R$11.5 million for the nine months ended September 30, 2010 mainly as a result of a decrease in our taxable income for the nine months ended September 30, 2011 compared to the same period in 2010.

Net income

Net income increased 76.3% to R$57.7 million for the nine months ended September 30, 2011 from R$32.7 million for the nine months ended September 30, 2010, as a result of the factors described above, and in particular, as a result of the sale of a farm. For further information see "—Non-Recurring Events—Sale of Assets" above.

Results of Operations for the year ended December 31, 2010 compared to the year ended December 31, 2009

The discussion of the results of operations for the year ended December 31, 2010 and 2009 is based on financial information prepared on a non-consolidated basis. The following table sets out the components of our statement of income for the years ended December 31, 2010 and 2009:

Income Statement	**Year Ended December 31,**		
	2010 (as restated)[1]	**2009**	**Variation (%)**
	(*non-consolidated*) (*in thousands of R$, except percentages*)		
Net operating revenue	**374,783**	**348,342**	**7.6%**
Cost of sales	(280,261)	(252,250)	11.1%
Gross profit	**94,522**	**96,092**	**(1.6)%**
Operating expenses			
Selling expenses	(6,883)	(6,864)	0.3%
General and administrative expenses	(23,728)	(23,656)	0.3%
Management's fees	(3,395)	(2,828)	20.0%
Equity results	3,646	(2,865)	N/A
Other operating expenses, net	(11,403)	(8,394)	35.8%
Operating income before financial income (expenses)	**52,759**	**51,485**	**2.5%**
Financial expenses	(24,510)	(1,595)	1436.7%
Financial income	16,459	13,518	21.8%
Financial income (expenses)	**(8,051)**	**11,923**	**(167.5)%**
Income before income taxes	**44,708**	**63,408**	**(29.5)%**
Income tax and social contribution	15,272	3,647	318.8%
Reversal of interest on shareholders' equity	12,870	-	N/A
Net income for the year	**72,850**	**67,055**	**8.6%**

(1) The Brazilian GAAP financial information for 2010 was restated to correct the effect of slag received as a result of the CSN settlement. The restatement resulted in an increase of cost of sales and a decrease in other operating expenses, net of R$4.1 million for the year ended December 31, 2010. See note 2(ii) to our financial statements as of and for the years ended December 31, 2010 and 2009.

Net operating revenue

Net operating revenue increased 7.6% to R$374.8 million in 2010 from R$348.3 million in 2009, principally due to a 5.9% increase in the amount of cement sold in 2010 from 1.7 million tons in 2009 to 1.8 million tons in 2010. The increase was affected by an increase in our sales price from R$265 per ton in 2009 to R$267 per ton in 2010. For further information on factors affecting the price of cement, see "The Brazilian Cement Market—Price Levels."

Cost of sales

Cost of sales increased 11.1% to R$280.3 million in 2010 from R$252.3 million in 2009 due primarily to the increase in the amount of cement sold, as well as to increases in our cost of energy from R$66.9 million in 2009 to R$76.9 million in 2010 and the cost of petcoke. The increase in the cost of electric energy was largely due to inflation, and the increase in the cost of petcoke was due to an increase in global oil prices. For further information on our costs of energy, see "Business—Costs of Production—Energy" and "Business—Costs of Production—Material Contracts."

Gross profit

Gross profit decreased 1.6% to R$94.5 million in 2010 from R$96.1 million in 2009, as a result of the factors described above.

Operating expenses

Selling expenses remained stable at R$6.9 million in both 2010 and 2009.

General and administrative expenses also remained stable at R$23.7 million in 2010 and 2009. Because we were able to increase our efficiency without increasing our costs, we were able to produce more cement without a corresponding increase in our expenses.

Management's fees increased 20.0% to R$3.4 million in 2010 from R$2.8 million in 2009 due to increases in fees paid to our management because the shareholders voted to increase the management salaries as a result of the improved net revenues. Equity results increased to an income of R$3.6 million in 2010 from a loss of R$2.9 million in 2009 mainly due to the results of Mape in 2010.

Other operating expenses net increased 35.8% to R$11.4 million in 2010 from R$8.4 million in 2009 largely due to a provision for the impairment of certain equipment of R$11.1 million in 2010, which was partially offset by the receipt of a payment of R$2.0 million as a result of an insurance claim for damage to equipment.

Operating income before financial income (expenses)

Operating income before financial income (expenses) increased slightly by 2.5% to R$52.8 million in 2010 from R$51.5 million in 2009, as a result of the factors described above.

Financial income (expenses)

Financial income (expenses) changed to a loss of R$8.1 million in 2010 from an income of R$11.9 million in 2009. Financial expenses increased to R$24.5 million in 2010 from R$1.6 million in 2009 mainly due to a one-time expense of R$12.9 million related to interest on shareholders' equity distributed to our shareholders. The remaining increase was partially due to an increase in interest payable on bank debt of R$4.2 million. This increase in bank debt was to finance the intercompany loan to CP Cimento referred to below. Financial income increased 21.8% to R$16.5 million in 2010 from R$13.5 million in 2009 due to increased interest on intercompany loan interest income as a result of an additional loan of R$114.9 million we granted to our parent company CP Cimento, partially off-set by a decrease of R$4.2 million in short-term investment income and a decrease of R$1.9 million in other financial income as we invested less money in market instruments due to the additional loan granted to CP Cimento referred to above.

Income before income taxes

Income before income taxes decreased 29.5% to R$44.7 million in 2010 compared to R$63.4 million in 2009, as a result of the factors described above.

Income tax and social contribution

Income tax and social contribution increased to a credit of R$15.3 million in 2010 compared to a credit of R$3.6 million in 2009 due to the tax benefit of net operating losses carried forward from prior years. For further information on these net operating losses, see "—Non-Recurring Events."

Reversal of interest on shareholders' equity

In 2010, we recorded R$12.9 million relating to the reversal of interest on shareholders' equity due to the benefit of interest on shareholders' equity as dividends to our shareholders, which was recorded as financial expenses.

Net income

Net income increased 8.6% to R$72.9 million in 2010 from R$67.0 million in 2009, as a result of the factors described above.

Results of Operations for the year ended December 31, 2009 compared to the year ended December 31, 2008

The discussion of the results of operations for the year ended December 31, 2009 and 2008 is based on financial information prepared on a non-consolidated basis. The following table sets out the components of our statement of income for the years ended December 31, 2009 and 2008:

Income Statement	**Year Ended December 31,**		
	2009	**2008**	**Variation (%)**
	(*non-consolidated*) (*in thousands of R$, except percentages*)		
Gross sales and service revenue	**451,115**	**417,709**	**8.0%**
Products sold	451,115	398,410	13.2%
Services rendered	-	19,299	N/A
Sales and service taxes and contributions	(102,773)	(94,353)	(8.9)%
Net operating revenue	**348,342**	**323,356**	**7.7%**
Cost of products sold	(252,250)	(230,370)	(9.5)%
Cost of services rendered	-	(18,453)	N/A
Gross profit	**96,092**	**74,533**	**28.9%**
Operating expenses	(41,742)	(42,570)	1.9%
Sales and service taxes and contributions	(6,864)	(7,168)	4.2%
General and administrative	(23,656)	(22,879)	(3.4)%
Management's fees	(2,828)	(1,759)	(60.8)%
Provision for tax contingencies	-	(9,262)	N/A
Other operating expenses, net	(8,394)	(1,502)	(458.9)%
Operating income (expenses) before income on shareholding and financial income (expenses)	**54,350**	**31,963**	**70.0%**
Income on shareholding	(2,865)	23,853	(112.0)%
Equity results	(2,865)	24,557	(111.7)%
Goodwill amortization	-	(704)	N/A
Financial expenses	(1,595)	(14,937)	89.3%
Financial income	13,518	6,899	95.9%
Financial income (expenses)	**11,923**	**(8,038)**	**248.3%**
Income before income taxes	**63,408**	**47,778**	**32.7%**
Income tax and social contribution	3,647	509	616.5%
Net income for the year	**67,055**	**48,287**	**38.9%**

Gross sales and service revenue

Our gross sales and service revenue increased 8.0% to R$451.1 million in 2009 from R$417.7 million in December 31, 2008 due to the factors described below.

Products sold

Revenues from products sold increased 13.2% to R$451.1 million in 2009 from R$398.4 million in 2008 due to a 7.3% increase in the average price of cement in 2009 from R$247 per ton in 2008 to R$265 per ton in 2009, as well as a 6.3% increase in the amount of cement sold from 1.7 million tons in 2009 as compared to 1.6

million tons in 2008. For further information on factors affecting the price of cement, see "The Brazilian Cement Market—Price Levels."

Services rendered

Revenues from services rendered in 2008 were R$19.3 million as a result of the services by our ready mix concrete business through March 2008, when we sold the assets of this business to Polimix. Accordingly, we did not earn any revenues from services rendered in 2009.

Sales and services taxes and contributions

Sales and services taxes and contributions increased 8.9% to R$102.8 million in 2009 from R$94.4 million in 2008 due to the increase in gross sales and services revenue. These taxes are a percentage of gross revenues, and the rates did not change from 2008 to 2009.

Net operating revenue

Net operating revenue increased 7.7% to R$348.3 million in 2009 from R$323.4 million in 2008 as a result of the factors discussed above.

Cost of products sold

The cost of products sold increased 9.5% to R$252.3 million in 2009 from R$230.4 million in 2008 mainly due to the increase in the amount of cement sold.

Cost of services rendered

The cost of services rendered in 2008 was R$18.5 million due to costs associated with the sale of the assets of our ready mix concrete business, such as employee termination costs resulting from the sale. In addition, we incurred ordinary course of business costs as we operated this business through March 2008. No cost of services rendered was recorded in 2009 because we sold the assets relating to the ready mix concrete business in 2009.

Gross profit

Gross profit increased 28.9% to R$96.1 million in 2009 from R$74.5 million in 2008 as a result of the factors discussed above.

Operating expenses

Selling expenses decreased 4.2% to R$6.9 million in 2009 from R$7.2 million in 2008 due to the fact that we operated our ready mix concrete business only until March 2008. General and administrative expenses increased 3.4% to R$23.7 million in 2009 from R$22.9 million in 2008 due to salary increases and inflationary adjustments, despite the decrease in the number of our employees as a result of the sale of our ready mix concrete business to Polimix in 2008.

Management's fees increased 60.8% to R$2.8 million in 2009 from R$1.8 million in 2008 due to increases in fees paid to our management because the shareholders voted to increase the management salaries as a result of the improved net revenues. The provision for tax contingencies in 2008 was R$9.3 million. No provision for tax contingencies was recorded in 2009 because of our involvement in a tax amnesty program instituted by Law 11.941/09. We submitted a request for the inclusion of part of our disputed tax debts into a tax amnesty program, and we had not received a response from the Brazilian Federal Income Tax Authority by the end of 2008. This program effectively reversed a contingency on our balance sheet for the year ended December 31, 2008. For further information on the tax amnesty program see "—Non-recurring events" above. Other net operating expenses increased to R$8.4 million in 2009 from R$1.5 million in 2008 due to (i) the non-recurring

sale of assets of our ready mix concrete business, accounting for R$27.3 million and (ii) expenses of R$4.0 million related to penalties applied in relation to the partial payment of PIS and COFINS taxes in 2009. For further information on these tax matters, see "Business—Legal Proceedings—Tax Matters" below.

Operating income before income on shareholding and financial income (expenses)

Operating income before income on shareholding and financial income (expenses) increased 70.0% to R$54.4 million in 2009 from R$32.0 million in 2008 primarily as a result of an increase in the volume of sales at a more favorable price.

Financial income (expenses), net

We realized net financial income of R$11.9 million in 2009, as compared to recognizing a net financial expense of R$8.0 million in 2008. Financial expenses decreased 89.3% to R$1.6 million in 2009 from R$14.9 million in 2008 due to a decrease in interest and penalties in relation to the payment of tax liabilities of R$11.6 million in 2008 as compared to R$2.2 million in 2009. Financial income increased 95.9% to R$13.5 million in 2009 from R$6.9 million in 2008 due to interest earned on proceeds from the sale of the farm that Agropecuária Tupi paid to us as a return on capital.

Income before income taxes

Income before income taxes increased 32.7% to R$63.4 million in 2009 compared to R$47.8 million in 2008 as a result of the factors set forth above.

Income tax and social contribution

Income tax and social contributions increased to a credit of R$3.6 million in 2009 from a credit of R$0.5 million in 2008 due to tax credits received in connection with the REFIS Program. For further information on this tax program, see "Business—Legal Proceedings—Tax Matters."

Net income

Net income increased 38.9% to R$67.0 million in 2009 from R$48.3 million in 2008 as a result of the factors discussed above.

Capital Expenditures

Our capital expenditures over the past two years were due to improvements to our plants in order to comply with environmental standards and maintain production at current levels. In addition, we began the expansion of our Pedra do Sino plant. For further information on the principal investments being made and future investments see "Use of Proceeds" and "Business— Cement Production Capabilities —Expansion of Pedra do Sino." The table below describes our capital expenditures for the given periods (not including investment in subsidiaries):

Areas/R$ million	Nine Months Ended September 30, 2011	2010	2009
Production	2.3	11.8	7.6
Expansion of Pedra do Sino	39.9	5.5	0.8
Mining	1.2	3.4	1.0
Other	0.6	2.6	2.7
Total	**44.0**	**23.3**	**12.1**

Capital expenditure was R$44.0 million for the nine months ended September 30, 2011, R$23.3 million for the year ended December 31, 2010, R$12.1 million for the year ended December 31, 2009 and R$11.6 million

for the year ended December 31, 2008. Our total non-consolidated net financial expenses were R$23.2 million for the nine months ended September 30, 2011, a net financial income of R$4.8 million (after the reversal of interest on shareholders' equity) for the year ended December 31, 2010, a net financial income of R$11.9 million for the year ended December 31, 2009, and a net financial expense of R$8.0 million for the year ended December 31, 2008.

Our total investments in our subsidiaries in 2010 were R$6.3 million and we did not have any investments in our subsidiaries for the nine months ended September 30, 2011. The majority of the investments in 2010 were in our mine in Adrianópolis in the State of Paraná. Our total investments in our subsidiaries in 2009 were R$0.2 million.

Liquidity and Capital Resources

Our capital requirements are primarily for the following purposes:

- to pay capital expenditures;
- to meet our debt service obligations;
- to meet our working capital needs; and
- to pay dividends.

We believe we have sufficient cash flow from operations to service our indebtedness in the short and medium terms.

Dividends

We did not pay dividends in 2008 and 2009. In 2010, we distributed R$12.9 million to our shareholders as an interest on shareholders' equity. For further information on dividends see "Principal Shareholders—Payment of Dividends to Shareholders."

Sources of Funds

Our main sources of funds derive from our operating cash generation, financings and dividends from our subsidiaries, repayment of inter-company loans and further financing arrangements.

Cash Flows

The discussion of the cash flows for the nine months ended September 30, 2011 and 2010 and for the years ended December 31, 2010, 2009 and 2008 is based on financial information prepared on a non-consolidated basis. The table below sets forth our cash flows from operating, investing and financing activities for the periods indicated:

	As of September 30,			As of December 31,		
	2011	**2011**	**2010**	**2010**	**2009**	**2008**
	(consolidated) (*in thousands of reais*)	*(non-consolidated)* (*in thousands of reais*)				
Cash flow (used in)/provided by operating activities	12,653	(4,391)	38,812	52,495	70,575	38,062
Cash flow (used in)/provided by investing activities	(40,561)	(41,760)	(14,415)	(19,086)	(9,346)	4,785
Cash flow (used in)/provided by financing activities	89,661	82,378	(31,165)	(42,008)	(75,417)	(23,118)
Cash and cash equivalents at the beginning of the period	7,786	7,653	16,252	16,252	30,440	10,711
Cash and cash equivalents at the end of the period	69,539	43,880	9,484	7,653	16,252	30,440
Increase/(decrease) in cash and cash equivalents	**61,753**	**36,227**	**(6,768)**	**(8,599)**	**(14,188)**	**19,729**
Increase/(decrease) in cash and cash equivalents (%)	**793.1%**	**473.4**	**(41.6)%**	**(52.9)%**	**(46.6)%**	**184.2%**

Nine Months ended September 30, 2011 compared to the Nine Months ended September 30, 2010

Net cash used in operating activities was R$4.4 million for the nine months ended September 30, 2011, as compared to net cash provided by operating activities of R$38.8 million for the nine months ended September 30, 2010. The decrease was mainly due to a deposit of U.S.$34.0 million with Bank of America Merrill Lynch in 2011 in connection with a letter of credit we obtained for the purchase of machines related to the expansion of our Pedra do Sino plant. For further information see "Business—Expansion of Pedra do Sino" and "—Indebtedness."

Net cash used in investing activities was R$41.8 million for the nine months ended September 30, 2011, as compared to R$14.4 million for the nine months ended September 30, 2010. This R$27.4 million increase mainly reflects payments for equipment made during the nine months ended September 30, 2011.

Net cash provided by financing activities was R$82.4 million for the nine months ended September 30, 2011 compared to net cash used in financing activities of R$31.2 million for the nine months ended September 30, 2010. The increase in cash provided from financing activities mainly reflects the issuance of the original notes in May 2011, which was partially offset by payments to related parties, loans and financings and treasury stock acquisitions.

Year ended December 31, 2010 compared to Year ended December 31, 2009

Net cash provided by operating activities was R$52.5 million in 2010, as compared to R$70.6 million in 2009. The decrease mainly reflected a decrease in income before income taxes from R$63.4 million in 2009 to $44.7 million in 2010. Additionally, the sale of our ready mix concrete business in 2008 resulted in a decrease in accounts receivable and an increase in cash equivalents at the end of 2009.

Net cash used for investing activities was R$19.1 million in 2010, as compared to R$9.3 million in 2009. This R$9.8 million increase mainly reflects the acquisition of a new quarry in Adrianópolis in the State of Paraná.

Net cash used for financing activities was R$42.0 million in 2010 and R$75.4 million in 2009. This R$33.4 million decrease mainly reflects proceeds from loans and financing of R$47.0 million in 2010.

Year ended December 31, 2009 compared to Year ended December 31, 2008

Net cash provided by operating activities was R$70.6 million in 2009, as compared to R$38.1 million in 2008. The increase is primarily due to an increase of R$15.6 million in income before income tax as well as an increase of R$83.4 million in notes receivable. The increase in income before income tax is related to the sale of our ready mix concrete business in 2008 which resulted in a decrease in accounts receivable in 2009 and the increase in the average price of cement in 2009 from R$247 per ton to R$265 per ton, as well as a 6.3% increase in the amount of cement sold from 1.6 million tons in 2008 to 1.7 million tons in 2009.

Net cash used for investing activities was R$9.3 million in 2009, as compared to net cash generated of R$4.8 million in 2008. This R$14.1 million decrease is mainly due to the disposal of property, plant and equipment in 2008, particularly due to the sale of the assets related to our ready mix concrete operations in 2008.

Net cash used for financing activities was R$75.4 million in 2009 and R$23.1 million in 2008. This decrease is primarily due to the increase in payments to related parties totaling R$59.3 million during this time period.

Indebtedness

Our non-consolidated indebtedness as of September 30, 2011 was R$239.0 million, which was comprised of R$54.9 million of short-term debt and R$184.1 million of long-term debt. R$57.4 million of our indebtedness was secured indebtedness.

The following table sets forth the repayment schedule of our non-consolidated indebtedness:

	Debt Obligations as of September 30, 2011
	(in thousands of reais)
2011	22.3
2012	33.3
2013	4.1
2014	1.6
2015	1.2
2016 and after	176.4
Total non-consolidated indebtedness	**239.0**

The table below sets forth our outstanding debt by type, amount and rate as of September 30, 2011.

Type of Loan	Short Term Debt as of September 30, 2011	Long Term Debt as of September 30, 2011	Total Amount of Debt as of September 30, 2011	Interest rate
		(in millions of R$)		
Working capital	45.9	2.2	48.1	Average of 17%
Senior unsecured notes	7.1	174.5	181.6	USD + 9.75%
Other	1.9	7.4	9.3	Range of 4.5-7.0%

On May 11, 2011, we issued U.S.$100.0 million 9.75% senior unsecured notes due 2018. These notes had a number of restrictive covenants which are the equivalent of the covenants included in "Description of the Notes—Certain Covenants."

We are currently the obligor under approximately R$45.3 million outstanding amount of short term loans granted by various Brazilian banks. The maximum maturity of these loans is 24 months. Some of these loans have prepayment provisions and substantially all of these loans contain change of control and/or merger provisions.

On December 19, 2011, we entered into a R$10.0 million financing agreement with the Development Bank of the State of Minas Gerais (*Banco de Desenvolvimento de Minas Gerais*), or BDMG, which has an annual interest rate of 5.7383%. We will use this loan agreement to fund the expansion and modernization of our Pedra do Sino plant. We will pay back the principal on this agreement in 60 monthly installments beginning 18 months after the initial release of funds.

We obtained two letters of credit in favor of Conch from Bank of America Merrill Lynch in an aggregate principal amount of U.S.$30.6 million to secure our payment obligations under our equipment sale agreement

with Conch. See "—Material Contracts." In exchange for this letter of credit, we left a deposit of U.S.$34.0 million from the proceeds of our original notes with Bank of America Merrill Lynch.

Additionally, we are currently in discussions with the Agricultural Bank of China for a loan of up to U.S.$26.0 million to purchase the remainder of the equipment for our expansion of the Pedra do Sino plant. We intend to sign an export credit agreement with the Agricultural Bank of China by February 2012.

For further information on our indebtedness, see note 13 to our interim financial information as of September 30, 2011 and for nine months ended September 30, 2011 and 2010 and note 10 to our financial statements as of and for the years ended December 31, 2010 and 2009.

Qualitative Disclosures about Market Risk

We are exposed to market risk in the normal course of our activities, as follows:

Currency risk due to foreign exchange variations

The currency variation risks refer to the possibility that we could have losses due to fluctuations in foreign exchange rates. Currency variations could affect the cost of petcoke, a material we use to heat our kiln. For further discussion on the impact of currency fluctuations on petcoke prices, see "Risk Factors—We rely on third parties for the supply of petcoke, the price of which is linked to global oil prices in U.S. dollars." As of September 30, 2011, we had three material balances in foreign currency: (i) an option on the São Paulo Stock Exchange (*BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros*), partially hedging our obligations to pay principal and interest on the original notes; (ii) U.S.$5.1 million of offshore deposits with Bank of America Merrill Lynch and (iii) U.S.$34.0 million deposit with Bank of America Merrill Lynch. Additionally, the original notes are denominated and payable in U.S. dollars.

Credit risk

Our cash and cash equivalents and accounts receivable subject us to credit risks. The risk of incurring losses related to failure to receive amounts billed to clients is minimized by the fact that our sales are spread among a large client base and that our sales are restricted by a defined individual credit limit per client. The allowance for doubtful accounts as of September 30, 2011 is primarily related to a specific customer.

Interest rate risk

Interest rate risk arises from the possibility that we could incur losses as a result of interest rate fluctuations which would increase financial expenses, especially expenses from contracted loans.

Liquidity risk

Liquidity risk is the risk of cash shortage and the risk that we would be unable to honor our debts. We attempt to align the maturity of our debts with our cash generation to avoid any discrepancy in timing and to avoid the need for higher leverage.

Off Balance Sheet Arrangements

As of the date of this offering memorandum, we did not have any off balance sheet arrangements.

THE BRAZILIAN CEMENT MARKET

The Cement Sector

General

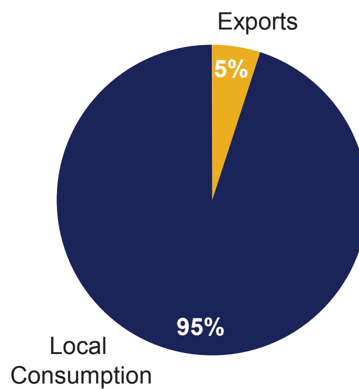
Cement is a primary building material used in residential, industrial and commercial construction. Global production of cement worldwide reached 3.3 billion tons in 2010, according to Cembureau, the European Cement Association. Cement production in Brazil was 52 million tons in 2008 and 2009 and 59 million tons in 2010 and 47 million for the nine months ended September 30, 2011, according to SNIC.

The Global Cement Industry

The global cement market is considered well developed and consolidated. According to data from the 8th edition of the Global Cement Report, the six largest industrial producers of cement in the world represented approximately 15% of global cement sales in 2010.

Due to certain logistical difficulties relating to transportation and perishability of cement, the international trade of this product is not very representative with respect to its worldwide production. According to the Global Cement Report, in 2010, 95% of the volume of cement produced in the world was consumed by local markets, while only 5% was exported.

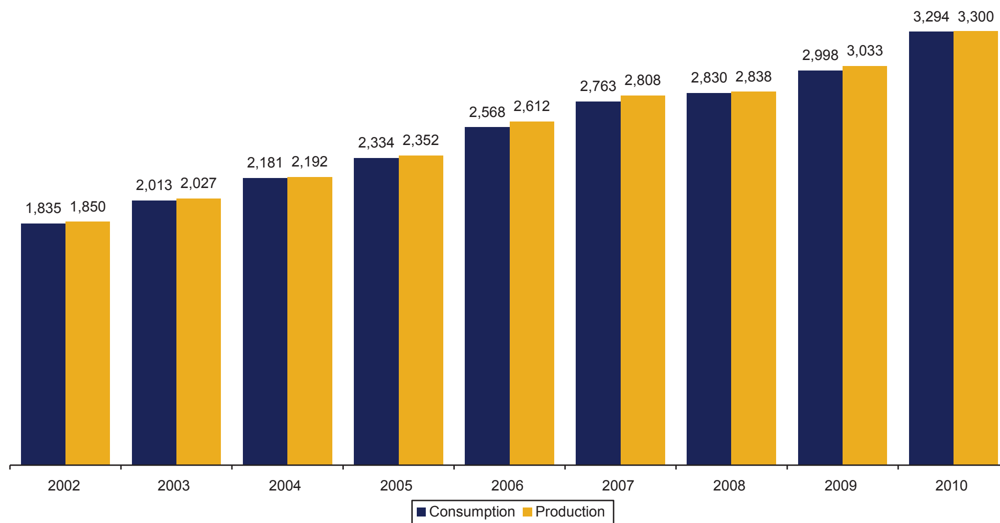
Exports vs. Local Consumption Worldwide



Source: Global Cement Report, Ninth Edition

Historically, annual global production and consumption of cement have been highly correlated. As shown in the graph below, both have consistently grown at the same rate in the last years. According to Cembureau, the global production and consumption of cement grew from approximately 1.8 billion tons per year, in 2002, to 3.3 billion tons per year, in 2010, at a compound annual growth rate of 9.9% in the period.

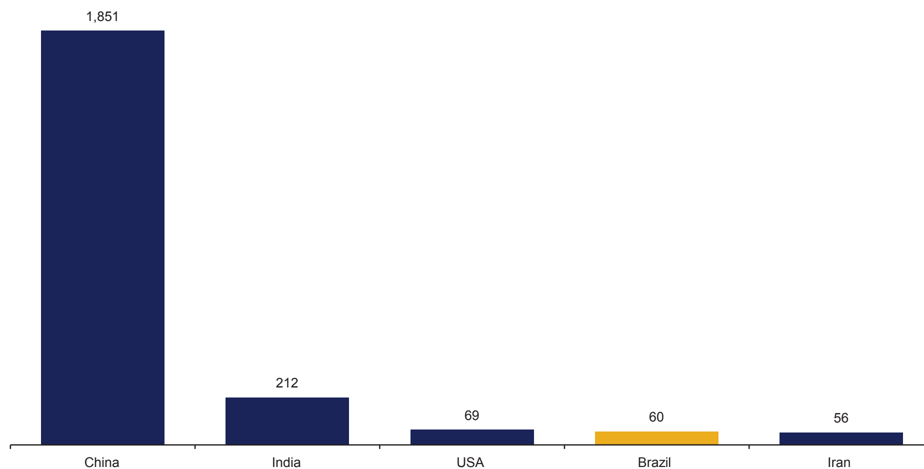
Global consumption and production of cement (million tons)



Source: Cembureau; Global Cement Report Ninth Edition; SNIC.
[1] *Preliminary data.*

Brazil is the 4th largest consumer of cement worldwide, with approximately 60 million tons consumed in 2010, according to Global Cement Report Ninth Edition (GCRNE). China produces and consumes far more cement than any other country. According to GCRNE, in 2010, China produced and consumed an estimated 1.9 billion tons of cement, which represented 56% of the global cement market for that year.

Largest consumers of cement in the world – Consumption in 2010 (million tons)



Source: Global Cement Report Ninth Edition; SNIC.

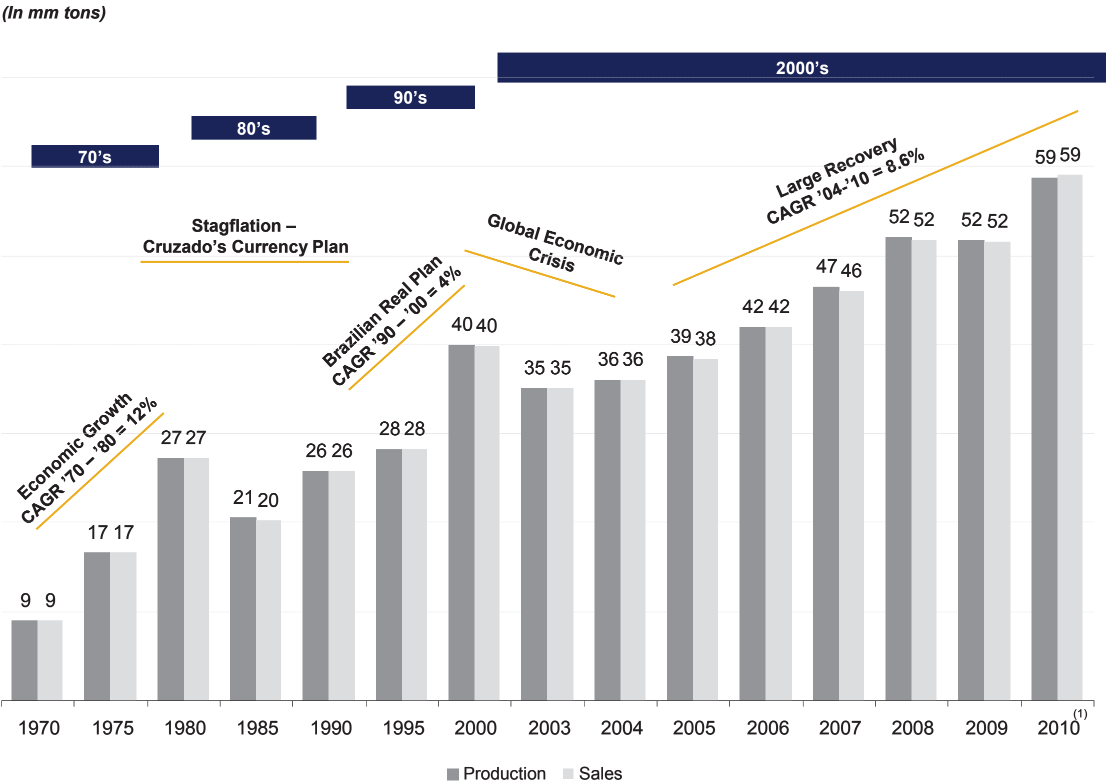
The Brazilian Market

According to SNIC, production of cement in an industrial scale began in Brazil in the 1920s and reached global relevance in the 1970s. From 1970 to 1980, Brazilian production increased from 9 to 27 million tons per year. An economic recession in the mid 1980s, however, led to a decrease in national demand for cement and production fell to as low as 26 million tons per year.

In the 1990s, as the Brazilian economy began to recover, cement consumption in Brazil increased, reaching 40 million tons per year in 1999, according to SNIC. In the early part of the 2000s, however, consumption levels declined as the Brazilian economy reflected the global economic crises. Growth resumed in 2004, with a more stable economy, and consumption returned to the level of 40 million tons per annum between 2005 and 2006. It exceeded 50 million tons per annum in 2008. Despite the global economic crisis that began in late 2008, the consumption of cement in Brazil remained stable in 2009, and data from SNIC indicate that 60 million tons of cement were consumed in 2010, representing a growth of approximately 15.4% compared to 2009.

Between 2004 and 2010, the consumption of cement in Brazil grew 64%, while the Brazilian GDP, according to IBGE, increased 28%; during this period, the cement consumption had an average annual growth that surpassed 2.3 times that of the GDP.

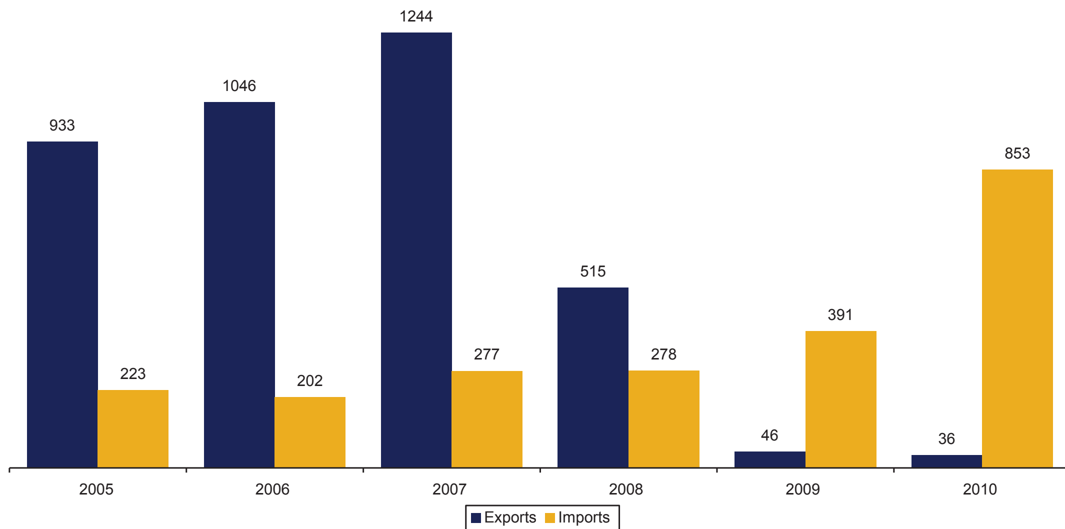
Total Production vs. Total Sales in Brazil



Source: SNIC.

Due to the difficulty of transporting cement over long distances, the product is generally imported only when local production is insufficient to meet demand. The volume of cement exported in Brazil had decreased sharply from 2007 to 2010. According to SNIC, net imports of cement in Brazil in 2010 were approximately 0.85 million tons of cement due to the strong growth in demand and unavailability of excess production capacity.

Exports and Imports of Cement in Brazil (Thousands of tons)



Source: SNIC Press Kit 2011

Consumer Demand

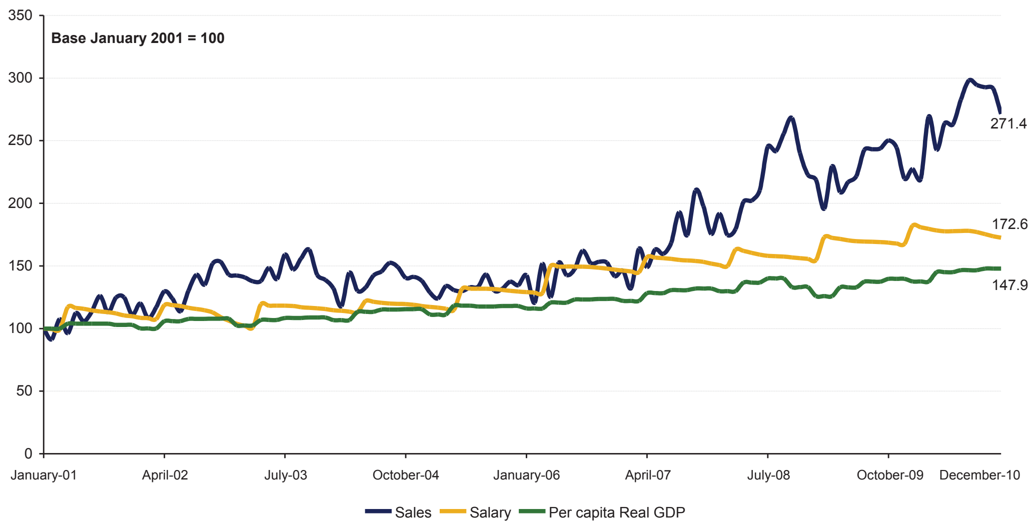
Retail consumers make up the largest segment of the Brazilian cement market, followed by industrial consumers (including construction companies and large contractors) and then smaller end-users such as federal, state and municipal public entities. According to SNIC, wholesale and retail consumers accounted for 68% of Brazilian consumption of cement in 2010.

Growth in the Brazilian cement market from the mid-1990s through 2000 was fueled by the increase in housing construction, principally through sales to "do-it-yourself" consumers (the purchase of cement by individuals for their own use) as well as for construction of low-income housing with government support. This trend is expected to continue into the future as the Brazilian Housing Secretary (*Secretaria Nacional de Habitação*, or SNH, a body of the Brazilian Ministry of Municipalities) estimates the current housing deficit (the integral set of urban and housing deficiencies that significantly affect the residential habitat and welfare of the population) to be of 5.8 million units.

Relationship between Real Income, Wages and Consumption of Cement

According to SNIC, cement consumption in Brazil correlates to the evolution of real income and real wage variation and has grown and declined at a faster rate than Brazil's GDP. The overall trends in the cement industry have been influenced by the construction sector, which, in turn, has been influenced by the growth and stability of the overall economy. During the global economic crisis in the beginning of the last decade, the demand for cement decreased, mainly following the decline in real income. This trend was reversed after 2004, however, and stability and growth in the Brazilian economy resulted in an upsurge in cement consumption. The chart below illustrates the correlation between GDP per capita, wages and cement consumption in Brazil since 2001.

Real income vs. Payroll vs. Cement Consumption Growth



Source: SNIC, IBGE and IPEADATA
Note: Preliminary data for 2010 cement sales figures.

In recent years, several factors have contributed to the growth in the Brazilian construction market and cement consumption, including economic stability, a decline in the unemployment rate and higher real income, Governmental programs aimed at promoting the housing market, such as "Minha Casa Minha Vida" ("My House, My Life"), and the increase in available mortgages led to a major growth in residential construction. Infrastructure construction has also grown significantly as a result of Federal programs like *Programa de Aceleração do Crescimento* – PAC ("Growth Acceleration Program") and private investment.

Geographic Distribution of Brazilian Cement Market

Cement production and sales in Brazil are particularly concentrated in the southeastern region of the country. According to SNIC, the Brazilian southeast region accounted for approximately 50% of Brazilian cement dispatch as of December 31, 2010 and as of September 30, 2011, followed by northeast, south, mid-west and north.

Regional Breakdown

Production – mm tons	2010(1)	%	1T'11(2)	%
Southeast	29.7	50%	9.7	50%
Northeast	11.2	19%	3.6	19%
South	8.5	14%	2.8	15%
Mid-West	6.3	11%	2.0	10%
North	3.3	6%	1.1	6%
Total	**59.0**	**100%**	**19.2**	**100%**

Dispatch – mm tons	2010(1)	%	1T'11(2)	%
Southeast	29.6	50%	9.7	50%
Northeast	11.3	19%	3.7	19%
South	8.8	15%	3.0	16%
Mid-West	6.3	11%	2.0	10%
North	3.3	5%	1.0	5%
Total	**59.2**	**100%**	**19.4**	**100%**

Source: SNIC, Preliminary data.

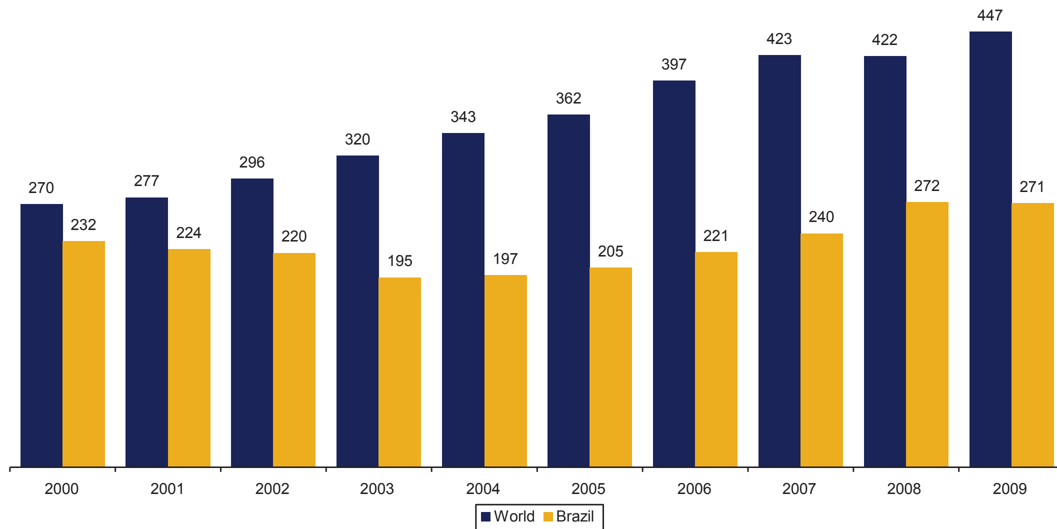
(1) *Data for 2010*

(2) *Preliminary data for January-April 2011*

Per capita Consumption

Despite the growth in overall cement consumption in recent years, Brazilian consumption levels on a per-capita basis are still below global averages. According to SNIC, the national per capita consumption of cement was approximately 311 kilograms in 2010.

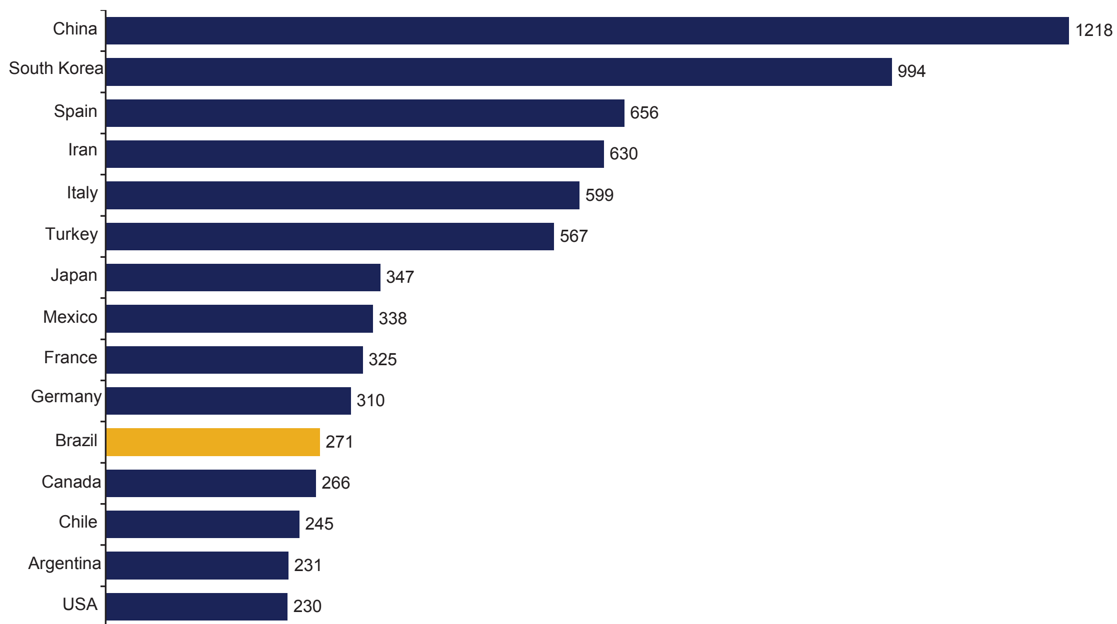
Cement consumption per capita - Brazil/World (kg/inhabitant)



Source: SNIC

This consumption rate is low in comparison to that of more developed countries such as Italy and Spain, but also to that of many emerging market economies.

Cement consumption per capita 2009 – (kg/inhabitant)

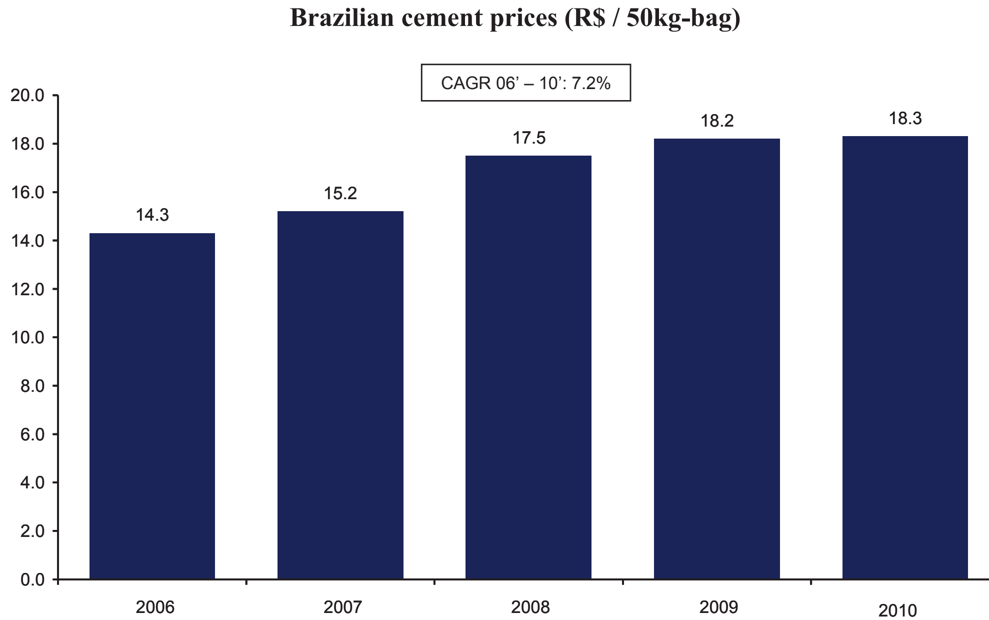


Source: SNIC

Price Levels

In recent years, the increase in demand for cement, coupled with a lack of proportional growth in Brazilian cement plants' installed capacity, resulted in a consistent increase in cement prices. As illustrated by the chart below, Brazilian cement prices have increased at an annual rate of 6.9% over the last five years, reaching a national average of R$18.65 per 50kg-bag from January to December 2010.

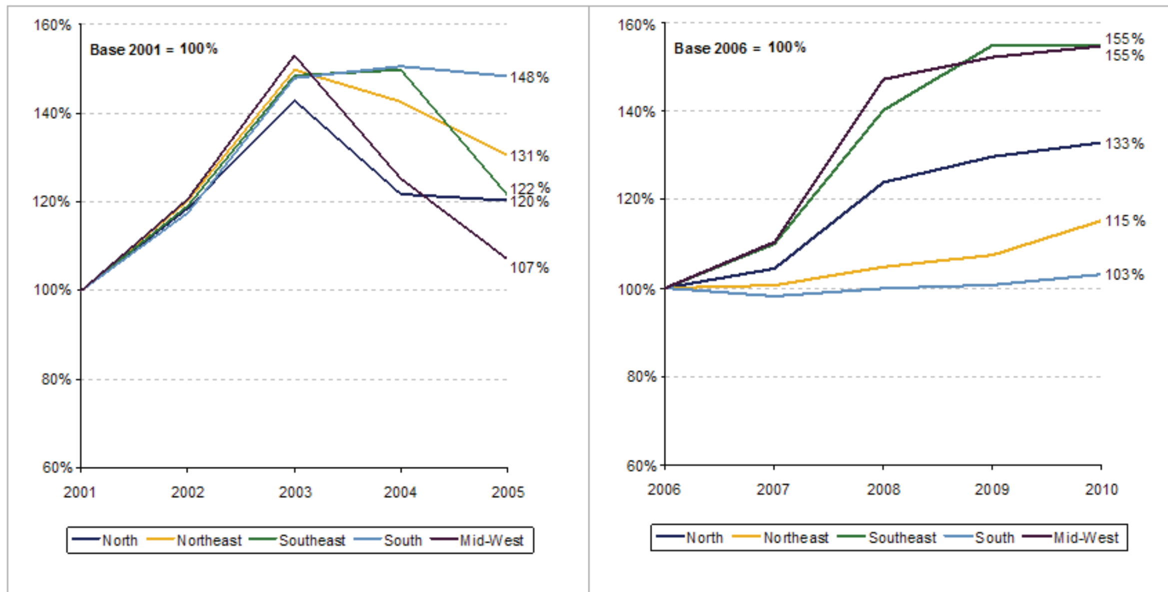
Brazilian cement prices (R$ / 50kg-bag)



Source: CBIC (Câmara Brasileira da Indústria da Construção.

Cement prices vary from region to region in Brazil. The north and northeast regions tend to have higher prices, especially since higher transportation costs are reflected in the final product price. The southeast region has had the highest increase in prices in recent years, mainly due to the recovery from a strong decline in 2006 and 2007.

Change in Cement Prices by Brazilian Region (indexed – initial year = 100%)



Source: CBIC (Câmara Brasileira da Indústria da Construção).

BUSINESS

Overview

We are a traditional producer and distributor of cement in Brazil, with over 60 years of market experience. We offer a variety of types of cement to customers in the southeast region, the most developed and industrialized region in Brazil. The southeast region, which includes the states of São Paulo and Rio de Janeiro, has the highest gross domestic product, or GDP, in the country, and was responsible for approximately 50% of cement sales in 2010, according to SNIC. We generated non-consolidated net operating revenues of R$263.6 million for the nine months ended September 30, 2011 as compared to R$279.9 million for the nine months ended September 30, 2010. We recorded non-consolidated gross profit of R$68.3 million for the nine months ended September 30, 2011 as compared to R$68.0 million for the nine months ended September 30, 2010, non-consolidated EBITDA of R$90.4 million for the nine months ended September 30, 2011 as compared to R$47.7 million for the nine months ended September 30, 2010, and non-consolidated net income of R$57.7 million for the nine months ended September 30, 2011 as compared to R$32.7 million for the nine months ended September 30, 2010. We generated non-consolidated net operating revenues of R$374.8 million in 2010 as compared to R$348.3 million in 2009. We recorded non-consolidated gross profit of R$94.5 million in 2010 as compared to R$96.1 million in 2009, non-consolidated EBITDA of R$56.4 million in 2010 as compared to R$58.9 million in 2009, and non-consolidated net income of R$72.8 million in 2010 as compared to R$67.0 million in 2009. As of September 30, 2011, we had R$648.2 million in non-consolidated total assets, and as of December 31, 2010, we had R$504.6 million in non-consolidated total assets as compared to R$381.5 million as of December 31, 2009. We sold approximately 1.7 million tons of cement in 2009, approximately 1.8 million tons of cement in 2010, and approximately 1.2 million tons of cement for the nine month period ended September 30, 2011.

Due to the fact that cement has a low aggregate value and high transportation costs, geographic location and logistics are an essential part of our business. Our production and distribution facilities are strategically located close to Brazil's largest consumer markets. We currently own three major factories: a fully integrated production plant in Pedra do Sino in the State of Minas Gerais, a grinding plant in Volta Redonda in the State of Rio de Janeiro, and a mixing plant in Mogi das Cruzes in the State of São Paulo. We have four distribution centers in the southeast region, located in Juiz de Fora in the State of Minas Gerais, in the city of Rio de Janeiro in the State of Rio de Janeiro, in the city of Taubaté in the State of São Paulo and in the city of Queimados in the State of Rio de Janeiro, all of which are in or near major cities and consumer markets. We also distribute our products through our factories, including the Mogi das Cruzes plant adjacent to the city of São Paulo. We have an established logistics network to transport our products. We own 81 bulk cement railroad cars and rent 88 additional cars to transport both bulk and bagged cement among our facilities. Additionally, we use numerous trucks to distribute our product directly to customers.

We plan to use most of the proceeds from this offering and the offering of our original notes to expand our Pedra do Sino plant by adding a second production line, which will increase its annual nominal production capacity from 1.5 million tons to 3.2 million tons of cement per year. On April 23, 2011, we executed an Equipment Sale Agreement with Anhui Conch Kawasaki Engineering Co., Ltd., or Conch, to acquire equipment for the new production line in our Pedra do Sino plant for approximately U.S.$40.5 million. We prepaid approximately U.S.$10.2 million, and we obtained two letters of credit in favor of Conch in an aggregate amount of approximately U.S.$30.6 million. In exchange for the letters of credit, we deposited U.S.$34.0 million from the proceeds of our original notes with Bank of America Merrill Lynch. For additional information on these agreements, see "Business—Material Contracts." Furthermore, we have been working with relevant Brazilian authorities since October 2008 to acquire the necessary licenses and, on May 23, 2011, we were granted the preliminary and installation licenses for the expansion of the Pedra do Sino plant. Additionally, on August 28, 2011, we entered into a Construction Agreement (*Contrato de Empreitada*) with Serpal Engenharia e Construtora Ltda., or Serpal, in the amount of R$ 48.0 million, for the civil construction of the new production line in our Pedra do Sino plant, and on October 19, 2011, we signed an Agreement with the State of Minas Gerais for tax benefits related to the construction of the new production line.

We believe there is currently sufficient demand in the Brazilian cement market to utilize our increased capacity. According to SNIC, the consumption of cement in Brazil grew approximately 15.4% in 2010, and we

believe the market will continue to grow over the coming years as a result of Brazil's growing economy, planned infrastructure projects and government incentives in the housing industry. The 2014 World Cup and the 2016 Olympic Games in Rio de Janeiro have led and will continue to lead to increases in public works and government projects. Additionally, we believe that other government projects, including the Accelerated Growth Program (*Programa de Aceleração do Crescimento*, or PAC) which has identified requirements of approximately R$1.0 trillion from 2011 to 2014 in investments in infrastructure, energy generation, transportation, housing and urban improvement projects, the "My House, My Life" ("*Minha Casa, Minha Vida*") housing program and the proposed high-speed railway connecting the cities of Rio de Janeiro, São Paulo and Campinas, will provide further demand for increased cement production. Our substantial market experience and central location, along with the increased production from our Pedra do Sino plant, will put us in good position to take advantage of the construction growth in the southeast region to stimulate the growth of our business.

Other Financial Information[1]

The table below presents summary financial data as of and for the periods indicated. As a result of the Shareholder Restructuring, we are now required to prepare interim consolidated financial information and we will be required to prepare future annual consolidated financial statements. We prepared our financial information as of and for the nine months ended September 30, 2011 on both a non-consolidated and consolidated basis, both of which are included below. The consolidated information as of and for the nine months ended September 30, 2011 is not comparable to the other periods presented as they are all non-consolidated.

	As of and for the Nine Months Ended September 30,			As of and for the Year Ended December 31,		
	2011	2011	2010	2010	2009	2008
	(*consolidated*)	(*non-consolidated*)				
	(*R$ million, except percentages*)					
Net income	57.7	57.7	32.7	72.9	67.0	48.3
Financial expenses	34.1	34.0	8.6	24.5	1.6	14.9
Financial income	(10.8)	(10.8)	(10.7)	(16.5)	(13.5)	(6.9)
Income tax and social contribution	8.0	6.5	11.5	(15.3)	(3.6)	(0.5)
Depreciation, amortization and depletion	3.1	3.0	5.6	3.7	7.4	8.5
Reversal of interest on shareholders' equity	–	–	–	(12.9)	–	–
EBITDA[2]	92.1	90.4	47.7	56.4	58.9	64.3
Equity results	–	(40.3)	6.2	(3.6)	2.9	(23.8)
Non-recurring income (expenses)[3]	2.8	2.8	1.0	17.5	4.6	(10.8)
Adjusted EBITDA[4]	94.9[5]	52.9	54.9	70.3	66.4	29.7
Adjusted EBITDA margin[6]	30.7%	20.1%	19.6%	18.8%	19.1%	9.2%
Net debt (cash)[7]	170.9	195.1	41.8	47.5	(14.7)	(19.0)

(1) This financial information provides a reconciliation of net income to EBITDA and Adjusted EBITDA.
(2) EBITDA means net income; *plus* financial expenses; *minus* financial income; *minus* income tax and social contribution; *plus* any depreciation, depletion or amortization; *minus* reversal of interest on shareholders' equity. EBITDA is not a measure of financial performance under Brazilian GAAP, IFRS or the accounting principles generally accepted in the United States, or US GAAP, nor should it be considered as an alternative to net income as a measure of operating performance, or as an alternative to operating cash flows, or as a measure of liquidity. EBITDA is not calculated using a standard methodology and may not be comparable to the definition of EBITDA or similarly titled measures used by other companies. As financial income and expenses, income tax and social contribution, depreciation, amortization and depletion are not considered for the calculation of EBITDA, we believe that our EBITDA provides an indication of our general economic performance, which is not affected by interest rate fluctuations, changes in income tax and social contribution rates, or depreciation and amortization. As a result, we believe EBITDA is an important tool to periodically compare our operating performance, and also as a basis for certain administrative decisions.
(3) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting our Results of Operations—Non-Recurring Events" for a discussion of factors affecting non-recurring income (expenses).
(4) Adjusted EBITDA, a performance measure used by our management, is defined as EBITDA *minus* equity results and *plus* non-recurring income (expenses). Adjusted EBITDA is not a measure of financial performance under Brazilian GAAP, IFRS or U.S. GAAP and it does not have a standardized meaning. Accordingly, our definition may not be comparable to that of other companies. Adjusted EBITDA should not be considered as an alternative to net income (loss) as an indicator of our operating performance, or as an alternative cash flow or as an indicator of liquidity. We believe Adjusted EBITDA is an important tool to periodically compare our operating performance, and we use it as a basis for certain administrative decisions.
(5) These consolidated results include the R$38.3 million from the sale of a soybean farm by Mape. For further information see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting Our Results of Operations—Non-Recurring Events."
(6) Adjusted EBITDA margin means Adjusted EBITDA divided by net operating revenue.
(7) Net debt (cash) corresponds to the sum of short and long term loans and financing deducted by cash and cash equivalents and marketable securities.

Competitive Strengths

We believe that we possess the following strengths, which we intend to leverage in order to improve our financial performance:

Strategically Located Quarries, Plants and Distribution Centers. Our production and distribution facilities are strategically located in the southeast region, which is Brazil's most developed and industrialized region. The total consumption of cement in the southeast region of Brazil in 2010 was 29.6 million tons (according to the SNIC report), representing approximately 49.9% of Brazil's total consumption. This region represented approximately 33.1% of Brazil's GDP in 2008. Our Pedra do Sino plant, which is our largest plant and which we are expanding using proceeds from this offering, is strategically located to cater to the three largest cement markets in Brazil (São Paulo, Minas Gerais, and Rio de Janeiro). In addition, this plant is located adjacent to one of our limestone quarries, which provides us with efficient access to limestone (one of the key raw materials used to produce cement). We estimate that this quarry contains sufficient limestone reserves to supply our cement production for the next 50 years at our increased rate of consumption following the Pedra do Sino expansion.

Efficient Operations. We believe that the favorable locations of our plants and quarries allow us to produce uniform and consistent products, to be more efficient, increase profits and dilute fixed costs. Our production plant in Pedra do Sino is located 1.2 km from our limestone quarry, and our Volta Redonda facility is adjacent to a CSN (our biggest slag supplier) plant, reducing both the cost of transportation and logistical complexity. We have also been able to benefit from our proximity to rail networks connecting our plants. Because cement is a relatively expensive commodity to transport, our plants' strategic locations shorten the distance to be travelled to reach consumers, thereby lowering our costs. We believe that all of these factors reduce the costs of transportation and logistical complexity and lead to more efficient operations, higher margins and greater profits.

Established Cement Producer with a Strong Customer Base. The Cimento Tupi brand has been in the market for over 60 years, and we believe that it is associated with high quality products. We believe that our strong brand name recognition and our commitment to providing superior customer service and maintaining a strong relationship between our sales force and our clients help us maintain our diverse customer base and high customer loyalty. As of September 30, 2011, we had approximately 2,557 active customers, approximately 83% of which we estimate have been customers for 10 years or longer. Additionally, we have low customer delinquency rates; the average payment default rate over the last five years was less than 1% of cement sales.

Experienced Management. In the 60 years in which we have been operating, our managers and directors have acquired extensive experience in cement production and distribution. The average in-house experience of our senior management is 18 years. Our team of professionals is highly trained and is constantly focused on reducing operating costs and increasing revenue. In addition, our managers have developed an expertise in accessing a wide range of financing sources which we believe enables us to optimize our capital structure and costs of financing. We maintain human resource management tools that focus on the integration and motivation of our professionals with the objective of maximizing quality and efficiency.

Business Strategy

Our business strategy is to continue to strengthen our current position in the cement industry, to improve our efficiency and eventually to expand into other geographic markets. The principal components of our strategy are to:

Continue to reduce our operating costs and increase our operating efficiencies. We will continue to focus on improving the efficiency of our operations. In March 2011, we merged with our holding company, CP Cimento, in order to simplify our tax and corporate structures. Additionally, following the construction of the new production line at the Pedra do Sino plant, we plan to centralize our production in this one location, reducing transportation and other operating costs. We also continue to explore other cost-saving improvements including

additional efficiencies in our cement production processes, more advanced technologies to monitor our operations and opportunities to streamline our logistics.

Focus on cement businesses. We plan to continue to focus on our core business, namely the production and sale of cement. We have reorganized and simplified our operations with respect to cement while divesting other related but less profitable businesses, such as our ready mix concrete operations and our cattle and soy bean farm in the State of Mato Grosso. For further information on the sale of our farm and our ready mix concrete operations please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting Our Results of Operations—Non-Recurring Events." By focusing on our profitable cement business, we believe we will continue to provide a high quality product to our customers while decreasing our costs.

Expand into selected new markets in the long term. As a long-term strategy, we believe that it is important to selectively diversify into new geographical markets that have strong growth potential. We currently have environmental licenses and mining concessions (*concessões de lavra*) to mine our quarry and the preliminary permits to build a factory in the northeast region of Brazil. The northeast region is the fastest growing region in Brazil in terms of GDP, with a growth rate of 21% between December 31, 2004 and December 31, 2008, which is 2% higher than the growth rate of Brazil (including the northeast) for the same period (according to IBGE). We have also recently acquired mining rights in the southern region. For further information on these mines please see "Business—Mining." By building plants and selling to customers in different regions we could expand our client base and decrease our exposure to economic fluctuations in the southeast region.

Expand into selected new cement products in the long term. We believe that it is important to selectively diversify into new products that have growth potential. We currently have mining rights for clay deposits near our mixing and distribution plant in Mogi das Cruzes, and we received on November 23, 2011 the installation license to expand this plant. This expansion would allow us to produce pozzolan cement, which is more impervious than portland cement to environmental hazards including sewage, seawater and sulfuric soils. For further information on our plans in Mogi das Cruzes and pozzolan cement, see "Business—Cement Production Capabilities—Mogi das Cruzes."

Our History

In 1949, we were incorporated as "Companhia de Cimento Vale do Paraíba." Soon after, we began our cement production at our Volta Redonda plant, in the State of Rio de Janeiro. In 1972, we changed our name to Cimento Tupi S.A. In 1976, we began operations in Pedra do Sino, in the State of Minas Gerais, and we built a distribution center in Mogi das Cruzes in the State of São Paulo. In 1998, we converted Mogi das Cruzes into a mixing and distribution plant to supply the greater São Paulo market.

Financial Restructuring

As a result of financial difficulties related to cement price instability from 2005 until 2007 at a time when approximately R$389 million of aggregate debt was maturing, CP Cimento's cash flows were insufficient to pay the outstanding debt. Both we and CP Cimento negotiated with major creditors for the renewal and restructuring of our and CP Cimento's debt. For further information on this period of cement price instability see "The Brazilian Cement Market—The Brazilian Market." On March 5, 2007, we entered into a global restructuring agreement and several ancillary agreements with creditors in which CP Cimento took on our outstanding debt and agreed to pay the full amount of the outstanding debt over an extended term to allow an opportunity to monetize certain assets. CP Cimento complied with all of the terms of these agreements and CP Cimento paid its outstanding debt from March 2007 to June 2010, when both we and CP Cimento were released from all of our obligations under these agreements. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Restructuring."

Corporate Structure

We were incorporated in 1949. Our headquarters and registered office are located at Av. Presidente Wilson, 231, 29th floor, in the city of Rio de Janeiro, State of Rio de Janeiro, CEP 20030-905. We can be contacted by telephone at +55 21 2277-2121, and we are enrolled with the Taxpayers' Registry (CNPJ/MF) under No. 33.039.223/0001-11. As of the date of this offering memorandum, we are an operating company with ten subsidiaries: Mape Incorporação e Empreendimentos Ltda., Tupi Rio Transportes S.A., Suape Granéis do Nordeste Ltda., Cimento Tupi do Nordeste Ltda., Cimento Touro Ltda., Tupimec – Indústria Mecânica Ltda., Sandra Mineração Ltda., Cimento Tupi Overseas Inc., CP Cimento Overseas Co. and Tupi Mineradora de Calcário Ltda. All of our subsidiaries except for Cimento Tupi Overseas Inc. and CP Cimento Overseas Co. are incorporated under the laws of Brazil. Cimento Tupi Overseas Inc. is organized under the laws of the British Virgin Islands, and CP Cimento Overseas Co. is incorporated in Panama. Only Mape Incorporação e Empreendimentos Ltda. and Tupimec – Indústria Mecânica Ltda. are operating subsidiaries.

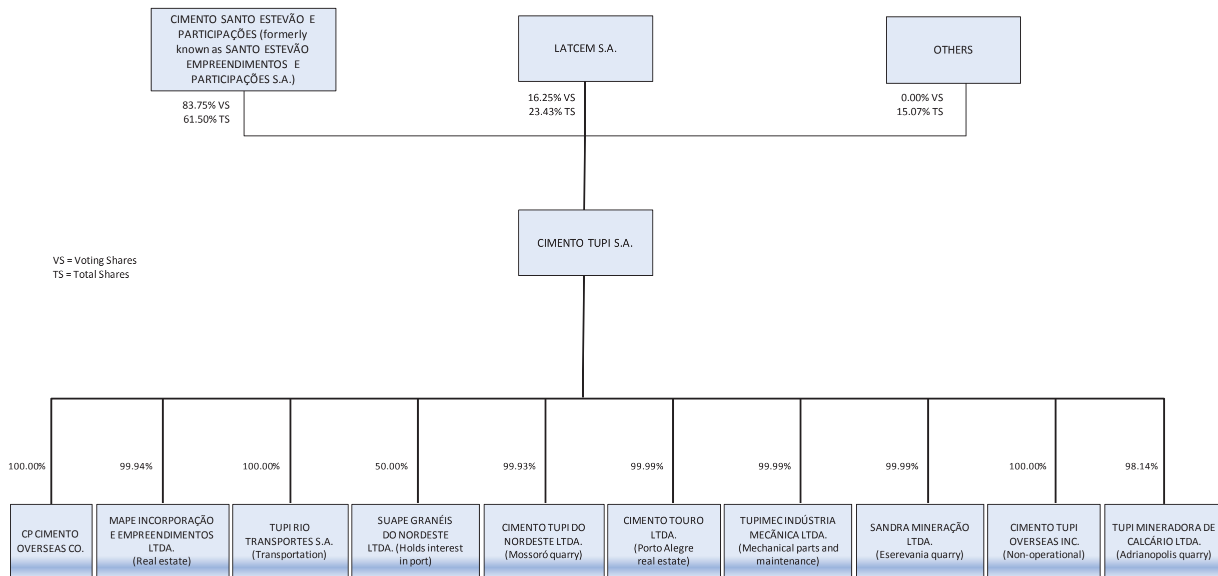
Shareholder Restructuring

At our extraordinary shareholders' meetings on March 21, 2011 our shareholders and the shareholders of our parent, CP Cimento, the holding company formed in 1999 that held 100% of our shares, approved the downstream merger of CP Cimento into us, or the Shareholder Restructuring. As a result of the Shareholder Restructuring, we became the successor of all the rights and obligations of CP Cimento. Under the Brazilian Corporate Law, our and CP Cimento's existing creditors had a period to challenge the approval of the merger in court. This period has expired and we were not notified about any legal claim challenging the merger.

Pursuant to the terms of the Brazilian Corporate Law and in accordance to the provisions of the CVM, on July 19, 2011 we filed a request to become a publicly-held company, which is still being reviewed by the CVM. Originally, the CVM requested that we provide it with audited financial statements for the three month period ended March 31, 2011. Because we were a privately held company and only have audited annual financial statements, the CVM agreed that we present audited annual financial statements as of and for the year ended December 31, 2011. We expect to become a publicly-held company after the CVM review of the additional information requested.

The shareholders of CP Cimento received our shares based on the percentage of shares that they held prior to the Shareholder Restructuring. According to the Brazilian Corporate Law, CP Cimento's shareholders who disapproved the Shareholder Restructuring had the option to exercise their rights to withdraw (*direito de retirada*) up to 30 days after publication of the minutes of the extraordinary shareholders' meetings held on March 31, 2011 in the Official Gazzette of the State of Rio de Janeiro on April 7, 2011. Four of CP Cimento's shareholders (holders of approximately 9.05% of the total shares issued by CP Cimento) exercised their withdrawal rights. We paid R$26.0 million to these minority shareholders. The Shareholder Restructuring was completed by the end of May 2011. For further information on the effect of the Shareholder Restructuring on our financial condition and results of operations see, "Management's Discussion and Analysis of Financial Condition and the Results of Operations—Financial Presentation—Shareholder Restructuring."

The chart below presents our ownership structure as of the date of this offering memorandum.



Our Cement Operations

We produce "portland" cement, a cement product classified by ABNT types I, II, III, IV or V. The classification of portland cement in Brazil is based on the chemical composition of the cement, which determines the compressive strength, as well as the chemical resistance to deterioration. Portland cement types II and III (known as "composite portland cement" and "slag cement," respectively) are widely used in Brazil for general construction purposes.

In 2011 we primarily produced two types of portland cement: CP II-E and CP III, which are mostly composed of heated and ground limestone (clinker), slag and gypsum. CP III cement may contain up to 70% slag, while CP II-E may only contain up to 34% slag. Last year we produced approximately 1.49 million tons of CP II-E cement and 151 thousand tons of CP III cement.

Cement Production Process

The manufacture of cement is a multiple step process, as outlined below:

Extraction of raw materials (limestone)

Limestone is extracted from quarries. The extraction of limestone, the primary component in cement production, requires drilling into the quarry to locate limestone in sufficient quantities and quality before extraction. After locating sufficient limestone, the dirt covering the quarry, or "overburden," is cleared by bulldozers and stored to the side of the quarry in controlled depots meeting specifications contained in applicable environmental regulations. After the removal of this top material, the limestone is blasted with explosives to extract rocks of limestone measuring up to one meter in diameter.

Crushing and pre-homogenization of the limestone

The limestone rocks are then transported by truck to the primary crusher, located adjacent to the quarry, where the limestone rocks are reduced to fragments measuring up to two inches. This crushed limestone is then transported to the cement plant by conveyor belt.

Grinding and homogenization of the limestone ("raw meal" production)

Pre-blended limestone and a small amount of iron ore are weighed and mixed together. This mixture goes through a mill at the clinker plant, which reduces the limestone and iron ore mixture to a powder called "raw meal", and it is stored in silos for homogenization, which assures quality requirements for clinker production.

Burning of raw meal to produce clinker

The "raw meal" is then pre-heated to calcinate the limestone into calcium oxide and carbon dioxide. After being processed, the raw meal is discharged into the kiln, where intense heat causes the calcium oxide to partially fuse with iron, aluminum and silicones to form a mixture of calcium silicates and other silicates, which is called "clinker." We use a variety of materials to heat the kiln, including petcoke, shredded tires and industrial solid waste. Petcoke is the main material used to heat the kiln, and it is one of the largest expenses in our cement production.

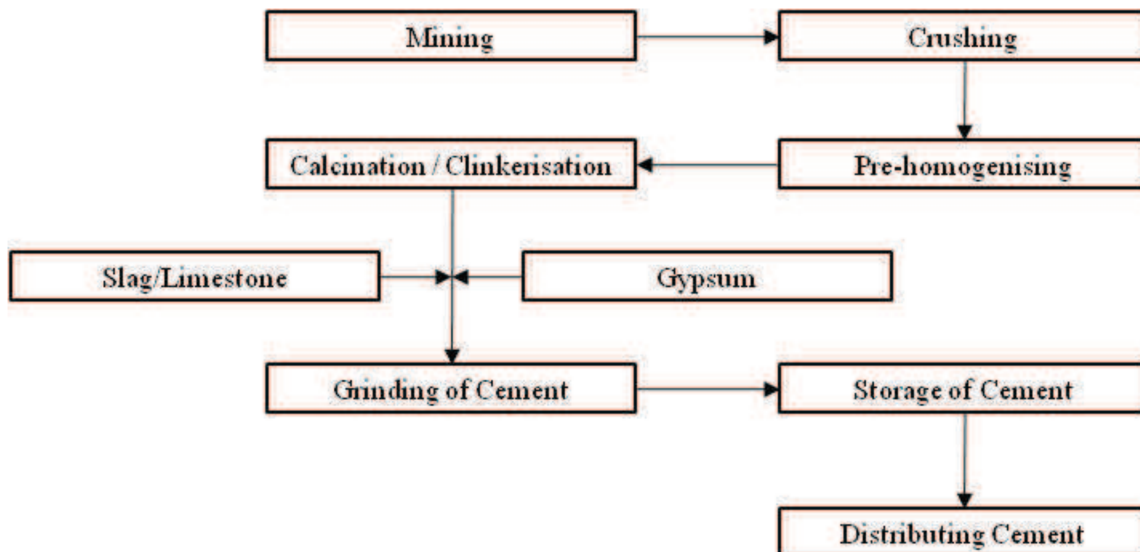
Final milling of clinker to produce cement

The clinker is taken from the silo and mixed with weighted amounts of gypsum, slag and crushed limestone, the proportions of each raw material depend on the quality and type of cement to be produced. Gypsum is used to control concrete setting time (which is the time it takes to have the concrete harden). Crushed limestone is extracted and crushed in the same manner as "raw meal", and is used as a filler added to increase the plasticity of the cement and facilitate its application. Slag, a by-product of steel production, is added to limestone because of its hydraulic properties and chemical stability. This mixture of clinker, limestone, gypsum and slag is ground in a mill into a fine powder, which is the cement.

Storage / Packaging / Dispatching

After the final milling process, the cement is stored in silos, and may be shipped in bulk or packed by rotary packers into bags of 50 kilograms. The paper bags are shipped via trucks or railway cars. Cement may also be transported in bulk through the same system.

The diagram below sets out the stages of cement production:



Cement Production Capabilities

We have one fully integrated factory in the city of Pedra do Sino in the State of Minas Gerais. We also have a grinding factory in Volta Redonda in the State of Rio de Janeiro, and a mixing plant in the city of Mogi das Cruzes in the State of São Paulo. All of our plants are located in the southeast region of Brazil. Our last major investment was the upgrade of our current kiln in Pedra do Sino in 1992, which increased the kiln nominal production capacity from 1,800 tons/day to 2,900 tons/day of cement. We plan to use a portion of the proceeds from this offering on the expansion of the Pedra do Sino plant. For further information on this expansion please see "—Expansion of Pedra do Sino" below.

The following table sets forth our production capacity and production output for the periods indicated below:

	For the period ended September 30,	For the year ended December 31,		
	2011	2010	2009	2008
		(in millions of tons per year)		
Nominal capacity	2.4	2.4	2.4	2.4
Output	1.2	1.8	1.7	1.6

Pedra do Sino

Our main production plant is located in Pedra do Sino, in the State of Minas Gerais. The plant is next to a limestone quarry and very close to major highways and railways. All stages of the cement production process occur at this plant, including: mining, crushing, calcination, grinding and distribution. This plant currently has one kiln for the production of clinker and produces, on average, 900,000 tons of clinker per year. In 2010, the plant's production output was 1.2 million tons of cement. As of September 30, 2011, there were 261 active employees working at this plant. The plant is a 62,465 square meter facility located on 8.2 million square meters of property that we own.

Expansion of Pedra do Sino

We plan to use most of the proceeds from this offering on the expansion of the Pedra do Sino plant, adding a second line of production, which includes a second kiln, various silos, cement mills and an additional packaging facility. On April 23, 2011, we executed an equipment sale agreement with Conch to acquire equipment for the new production line in our Pedra do Sino plant, and additionally, on August 28, 2011, we entered into a Construction Contract (*Contrato de Empreitada*) with Serpal for the civil construction of the new production line in our Pedra do Sino plant. We have been working with relevant Brazilian authorities since October 2008 to acquire the necessary licenses and, on May 23, 2011, we were granted the preliminary and installation licenses for the expansion of the Pedra do Sino plant. This expansion will increase the plant's nominal cement production capacity from 1.5 million tons per year to an estimated 3.2 million tons per year. Additionally, we have commissioned geological studies which concluded that if we operate the Pedra do Sino plant at expanded capacity, we will have enough limestone at the on-site quarry to produce cement for another 50 years. We have begun the construction of the second line of production, and we have signed an Agreement with the State of Minas Gerais for tax benefits related to the expansion. We expect to receive the first shipment of equipment in February 2012.

Volta Redonda

The Volta Redonda plant, located in the State of Rio de Janeiro, produced CP II-E and CP-III cement in 2011. This plant is a 29,253.2 square meter facility located on 117,579 square meters of property that we own. It currently dries and grinds the slag from our reserves as well as the slag we receive from CSN, before sending it to Pedra do Sino and Mogi das Cruzes. The Volta Redonda plant has a nominal capacity to grind 900,000 tons of slag per year. As of September 30, 2011, there were 92 active employees working at this plant.

The Volta Redonda plant receives slag from CSN pursuant to an out of court settlement reached in December 2009. For further information on slag please see "—Costs of Production—Raw Materials" and "—Material Contracts" below.

Mogi das Cruzes

The mixing unit in Mogi das Cruzes, located in the State of São Paulo, receives ground clinker and ground slag from our other Cimento Tupi plants. It has a nominal capacity to mix 1.1 million tons of cement per year, and it is a major distribution center for our cement in the State of São Paulo market. The plant is a 8,800 square meter facility located on 564,455 square meters of property that we own. As of September 30, 2011, there were 29 active employees working at this plant.

The plant is located near a large source of clay. We currently have mining rights for these clay deposits, and we are trying to obtain a license to use and extract the clay. We received the installation license to build a pozzolan cement plant on November 23, 2011. In comparison to portland cement, pozzolan cement has a reduced rate of hardening and a lower frost resistance but is more impervious to environmental hazards including sewage, seawater and sulfuric soils.

Mining

We currently have one quarry located in Pedra do Sino, in the State of Minas Gerais and limestone reserves located in Escrivânia in the State of Minas Gerais, Adrianópolis in the State of Paraná, and Mossoró in the State of Rio Grande do Norte. Pedra do Sino and Mossoró are currently the only active limestone quarries.

We extract limestone from our quarry in Pedra do Sino pursuant to several government mining authorizations and regulatory concessions. Pursuant to the Brazilian Federal Constitution, all mineral resources belong to the Brazilian Federal Union, and the exploration and exploitation of mineral resources may only be carried out by Brazilian individuals or by companies incorporated under the Brazilian laws whose main offices and administration are located in Brazil and whose corporate objective includes the exploration and exploitation of mineral resources.

The Brazilian government only grants mining authorizations and concessions to companies after geological research proves the existence of a mineral deposit which can be extracted in a commercially viable manner. Mining concessions are granted for a period of time lasting until the exhaustion of the mineral deposit. Pursuant to the mining concession, the concessionaire also holds the right to commercialize the extracted minerals. Concessions may be transferred to third parties with the approval of the DNPM, provided that the transferee has the necessary qualifications to own a concession and to act as a mining company.

Currently, our Pedra do Sino, Escrivânia and Mossoró mines have the necessary concessions. We are currently applying for a concession in Adrianópolis, and we believe that we will receive this concession within the next two years. Pursuant to the current Mining Code, there are five grounds for forfeiture of the concession: (i) formal abandonment of the mine; (ii) failure to start the exploration or exploitation activities on the required date, despite previous notification and penalty; (iii) exploration activities not in accordance with the exploration authorization, despite previous notification and penalty; (iv) continuous performance of "ambitious mining" or exploitation activities outside of the permitted area, despite previous notification and penalty; and (v) within a one-year period, three repeated failures to comply with orders given at an inspection, despite previous notification and penalty. We do not anticipate the revocation of any of the extraction decrees in the foreseeable future.

Furthermore, a mining project may be subject to restrictions if they occur in certain areas, including indigenous reservations, conservation sites, archeological sites and border zones (areas within a 150 Km-wide strip parallel to the national border). If the mining project is located in a border zone, certain restrictions may apply: (i) limitation of foreign investment to 49% of the capital stock of the company performing exploration/exploitation activities in such area; (ii) requirement that 51% of the capital stock is held by Brazilian entities; (iii) requirement that at least two thirds of workers are Brazilian; and (iv) requirement that the management is directed by a Brazilian majority.

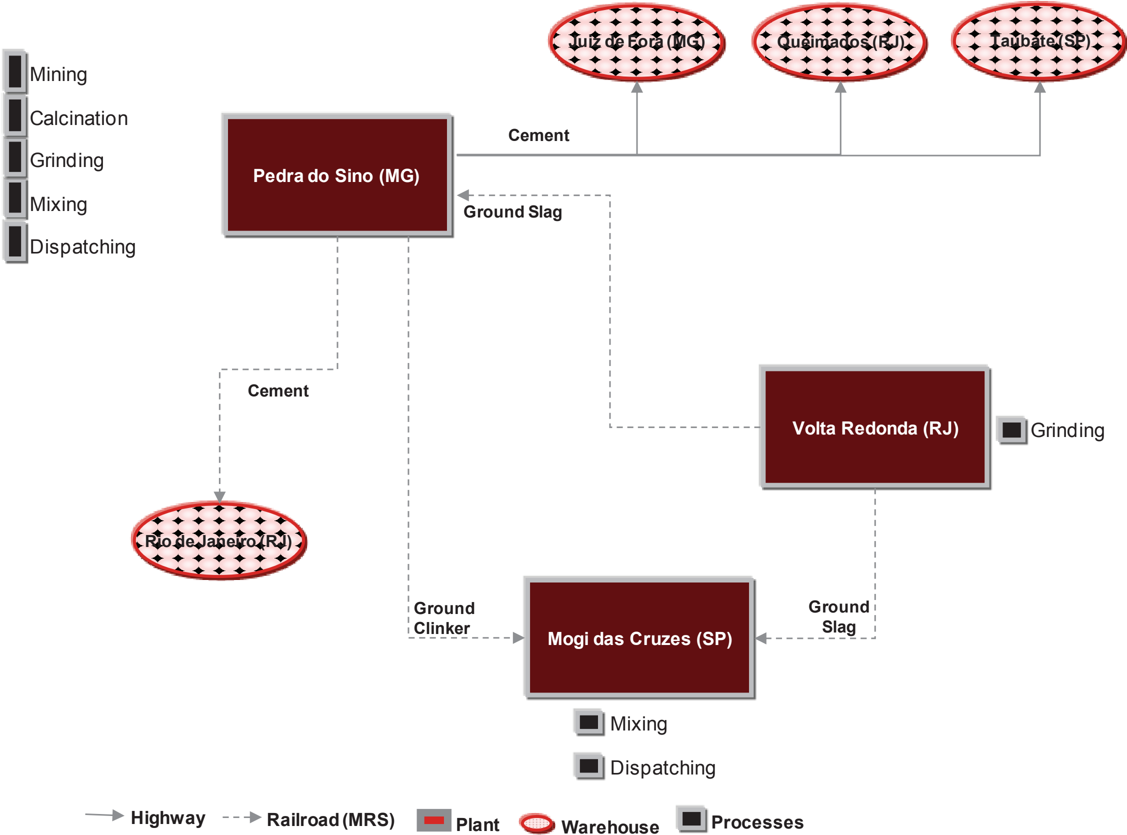
Recent regulation by the government requires companies that exploit and mine in areas with caves to offset any environmental damage to these caves by adopting measures to ensure the preservation of other environmentally relevant caves.

Distribution

Due to the fact that cement has a low aggregate value and high transportation costs, geographic location and logistics are an essential part of the cement business. Our plants' strategic locations shorten the distance to be traveled to reach consumers, thereby lowering our costs. We have also been able to keep our transportation and logistic costs low due to our proximity to, and use of, the existing rail networks connecting our plants and, in an effort to efficiently and safely respond to our clients' orders while further minimizing our costs, we are focused on constantly improving the transportation of our products between plants, material suppliers and regional distribution centers.

Our main production plant in Pedra do Sino is located 1.2 km from our limestone quarry, while the Volta Redonda facility is adjacent to CSN, our biggest slag supplier, reducing both the cost of transportation and logistical complexity. We transport ground clinker by rail from Pedra do Sino to our Mogi das Cruzes plant, while ground slag is shipped by rail from Volta Redonda to Pedra do Sino and Mogi das Cruzes.

We have an integrated logistics network as shown below:



In addition to distributing our products through our plants, including the Mogi das Cruzes plant close to the city of São Paulo, the capital of the most prosperous and economically developed state in Brazil, we have four advanced distribution centers located in the city of Rio de Janeiro in the State of Rio de Janeiro, Juiz de Fora in the State of Minas Gerais, Taubaté in the State of São Paulo, and Queimados in the State of Rio de Janeiro.

Our extensive logistics network is highly efficient. We own 81 bulk cement railroad cars and use 88 additional cars for both bulk and bagged cement to transport products between our facilities. Additionally, we use numerous trucks to distribute our product directly to customers.

Costs of Production

Raw Materials

The main raw materials used in the production of our cement are limestone, slag, gypsum and iron ore. We currently have one quarry located in Pedra do Sino in the State of Minas Gerais and three limestone reserves located in the cities of Escrivânia, in the State of Minas Gerais, Adrianópolis, in the State of Paraná and Mossoró, in the State of Rio Grande do Norte. We are currently renewing our environmental permits in Escrivânia. We have a concession to explore and sell limestone from the Mossoró reserve, but we have not yet built a plant adjacent to the quarry to utilize its limestone. The Adrianópolis reserve is not currently operational, but we predict that we will receive its mining concession in approximately two years. We have commissioned geological studies which conclude that if we operate the Pedra do Sino plant at expanded capacity, we will have enough limestone to produce cement for another 50 years.

We receive both our gypsum and iron ore from different suppliers. We do not foresee any difficulty in obtaining gypsum or iron ore in the future, nor any material change in its general price levels.

Slag, a by-product of the steel industry, is mostly supplied by CSN under the CSN Agreement. Due to an out of court settlement reached in December 2009 with CSN over a contract dispute, CSN was required to provide us with 850,000 tons of slag beginning in January 2010. For further information on our dispute and agreement with CSN see "—Material Contracts" below. We currently receive and use approximately 30,000 tons of slag supplied by CSN each month, and, at the current rate, we will continue to receive slag from CSN until April 2012. Furthermore, we are currently using slag from our reserves which we estimate will last until December 2012 given our current production levels. After 2012, if we expand our plant in Pedra do Sino as planned, we may not need any more slag as we plan to discontinue our production activities at Volta Redonda. However, if we choose not to discontinue production, we will either have to enter into a domestic slag contract or import slag from the global markets. For further information on risks related to slag consumption see "Risk Factors— If we fail to complete the expansion of our Pedra do Sino plant before we exhaust our slag reserves, we will have to obtain slag from alternative slag producers."

Management estimates that the cost of extraction and/or purchase of these raw materials and their transportation to one of our relevant production plants was approximately 19.0% of our total cement production cost for the nine months ended September 30, 2011.

Energy

We use both thermal energy and electricity in our operations. We maximize the efficiency and flexibility of our operations by employing several energy sources in our production processes. Energy is the largest cost component in the production of cement, and it accounted for 31.5% of our cost of sales in 2010 and 33.5% of our cost of sales for the nine months ended September 30, 2011.

Thermal Energy

Thermal energy is an important source of energy (approximately 16.5% of our cost of sales in 2010 and 17.7% for the nine months ended September 30, 2011) and is comprised of charcoal residue (a by-product of cast iron production) and petcoke. Petcoke is the most significant of these energy sources. The cost of petcoke varies in accordance with international global oil prices, which are quoted in U.S. dollars and fluctuate depending upon the supply and demand for oil and other refined petroleum products. We buy the majority of our petcoke from Petrobrás. For further discussion on the impact of petcoke price increases, see "Risk Factors—We rely on third parties for the supply of petcoke, the price of which is linked to global oil prices in U.S. dollars."

Electricity

All of our production facilities rely on electricity which represents approximately 15.0% of the cost of sales in 2010 and 15.7% of the costs of sales for the nine months ended September 30, 2011. We have entered into fixed contracts for the supply of electricity with: (i) CEMIG Geração e Transmissão S.A., or CEMIG, in the State of Minas Gerais and Rio de Janeiro, (ii) Light – Serviços de Eletricidade S.A., or Light, in the State of Rio de Janeiro and (iii) EDP – Bandeirante Energia S.A., or EDP, in the State of São Paulo. Our largest energy supply contract is with CEMIG, a company partially owned by the government of the State of Minas Gerais, is valid until 2016, and provides for the supply of electricity to Pedra do Sino (including the energy for the plant expansion), Volta Redonda and, if required, Mogi das Cruzes. Pursuant to these agreements, we can only use the supplied electricity for the enumerated activities described in the agreement and the price of electricity is adjusted on a yearly basis to reflect inflation based on IGP-M, the Market General Price Index calculated by the Fundação Getúlio Vargas. For further information on these contracts, please see "—Material Contracts."

Labor

Management estimates that labor accounted for approximately 8.3% of our cost of our sales in 2010 and 9.4% of our costs of our sales for the nine months ended September 30, 2011. As of September 30, 2011 we had 486 active employees – 261 in our Pedra do Sino plant, 92 in our Volta Redonda plant, 29 in our Mogi das Cruzes plant and 104 in sales and administration. For further information on our employees please see "—Employees."

Transportation

In 2010, transportation accounted for approximately 15.7% of our cost of sales, and for the nine months ended September 30, 2011 transportation accounted for approximately 12.6% of our cost of sales. Because cement has a low aggregate value per unit of weight, the cost of transporting raw materials to the production plants and the cost of transporting cement to the customer play a significant role in the final cost of the product. The Pedra do Sino plant is close to reserves, which minimizes the transportation costs of raw materials between the quarry and plant. The proximity of our plants to the main commercial centers where we sell our products reduces our distribution costs, delivery times and vulnerability to competition, and improves our contact with and service to our customers.

We transport products among our cement plants by railroad. We own 81 bulk cement railroad cars and rent 88 additional cars to transport both bulk and bagged cement. We entered into an agreement with MRS Logística S.A., or MRS, which has been our commercial partner since August 2000, to transport both the cars we own and the cars we rent. The current agreement was valid until October 2011, and it is currently being renegotiated. Cement delivery to clients is made by truck. We entered into a contract with Transportadora de Cargas em Geral S.A., or TCG, who has been a business partner for over five years, for road transportation services, the agreement is valid until April 2012. For further information on these contracts, please see "—Material Contracts."

We store our cement in silos at our plants before it is either packaged by automated rotary packers into 50 kg bags or loaded onto bulk cement trucks for delivery. The cement stored in silos lasts up to six months, while bagged cement lasts up to three months. Once packaged, cement is transported either to one of our distribution warehouses or directly to the final customer. To improve efficiency, we utilize different technologies, including special forklifts that remove pallets when loading trucks and special railroad cars adapted to make loading and unloading of cement pallets easier.

Regulatory Costs

There are two main types of special fees to which we are subject: (i) Annual Tax per Hectare (*Taxa Anual por Hectare*), or TAH; and (ii) Financial Compensation for the Exploitation of Mineral Resources (*Compensação Financeira pela Exploração de Recursos Minerais*), or CFEM, which is also known as mining royalties.

As set out by Law No. 7,886, of November 20, 1989 and Law No. 9,314, of November 14, 1996, the titleholder of an exploitation authorization is required to pay the TAH annually to the DNPM. This fee is currently charged based on a fixed value set forth in DNPM Ruling (*Portaria do Diretor-Geral do DNPM*) No. 112 of March 31, 2010, which is currently R$2.02 per hectare for survey licenses during the initial granting period, and R$3.06 per hectare for the survey licenses during the extended period, if applicable.

Through the CFEM, the federal, state, district and municipal governments all receive either a portion of the gains from the exploitation of mineral resources in their respective territories, continental shelves, territorial waters or exclusive economic zones or some other type of financial compensation for the exploitation. The Brazilian Federal Constitution established the CFEM, which is calculated based on net revenue from the sale of mineral products (this is defined as the total of sales less taxation, transportation and insurance expenses). The applicable rate varies depending on the mineral. As of the date of this offering memorandum, the rates were as follows: bauxite, manganese ore, rock salt and potassium: 3%; gold: 1%; precious carbon, colored, cuttable stones and precious metals: 0.2%; iron ore, fertilizers, mineral coal and other mineral substances: 2%.

Failure to pay the TAH or CFEM may result in the imposition of penalties, varying from a simple notification to ratify the payment request to the forfeiture of the mining right. During the exploitation phase, mining companies must also pay a portion of the production cost (*renda pela ocupação*) to the owner of the real estate, upon which they are mining. They must also provide the owner with an indemnity for damages and for loss of profit resulting from the use or occupation of the land. A concession to survey a mine will not be granted by the DNPM without proof of ownership of the land or proof of an agreement between the owner or possessor of the relevant real estate and the concessionaire. In the event that an agreement cannot be reached, the DNPM Director will send the dispute to the courts for resolution.

We are currently involved in CFEM collection procedures totaling approximately R$2.8 million, which, as of the date of this offering memorandum, we believe does not constitute a material risk. However, we cannot guarantee that new CFEM collection procedures will not be initiated against us following new inspections from DNPM.

Material Contracts

Originally, we received slag from CSN under an agreement whereby we were required to pay a given price for slag depending on the price of cement. However, when the price of cement fell, CSN did not adjust the slag price as agreed. In response, we initiated a lawsuit against CSN to recover the money paid in excess. In an out of court settlement reached in December 2009, CSN was required to provide us with 850,000 tons of slag beginning in 2010. We currently receive and use approximately 30,000 tons of slag supplied by CSN each month, and, by the current rate, we will continue to receive slag from CSN until April 2012.

We have two separate transportation contracts—one with MRS for railroad transportation and one with TCG for road transportation. On October 1, 2008 we entered into an agreement with MRS whereby MRS agreed (i) to transport our cement or ground clinker from Pedra do Sino to Volta Redonda, Mogi das Cruzes and to the city of Rio de Janeiro and (ii) to transport our cement or ground slag from Volta Redonda to Mogi das Cruzes and Pedra do Sino. This agreement was valid until October 1, 2011 and is currently being renegotiated. While the transportation prices are fixed, they are adjusted annually to reflect the variation in diesel oil prices and inflation rates according to the IGP-M. This agreement is renewable by a written amendment signed by both parties.

On April 8, 2009, we entered into an agreement with TCG whereby TCG agreed to provide road transportation for our products. While the transportation prices are fixed, they are adjusted yearly to reflect the variation in diesel prices. This contract expires on April 30, 2012, but it is renewable by a written amendment signed by both parties.

On April, 23, 2011, we executed the equipment sale agreement with Conch to acquire for the new production line in the Pedra do Sino plant. Pursuant to the terms and conditions of the agreement, all of the

equipment acquired will be delivered by June 7, 2012 and we will pay approximately CNY264 million. We expect to receive the first shipment of equipment in February 2012.

We have three major electricity supply contracts with EDP, Light and CEMIG. We entered into a contract with EDP on November 25, 2009, which is valid until November 25, 2012, for the supply of electricity to the Mogi das Cruzes plant. These prices are fixed at a rate determined by the prices set by ANEEL (Brazilian National Agency of Electric Energy), which are adjusted on a yearly basis to reflect inflation rates according to the IGP-M and the amount of energy we require each year.

We entered into a contract with Light on January 1, 2007, which was valid for a period of 12 months, but which is renewed automatically each year until one of the parties sends written notice of termination to the other party. This agreement provides for the supply of electricity to the Volta Redonda plant. These prices are fixed at a rate determined by the prices set by ANEEL, which are adjusted on a yearly basis to reflect inflation rates according to the IGP-M and the amount of energy we require each year.

On March 5, 2009, we entered into a contract with CEMIG for the supply of electricity for the Pedra do Sino and Volta Redonda plants. This contract is valid until December 30, 2016. The prices are fixed and calculated depending on the megawatt per hour (MWh) expenditure of both plants. Prices are subject to yearly adjustments based on inflation rates according to the IGP-M. Under the agreement, there is also a possibility that part of the contracted energy could be transferred to the Mogi das Cruzes plant, subject to certain terms and conditions.

On August 28, 2011, we entered into a Construction Contract (*Contrato de Empreitada*) with Serpal for the civil construction of the new production line in our Pedra do Sino plant. According to the contract, the construction will be completed by May 31, 2012. We will pay to Serpal approximately R$48.0 million for these services.

On October 19, 2011, we signed an Agreement with the State of Minas Gerais for tax benefits related to the expansion of our Pedra do Sino plant. According to this agreement, we are entitled to: (i) a deferral by the State of Minas Gerais (Special Tax Regime) of ICMS on certain products and (ii) working capital financing from BDMG. To receive these benefits, we must do the following: (i) invest R$258.0 million by the end of 2013; (ii) create 86 direct jobs and 650 indirect jobs; (iii) finish the expansion by December 2012 at which time our Pedra do Sino Plant should have a production capacity of 2.2 million tons of cement per year and 1.7 million tons of clinker per year; (iv) start production in February 2013, and as of 2014, have a production capacity of 2.5 million tons of cement per year and 2.0 million tons of clinker per year; (v) increase revenue by R$ 320.0 million by 2013 and R$ 390.0 million by 2014; (vi) train employees; (vii) increase new products produced; (viii) obtain the environmental licenses required for the project; (ix) preference suppliers and services providers from the State of Minas Gerais; (x) use materials from the State of Minas Gerais for the expansion; and (xi) maintain the plant in the State of Minas Gerais for at least ten years.

Financial Agreements

On May 11, 2011, we issued U.S.$100.0 million 9.75% senior unsecured notes due 2018.

We have also recently obtained two letters of credit from Bank of America Merrill Lynch on, both in favor of Conch as security for the purchase of the Pedra do Sino plant equipment. Additionally, we are currently in discussions with the Agricultural Bank of China for a loan to purchase the remainder of the equipment for our expansion of the Pedra do Sino plant.

We have entered into financial agreements with Brazilian commercial and governmental development banks to finance our working capital needs, to purchase new equipment and to secure the issuance of bank guarantees (*cartas de fiança*), which guarantee the payment of certain tax claims in the event of an adverse final decision against us. We have also entered into leasing agreements with Brazilian banks in order to lease vehicles and machines directly involved in our activities.

On December 19, 2011, we entered into a R$10.0 million financing agreement with BDMG, which has an annual interest rate of 5.7383%. We will use this loan agreement to fund the expansion and modernization of our Pedra do Sino plant. We will pay back the principal on this agreement in 60 monthly installments beginning 18 months after the initial release of funds.

Additionally, we are currently in discussions with the Agricultural Bank of China for a loan of up to U.S.$26.0 million to purchase the remainder of the equipment for our expansion of the Pedra do Sino plant. We intend to sign an export credit agreement with the Agricultural Bank of China by February 2012. For further discussion of our indebtedness, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Indebtedness."

Sales and Marketing

In 2010, we had total non-consolidated net sales revenue of cement of R$374.8 million and for the nine months ended September 30, 2011 we had total non-consolidated net sales revenue of cement of R$263.6 million. In 2010, approximately 23% of these sales were made in bulk to ready mix concrete companies, while 58% of our cement was sold to building material retailers and distributors. The remaining 19% was mainly sold to industrial companies, which use cement as a raw material for precast products such as posts, bricks and slab, and to final consumers. For the nine months ended September 30, 2011, approximately 19% of these sales were made in bulk to ready mix concrete companies, while 60% of our cement was sold to building material retailers and distributors. The remaining 21% was mainly sold to industrial companies, which use cement as a raw material for precast products such as posts, bricks and slab, and to final consumers. We generally sell to customers located close to our plants in the southeast region of Brazil.

We have three sales managers, one in the State of Rio de Janeiro, one in the State of São Paulo, and one in the State of Minas Gerais, each of whom is responsible for a sales force in his respective region. Our sales force is in daily contact with our customers in order to quickly meet their demands. We provide our sales force with constant information, so that they are able to adapt their sales pitch and marketing efforts to specific customers. Additionally, we have a dedicated telemarketing team that both receives orders for cement and actively contacts customers. Our total sales force as of September 30, 2011 consisted of 57 active employees, including the three managers and 22 telemarketers.

Main Markets and Customers

We sell cement to: (i) retailers and distributors; (ii) ready mix concrete service providers; and (iii) building companies, public entities, industrial clients and others. Our ten largest customers for the nine months ended September 30, 2011 were responsible for 22.9% of our total net operating revenues. We do not have any customer or group of customers that represents a material portion of our total sales.

The following table sets forth the volume of sales by customer type in the cement industry in the southeast region of Brazil as of December 31, 2009 and 2010 and as of September 30, 2011:

	Sales		
Customer Type	**As of September 30, 2011**	**As of December 31, 2010**	**As of December 31, 2009**
Retailers and distributors	59.7%	50.9%	55.2%
Ready mix concrete service providers	19.6%	22.4%	22.4%
Building companies, public entities, industrial clients and others	20.7%	26.7%	22.5%

Source: SNIC.

Prices

Cement prices vary from region to region in Brazil depending primarily on supply and transportation costs. The Southeast region accounts for the highest increases. From 2006 to 2009, cement prices in this region have risen an average of 15.7% per year, mainly due to a recovery from the decline in prices from 2005 to 2007. For further information on cement prices see, "Industry—Price Levels."

Because we hold a small market share of the Brazilian cement market, we have little influence on the average cement price in Brazil. If our competition lowers prices for cement, we generally respond by lowering our prices in order to maintain our market presence.

Debt Collection

Our debt collection policy is both rigid and conservative. Before we approve any line of credit, we perform background checks on the customer. Once the customer passes the initial background check, the credit committee must approve a credit limit. Generally, our customers have an average of 19 days following receipt of cement to make their payment, but they may be subject to stricter terms depending on their purchase history. If a customer fails to pay any amount due, his credit is automatically suspended. If we have not received the proper payment within a 12 day period, the customer's credit limit is cancelled and the outstanding balance is sent to a debt collection agency; very few exceptions are allowed by the credit committee. If the debt collection agency has not recovered the amounts owed to us within an average of 30 days, we may commence the necessary legal procedures to obtain payment.

Management believes that, by following this policy, we have experienced low payment default levels. The average payment default rate over the last five years was approximately 0.08% of cement sales.

Quality Control

We maintain rigorous quality control standards at every stage of the cement production process. Our plants maintain quality control standards in compliance with the Brazilian Association of Technical Standards (ABNT). Since 1999 we have used the *Programa de Gestão de Rotina de Processos* in all three of our plants and were awarded the ISO 9001:2001 certificate for our plants in Volta Redonda and Pedra do Sino in 2002. The ISO certification was renewed in 2008 (version 9001:2008).

Competition

The Votorantim Group, along with other multinational companies such as Cimpor, Lafarge and Holcim, all of which acquired established companies in Brazil, are the leaders in the cement market in Brazil with market shares in terms of sales volume according to SNIC preliminary statistics as of December 31, 2010 of 37.9%, 9.0%, 8.0% and 7.4%, respectively. As cement is a relatively expensive commodity to transport, competition is regional. In the southeast region of Brazil, Votorantim, Cimpor, Lafarge and Holcim have the following market shares as of December 31, 2010: 26.7%, 3.0%, 12.8% and 14.9%, respectively. Other cement leaders as of December 31, 2009 include João Santos with a market share of 11.4% in Brazil and 5.1% in the southeast region and Camargo Corrêa with a market share of 9.9% in Brazil and 16.2% in the southeast.

Despite competition, management believes it is well positioned and we have been able to maintain our market share in the southeast region at approximately 6% in the last 5 years. Management believes that it has the following competitive advantages: (i) authorizations and concessions to use our substantial limestone quarries; (ii) plants located near consumer markets; (iii) cost effective railway networks; (iv) a well established position in the largest Brazilian cement market; and (v) strong branding.

Any new company attempting to enter the Brazilian cement market will face various natural barriers to entry, including: (i) a shortage of limestone reserves located close to important markets; (ii) the extensive capital investment requirements; (iii) the length of time necessary to obtain mining and building permits; (iv) time needed

to construct new plants once permits are obtained; (v) the length of time necessary establish a retail distribution network and (vi) the lack of brand identification.

Seasonal cycles

Brazilian cement consumption and, thus, our sales, are seasonal. We generally see a decrease in sales during the rainy season, especially in January and February, with levels increasing substantially in March through September, as this is a period of less rain and stronger construction activity.

Insurance

We insure our plants and material equipment for ordinary damage arising from events such as fire, electrical damage, certain natural disasters and explosions. Our insurance for ordinary damage (including fire, lightning, explosion and other damages) is issued by RSA Seguros (Brasil) S.A. with an insurance coverage of up to R$90.0 million, subject to certain sub-limits. Our current insurance premium is approximately R$184 thousand per year. In the past three years, we have not suffered any material insurable losses. However, in December 2011, there was an accident at our Pedra do Sino plant. We estimate the expenses of this accident to be R$5 million in new machinery and R$3 million in repair costs, and we are in the process of submitting a claim related to the accident to our insurance providers. We may have to pay a maximum deductible of R$60 thousand for this accident, and we believe that our insurance will cover all other costs. We do not have any insurance to cover business stoppage losses, but we were able to meet all of our delivery requirements using our stockpiles.

Environmental Matters

Environmental Regulations

Under the Brazilian federal constitution, the federal, state and municipal governments have the power to enact environmental protection laws and to issue regulations under such laws. The Brazilian federal government normally creates general regulations which provide the minimum standards of environmental protection, while the state governments enact more specific regulations. Additional environmental standards are established through municipal regulations and described in operating permits issued specifically for each plant.

In 1998, the Brazilian government enacted a new environmental crimes law that imposes criminal penalties on corporations and individuals who violate environmental laws. Individuals (including corporate officers and directors) may be imprisoned for up to six years for environmental crimes. Criminal penalties against corporations include fines, community service and certain other restrictions, including the cancellation of financings with government entities. At the administrative level, corporations found to be violating environmental laws can be fined up to R$50 million, have their operations suspended, be barred from entering into certain types of government contracts, be required to repair or indemnify any environmental damages they cause and be required to forfeit tax benefits and incentives.

Additionally, we are required to submit a Recovery Plan for Degraded Area (*Plano de Recuperação de Áreas Degradadas*, or PRAD), which includes the recovery activities after the closure of the mine, to the environmental authorities. Once this plan is presented to and approved by the environmental agency, we are supposed to follow and undertake the measures and plans described therein. Under Decree No. 6.514, of July 22, 2008, if we do not undertake recovery activities as set forth in the environmental license, we will be subject to a fine ranging from R$1,500 to R$3,000, for each irregular hectare or fraction, amongst other penalties.

Under Law No. 6,938 dated August 31, 1981, in conjunction with CONAMA Resolution No. 237 dated December 19, 1997, companies are required to obtain environmental licenses for any undertaking that can potentially pollute the environment. Consequently, we are required to obtain environmental licenses to install and operate our production facilities, and as part of the regulation, we are required to prepare an environmental impact assessment. Additionally, Decree No. 97,632 dated April 10, 1989 requires the restoration of mined areas to their original state.

The environmental licensing process includes a preliminary license, an installation license and an operating license. The preliminary license, issued during the preliminary planning phase of the project, authorizes the location and basic development of the undertaking or activity. The installation license authorizes the facility's construction. The operating license authorizes the commencement and continuation of operational activities. Operating licenses are subject to compulsory renewal depending on their validity. We are currently awaiting a response regarding a renewal request for the operational licenses No. 281/97 and No. 282/97 for the operation of a cement factory and slag deposit in Volta Redonda, in the State of Rio de Janeiro. Under Law No. 12,305 dated August 2, 2010, mining and industrial waste generators must present a waste management plan to the environmental authorities. Additionally, to obtain an operating license a company must prove that its kilns are in compliance with the requisite standards and regulations.

In addition to petcoke, we use industrial waste as a source of thermal energy. On August, 2003, we entered into an agreement with Resicontrol S.A., or Resicontrol, to burn their residues in our kiln. This agreement remained in force until August 2011, and it is currently being renegotiated. Under the terms of this agreement, Resicontrol pays us a specified amount depending on the quantity of residues we use. In order to process waste, a cement plant must also be licensed by the applicable environmental authorities, and, as of the date of this offering memorandum, we have all of the necessary licenses to burn waste. State and federal regulations also control the use, production and transportation of hazardous substances.

The Legal Reserve Area (*Reserva Legal*) from the Brazilian Forest Code (Federal Law No. 4,771/65) is a protected area designated for the following purposes: the sustainable use of natural resources, the conservation and rehabilitation of the biodiversity and the protection of native fauna and flora. Under the Brazilian Forest Code, there are four ways to identify and protect these areas: (i) plant and reforest the native species; (ii) allow the plants to regrow naturally; (iii) protect a different area which is equally as important; and (iv) create a Conservation Unit (similar to a national park or reserve) in a different equivalent area. These measures can be implemented jointly or individually.

According to the Federal Decree No. 6,514/08, the failure to register real estate as a Legal Reserve subjects the owner of the property to a daily fine of R$50.00 to R$500.00 per hectare or fraction of land. This sanction only comes into effect on April 11, 2012.

The Federal Law No. 4.771/65 also specifies certain areas as Areas of Permanent Preservation (APP), where human intervention is only permitted based on public necessity and social interest. Previous authorizations are required from the environmental authorities to prove public necessity and social interest. Pursuant to Federal Decree No. 6,514/08, interference with or damage of any kind to vegetation in an APP area may subject the wrongdoer to a fine of R$5,000.00 to R$50,000.00 for each hectare or fraction of land. Additionally, the removal of trees in an APP may also subject the wrongdoer to a fine of R$5,000.00 to R$20,000.00.

Under Brazilian legislation, the transportation, management and final disposal of residues cannot harm the environment or the public health and welfare. Specific kinds of residues, such as construction by-products, require special disposal, and improper disposal can lead to civil, criminal and administrative liability. Additionally, parties that outsource these activities are jointly and severally liable with the contracted third parties. Therefore, hiring third parties will not shield us from civil liability.

Environmental Policy

We are committed to strict compliance with all environmental laws, whether federal, state or municipal, including maintaining our licenses in full force and effect. To control the environmental impact of our operations, we maintain a preventive maintenance process for our equipment and filters, as well as programs for the efficient use of water and continuous monitoring of noise and dust levels as well as effluent quality parameters. We are additionally required by environmental laws and regulations to regularly monitor the kiln air quality and plant emissions to determine if we are in compliance with the permitted emissions levels.

We periodically evaluate the environmental impact of our products, processes, operations, and services, in order to determine those that cause or could cause material environmental damages. Through our

environmental management programs, we seek to identify opportunities for improving our production process, as well as to prevent the occurrence of environmental impacts and/or legal claims. Currently, we monitor the levels of carbon dioxide, nitrogen oxide and other metals in Pedra do Sino on a quarterly basis. We measure the cement mills, kiln and cooler on a semi-annual basis.

Environmental Control Program

We observe strict environmental control standards which include the following principles: reduce, reuse and recycle residues; perform environmental audits in our factory equipment and maintain an environmental management committee in each of our plants.

We invested approximately R$3.6 million in environmental and social programs in the past 3 years, which includes funding for educational programs in relation to environmental protection for our employees and an "environment week."

Property

In 2010, we recorded non-consolidated depreciation as cost of sales in the amount of R$3.3 million, as compared to R$6.6 million in 2009. For the nine months ended September 30, 2011, we recorded non-consolidated depreciation as cost of sales in the amount of R$2.8 million, as compared to R$5.3 million for the nine months ended September 30, 2010. In compliance with CPC 27 and ICPC 10, in 2010 we made an assessment of the estimated useful life of fixed assets and related net book values. Such analyses were conducted by qualified experts using well-grounded assumptions subject to examination by third parties. Based on these analyses, we assessed the accounting estimates related to the depreciation rates of buildings, machinery, equipment and industrial installations and railway wagons, which affected our results for 2010 by R$3.8 million, which reduced our depreciation, in comparison with previous years.

In 2010, based on an appraisal report issued by specialists, we recognized an impairment allowance for a group of machines and equipment which were not being used in the amount of R$11.1 million. Uninstalled machinery and equipment is comprised of items which will be used in future projects for the expansion of our activities.

Intellectual Property

The Brazilian Intellectual Property Office (*Instituto Nacional de Propriedade Industrial*), or INPI, is the government agency responsible for the granting and registration of patent and trademark rights in Brazil. We have a large number of registered trademarks (*marcas nominativas* and *marcas mistas*) including the following: "*Pozmix*," "*Tupi*," "*Tupilaje*," "*Tupicola*," "*T Cimento Tupi*," and "*T Tupi Concreto*."

Legal Proceedings

Antitrust

Pursuant to Law No. 8,884 from June 11, 1994, which has been modified by Law No. 12,529, from December 2, 2011, companies, individuals and associations whose practices are deemed to be anticompetitive (i.e., behavior that lessens competition, such as cartels and monopolies) are subject to substantial fines and other ancillary penalties. Decisions from the antitrust authorities can be challenged in court.

Pursuant to the merger control rules set forth in Law No. 8,884/94, the antitrust authorities reversed a 2008 transaction in which we sold certain ready mix concrete assets in the states of Rio de Janeiro and São Paulo to Polimix for R$53 million because the authorities believed that this transaction would lessen competition in the ready mix concrete market in those states. In that decision, the antitrust authorities held that the transaction had to be reversed and that Polimix had to return our ready mix concrete assets. On November 12, 2010, we formally appealed the decision, and on March 23, 2011, the authorities partially accepted our appeal, holding that the assets

could be divested directly to a third party. The authorities expected Polimix to make the divestiture, with our assistance, according to a pre-determined schedule ending on January 13, 2012. Information published on January 18, 2012 indicates that Polimix is already selling its ready mix concrete assets to a third party, and we are currently waiting for CADE's decision confirming compliance with the divestiture decision.

In addition, since 2003, we and several other major cement companies have been involved in an administrative proceeding with the SDE, in which we are alleged to have engaged in anti-competitive behavior which restricted the supply of certain types of cement to independent ready mix companies. SDE is currently presiding over this case, and as of the date of this offering memorandum, the decision is still pending. If CADE rules against us in this proceeding after May 29, 2012, we may be subject to a fine ranging from 0.1% to 20% of our gross cement sales in 2002. According to Law No. 12.529/2011, if CADE rules against us in this proceeding before May 29, 2012, which we believe is extremely unlikely, we may be subject to a fine ranging from 1% to 30% of our gross sales in 2002. The CADE decision would be appealable. According to our external legal counsel, there is a possible chance that we will obtain a favorable judgment on this proceeding.

Environmental Proceedings

Since 2008, we have received infraction notices for environmental matters totaling approximately R$130,000. We are also involved in two investigative proceedings brought by the State Public Attorney's Office of Rio de Janeiro, related to air emissions monitoring. We are also involved in two investigative proceedings brought by the Federal Public Attorney's Office of Rio de Janeiro: one civil inquiry involving a potential underground water contamination and one administrative proceeding requesting improvements to the Industrial Source Complex – ISC modeling, which measures the concentration of various pollutants at our Volta Redonda plant. We signed a Consent Agreement with the Minas Gerais State Forest Institute (IEF) on July 9, 2007 related to activities in a permanent preservation area and an area with Atlantic forest vegetation. One of our main obligations under the Consent Agreement is to conduct a reforestation project. Management does not believe that the resolution of these environmental proceedings will have any material adverse effect on our financial conditions or results of operations. Therefore, no provision has been made for these proceedings as of September 30, 2011.

Civil and Labor Proceedings

We are involved in several lawsuits and administrative proceedings in the normal course of business, including civil and labor proceedings.

We are defendants along with Companhia de Distrito Industrial de Minas Gerais, or CDI, a state-owned company, in a boundary dispute related to our alleged improper occupation of a real estate acquired from CDI. The lower court ruled against us, and the appellate court of the State of Minas Gerais and the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*) upheld the decision. On April 3, 2009, we agreed to pay the plaintiffs R$15.0 million in thirty monthly installments of R$0.5 million. As of September 30, 2011, we had paid the final installment. We are currently requesting indemnification of approximately R$35 million from CDI through a separate lawsuit to recover these paid funds as well as lawyer fees and other expenses. We are arguing that CDI is the responsible party because we acquired the real estate from CDI in good faith. According to our external legal counsel, there is a probable chance that we will obtain a favorable judgment in the indemnification suit.

Management does not believe that the resolution of the current lawsuits will have a material adverse effect on our financial conditions or results of operations. As of September 30, 2011, according to our management and external legal counsel, we were party to civil and labor proceedings, which have a possible likelihood of loss, totaling R$2.4 million and R$16.1 million, respectively. We have recorded no provision for these contingencies. As of September 30, 2011, we have a provision of R$2.6 million in connection with labor proceedings involving probable chances of loss.

Tax Matters

We are currently defendants in seven tax collection proceedings related to ICMS (value-added tax) allegedly owed with respect to: (i) the interstate transfers of goods, in the amount of R$19.9 million; (ii) unconditional discounts granted on prices subject to ICMS, in the amount of R$7.0 million, (iii) the price of goods shipped without the required tax documentation and at an inaccurate cost in the amount of R$4.0 million and (iv) taxes owed by us as a substitute taxpayer (*substituição tributária*), in the amount of R$8.0 million. The total amount involved in these proceedings is approximately R$39.0 million. According to our external legal counsel, there is a possible chance that we will obtain a favorable judgment in these cases.

Additionally, we have received one notice of assessment for allegedly underpaying certain COFINS amounts (Social Security Financing Contribution, a tax on gross revenues) in the first and second quarters of 1998, totaling approximately R$8.0 million. We presented our defense at the administrative level, and as of the date of this offering memorandum, the decision is still pending. According to our external legal counsel, the risk of loss in connection with this proceeding is possible.

Management does not believe that the amounts involved in such claims are likely to impact our financial results. Therefore, no provision against potential losses had been made as of September 30, 2011. As of September 30, 2011, according to our management and external legal counsel, we were party to tax proceedings, which have a possible likelihood of loss, totaling approximately R$23.3 million, and accordingly, we have not recorded a provision for these contingencies.

We have participated in federal tax amnesty programs under Law 10,684/2003 (PAES) from August 2003 and under Law 11,941/09 (REFIS IV for IOF, PIS, COFINS and social contribution) from November 2009, and we are paying our ICMS tax payments in installments. As of September 30, 2011, the total amount involved in the amnesty programs and installment payments was R$39.9 million.

Pursuant to Decree No. 42,646/2010, issued by the State of Rio de Janeiro on March 31, 2011, we acquired approximately R$8.8 million in ICMS tax credits. Once this acquisition of tax credits is approved by the Treasury of the State of Rio de Janeiro, we will be able to offset our ICMS tax payments and we will have to pay 55% of the total amount of credits accepted and recognized by the State of Rio de Janeiro to the seller of these tax credits.

Employees

As of September 30, 2011, we had 486 active employees, of which 439 were involved in the production and sale of cement. According to Brazilian law, all of our employees are covered by union agreements, which are renegotiated annually. Historically, we have had a good relationship with our employees' union, and management currently believes that it has a good relationship with its employees. We have not faced any work stoppage or other major labor disputes in more than 15 years. We use independent sub-contractors for the performance of certain activities including surveillance, cleaning, food service (restaurant) and personal transportation. Additionally, we have a training and development program through which we offer technical courses to our employees. We also offer our employees additional benefits including health, life and disability insurance and a pension plan.

MANAGEMENT

We are managed by a Board of Directors (*Conselho de Administração*), currently composed of nine members (each a Director of the Board, and collectively the Directors), and by the board of Executive Officers (*Diretoria*), currently composed of five members (a Chief Executive Officer, an Investor Relations Executive Officer and Executive Officers, collectively the Executive Officers).

Board of Directors

The Board of Directors is responsible for establishing our general business policies, long-term strategy and monitoring the board of Executive Officers. According to our by-laws and the Brazilian Corporate Law, our Board of Directors has strategic, monitoring and supervisory responsibilities, but does not have a direct role in operating or executive activities.

The Board of Directors may be composed of three to ten members, who are all shareholders and are elected at our general shareholders meeting for a term of office of two years, with reelections being permitted. In accordance with our by-laws, at least 20% of our Directors are independent. The meetings of the Board of Directors are held once a quarter but can also be convened upon the request of its chairman. The meetings require the presence of at least the majority of the members and decisions are made by a majority of votes, with the chairman (or his replacement) casting any tie-breaking vote.

The Board of Directors is currently composed of the following nine members, each of whom was appointed by our shareholders on March 21, 2011, except for Manuel Moreira Guerra, who was appointed on April 27, 2010:

Name	Date of Birth	Position
Carlos Alberto P. Martins Ribeiro	1948	Chairman
Marie Elisabeth Koranyi M. Ribeiro	1948	Vice-Chairman
Alberto Koranyi Ribeiro	1978	Board Member
Flora Koranyi Ribeiro Carramaschi	1977	Board Member
George Eduardo Ripper Vianna	1953	Board Member
Gustavo Krause Gonçalves Sobrinho	1946	Board Member
José Antonio Do Nascimento Brito	1952	Board Member
Manuel Moreira Guerra	1937	Board Member
Marcio João Andrade Fortes	1944	Board Member

Carlos Alberto P. Martins Ribeiro: Mr. Ribeiro is currently the Chairman of the Board of Cimento Tupi. He joined our company in 1975, and he retired from daily operations as CEO in 2007. Mr. Ribeiro holds a bachelor's degree in Business Administration from Fundação Getúlio Vargas in the State of São Paulo.

Marie Elisabeth Koranyi M. Ribeiro: Mrs. Ribeiro is currently the Vice-Chairman of the Board of our company. She joined our company in 1982, and she holds a bachelor's degree in Business Administration from Fundação Getúlio Vargas in the State of São Paulo.

Alberto Koranyi Ribeiro: Mr. Ribeiro is currently a Director of the Board and our Chief Executive Officer. He has previous experience in finance, and he joined our company in 2002. Mr. Ribeiro holds a bachelor's degree in Economics and Business Administration from Boston University in the United States.

Flora Koranyi Ribeiro Carramaschi: Mrs. Carramaschi is currently a Director of the Board and one of our Executive Officers. She has previous experience in finance, and she joined our company in 2002. Mrs. Carramaschi holds a bachelor's degree in Economics and Political Science from the University of Pennsylvania in the United States.

George Eduardo Ripper Vianna: Mr. Vianna has been a Board member since 2003. He has been a partner at Garcia & Keener Advogados since 1973, and he holds a bachelor's degree in Law from the University of Rio de Janeiro in the State of Rio de Janeiro.

Gustavo Krause Gonçalves Sobrinho: Mr. Krause was a Board member of CP Cimento starting in 1999, and he joined our Board in the last Board elections. He has held different political positions in municipal, state and federal bodies, and he served as Finance, Environment, Water Resources and Legal Amazon Minister under Fernando Henrique Cardoso's presidency (1995-2003). Mr. Krause has a bachelor's degree in Law from the University of Recife in the State of Pernambuco.

José Antonio Do Nascimento Brito: Mr. Nascimento Brito was a Board member of CP Cimento starting in 1996, and he joined our Board in the last Board elections. He has a bachelor's and master's degree from George Washington University in the United States.

Manuel Moreira Guerra: Mr. Guerra is currently a Board member. He joined our company in 1952, and he retired as Chief Financial Officer in 1996. Mr. Guerra has a bachelor's degree in Economics and Accounting from University of Economics and Finance of Rio de Janeiro in the State of Rio de Janeiro.

Marcio João Andrade Fortes: Mr. Fortes was a Board member of the either our company or CP Cimento starting in 1977. He has previously held positions in private and public administration, and he has worked as Chairman of BNDES. Mr. Fortes has a bachelor's degree in Civil Engineering from Pontifícia Universidade Católica in the State of Rio de Janeiro.

Executive Officers

Our board of Executive Officers must be composed of: a Chief Executive Officer, an Investor Relations Executive Officer and up to four other Executive Officers, who are responsible for our management. Pursuant to our by-laws, the Board of Directors is responsible for electing the Executive Officers, all of whom must be domiciled in Brazil. The Executive Officers are elected for two-year terms, and they may be re-elected. The Board of Directors may dismiss any Executive Officer at any time without cause. The Executive Officers meet monthly, and they may hold extraordinary meetings whenever necessary. The address of our board of Executive Officers is Av. Presidente Wilson, 231, 29th floor, in the city of Rio de Janeiro, State of Rio de Janeiro, CEP 20030-905.

The Executive Officers are responsible for the execution of the Board of Director's resolutions and for our day-to-day management. The current Executive Officers were appointed by the Board of Directors at the Board of Director's meetings held on March 21, 2011.

Below is a list of our current Executive Officers with a brief biographical description of each:

Name	Date of Birth	Position
Alberto Koranyi Ribeiro	1978	Chief Executive Officer
André Adrien Theodore Bucsan	1955	Executive Officer
Demétrio José Costa Martins Simões	1954	Investor Relations Officer
Flora Koranyi Ribeiro Carramaschi	1977	Executive Officer
Titus Carlos Freiherr Von Bertrand	1953	Executive Officer

Alberto Koranyi Ribeiro: Mr. Ribeiro is currently our Chief Executive Officer. Please refer to biography above.

André Adrien Theodore Bucsan: Mr. Bucsan is one of our Executive Officers. Before joining our company in 1992, he worked as auditor at PricewaterhouseCoopers. Mr. Bucsan has a bachelor's degree in Business Administration and Accounting from the Pontifícia Universidade Católica in the State of Minas Gerais.

Demétrio José Costa Martins Simões: Mr. Simões is currently our Investor Relations Officer. He joined our company in 1996. Mr. Simões has a bachelor's degree in Economics from the University of the State of Rio de Janeiro in the State of Rio de Janeiro, a bachelor's degree in Engineering from the Pontifícia Universidade Católica in the State of Rio de Janeiro and a doctorate in Economics from Fundação Getúlio Vargas in the State of Rio de Janeiro.

Flora Koranyi Ribeiro Carramaschi: Mrs. Carramaschi is one of our Executive Officers. Please refer to her biography above.

Titus Carlos Freiherr Von Bertrand: Mr. Bertrand is currently one of our Executive Officers. He joined our company in 1996, and he has a bachelor's degree in Business Administration from the University of Candido Mendes in the State of Rio de Janeiro.

Fiscal Council

Under the Brazilian Corporate Law, the fiscal council is a corporate body that supervises the management, audits the financial statements and management reports and provides financial and related information to the shareholders at their meetings. The fiscal council is only convened when requested by the shareholders at the regular general shareholders meetings, and it is not currently in place. According to our by-laws, the fiscal council is composed of three to five members. The member's compensation is determined at the shareholders' meetings.

Shares Owned by the Members of Our Board of Directors and Board of Executive Officers

The following table indicates the shares owned by each member of our board of directors and board of executive officers, as of September 30, 2011:

Member/Alternate of the board of directors	Common shares	Preferred shares	Total	% of total share capital
Carlos Alberto P. Martins Ribeiro	82	13	95	0.0%
Marie Elisabeth Koranyi M. Ribeiro	8,548	1,352	9,900	0.0%
Alberto Koranyi Ribeiro	1	–	1	0.0%
Flora Koranyi Ribeiro Carramaschi	1	–	1	0.0%
George Eduardo Ripper Vianna	1	–	1	0.0%
Gustavo Krause Gonçalves Sobrinho	1	–	1	0.0%
José Antonio Do Nascimento Brito	1	–	1	0.0%
Manuel Moreira Guerra	1	–	1	0.0%
Marcio João Andrade Fortes	1	–	1	0.0%
Total	**8,637**	**1,365**	**10,002**	**0.0%**

Member of the board of executive officers	Title	Common shares	Preferred shares	Total	% of total share capital
Alberto Koranyi Ribeiro	Chief Executive Officer	1	13	14	0.0%
André Adrien Theodore Bucsan	Executive Officer	–	–	–	0.0%
Demétrio José Costa Martins Simões	Investor Relations Officer	–	–	–	0.0%
Flora Koranyi Ribeiro Carramaschi	Executive Officer	1	–	1	0.0%
Titus Carlos Freiherr Von Bertrand	Executive Officer	–	–	–	0.0%
Total		**2**	**13**	**14**	0.0%

Compensation

According to our by-laws, our shareholders are responsible for establishing the aggregate compensation we pay to the members of our Board of Directors and to our Executive Officers. Our shareholders determine this compensation at the shareholders' meeting each year. In 2010, we paid the members of our Board of Directors an aggregate monthly compensation of R$50,000, and we paid our Executive Officers an aggregate monthly compensation of R$450,000. On April 29, 2011, we held a shareholders' meeting which approved an aggregate monthly compensation of up to R$700,000 for our Board of Directors and Board of Executive Officers for 2011.

Stock Option Plan

On June 28, 2011, our shareholders approved our stock option plan, which gives our Board of Directors the power to establish stock option programs for members of our management, our employees and our service providers. The options granted under this plan will represent a maximum of 10,000,000 common or preferred shares. As of the date of this offering memorandum, the stock option plan has not been implemented as the terms are pending approval by our Board of Directors.

RELATED PARTY TRANSACTIONS

In the ordinary course of our business, we engage in a variety of transactions with our wholly-owned subsidiaries including Mape Incorporação e Empreendimentos Ltda., Tupimec Indústria Mecânica Ltda., Cimento Tupi do Nordeste Ltda. and Tupi Mineradora de Calcário Ltda. The Tupimec Indústria Mecânica Ltda related party transactions are for mechanical repairs for our plant machinery, and the remainder of the transactions are for interest on loans and financing. Financial information with respect to certain material related party transactions is set forth in the table below as of and for the years ended December 31, 2010, 2009, and 2008 and as of and for the nine months ended September 30, 2011 and in Note 14 of our financial information as of and for the nine months ended September 30, 2011 included elsewhere in this offering memorandum.

						As of and for the year ended December 31,		
	Mape Incorporação e Empreendimentos Ltda.	**Tupimec Industria Mecânica Ltda.**	**Tupi Mineradora de Calcário Ltda.**	**Other**	**As of and for the nine month period ended September 30, 2011**	**2010**	**2009**	**2008**
			(in thousands or R$)					
Non-current assets								
Current account....	-	-	15,815	4,207	20,022	186,672	66,122	14,114
Current liabilities								
Current account....	17,415	-	-	3,392	20,807	18,586	11,199	31,936
Transaction								
Cost of sales.........	-	(5,418)	-	-	(5,418)	(4,271)	(4,911)	(3,691)
Financial Income (expenses)	-	-	-	-	-	12,944	4,104	(3,422)

PRINCIPAL SHAREHOLDERS

As of September 30, 2011, the aggregate amount of our issued and outstanding capital stock was R$279.9 million, all of which was fully subscribed and paid in and which is represented by 107,336,023 outstanding common shares and 107,336,023 outstanding preferred shares, all without par value.

On March 4, 2011, we entered into a reorganization agreement (*Protocolo e Justificação de Incorporação*) to simplify our corporate structure and reduce our operational expenses. This transaction was approved at our general shareholders' meeting on March 21, 2011. For further information on the Shareholder Restructuring, please see "Summary—Our History—Shareholder Restructuring."

The total number of our shares that are outstanding is the same as CP Cimento's, but we have different numbers of common and preferred shares. In order to maintain the same participation in CP Cimento, CP Cimento's shareholders were entitled to (i) one preferred share of our capital stock for each preferred share of CP Cimento's capital stock and (ii) 0.8634 common shares and 0.1366 preferred shares of our capital stock for each common share of CP Cimento's capital stock.

According to the Brazilian Corporate Law, CP Cimento's shareholders who disapproved the downstream merger had the option to exercise their rights to withdraw (*direito de retirada*). Four of the shareholders of CP Cimento exercised their right to withdraw. As a result, on May 19, 2011 we acquired their shares in CP Cimento (totaling 9.05% of the total capital stock of CP Cimento) and paid them the amount equivalent to the book value of their shares (R$26.0 million). The Restructuring was completed by the end of May 2011.

Our shareholding as of the date of this offering memorandum is:

Shareholders	Common shares	%	Preferred shares	%	Total	%
Cimento Santo Estevão e Participações S.A.[1]	89,890,227	83.74	42,138,148	39.26	132,028,375	61.50
Latcem S.A.[2]	17,437,159	16.25	32,860,297	30.61	50,297,456	23.43
Treasury shares	0	0	19,426,917	18.10	19,426,917	9.05
Others[3]	8,637	0.01	12,910,661	12.03	12,919,298	6.02
Total	**107,336,023**	**100.00**	**107,336,023[4]**	**100.00**	**214,672,046**	**100.00**

(1) Cimento Santo Estevão e Participações S.A., previously called Santo Estevão Empreendimentos e Participações S.A., is a corporation incorporated under the laws of the Federative Republic of Brazil, which is controlled by the Koranyi Ribeiro family.
(2) Latcem S.A. is a corporation incorporated under the laws of Luxembourg.
(3) Itaú Unibanco S.A. and other minority shareholders.
(4) 25,112,413 preferred shares (representing an 11.7% interest in our capital stock) are pledged in favor of Bradesco Vida e Prevedência S.A.

Each of our common shares entitles its holder to one vote at our annual and extraordinary shareholders' meetings. Preferred shares have no voting rights. Preferred shareholders are entitled to receive dividends per share 10% higher than those paid to common shareholders.

In April 2005, Santo Estevão Empreendimentos e Participações S.A., currently Cimento Santo Estevão e Participações S.A., acquired, from Bradesco Vida e Previdência S.A., a 13% interest in the capital stock of CP Cimento. As a security in connection therewith, Cimento Santo Estevão e Participações S.A. has constituted a pledge over 25,112,413 preferred shares of CP Cimento (representing an 11.7% interest in the capital stock of CP Cimento), in favor of Bradesco. After our Shareholder Restructuring, 25,112,413 preferred shares (representing an 11.7% interest in our capital stock) remain pledged in favor of Bradesco.

Payments of Dividends to Shareholders

Minimum Dividend Payment required by Law

Under Brazilian Corporate Law the shareholders of a company have the right to receive a minimum dividend payment during each fiscal year from the company's net income. The corporate by-laws of a corporation (*sociedade por ações)* may establish that the dividend be a percentage of the profit or the shareholders equity.

Alternatively, under the Brazilian Corporate Law, if the by-laws do not establish a minimum dividend payment, the compulsory dividends may not be less than 25% of net income.

According to our corporate by-laws, we must declare and pay dividends in an amount equal to or greater than 25% of the adjusted net income for the previous fiscal year.

Payment of Dividends and Interest on Shareholders' Equity

Under Brazilian Corporate Law, dividends are generally required to be paid within 60 days after the issuer declares the dividends, unless a shareholders' resolution provides an alternative payment date. Accordingly, the payment date might occur after the end of the fiscal year in which such dividend is declared. The company must pay dividends of shares in bank custody or on deposit shall to the appropriate depositary financial institution.

In addition to the minimum dividend payment, the Board of Directors may recommend the payment of interim dividends at the shareholders' meeting. The Board of Directors may also approve the payment of dividends, including interim dividends, and interest on shareholders' equity. Any payment of interim dividends may be set off against the amount of year-end dividends required paid.

Under Brazilian Corporate Law and the by-laws of the issuer, holders of the issuer's preferred shares are entitled to receive dividends 10% above the dividends paid on common shares.

Since 2001, we have made five payments of dividends and interest on shareholders' equity, as set forth in the table below.

Type	Date of Approval	Fiscal Year	Payment Date	Amount (in thousands of R$)
Interest on shareholders' equity	4/20/2001	2000	6/29/2001	10,000
Interest on shareholders' equity	4/28/2002	2001	6/30/2002	11,000
Interest on shareholders' equity	4/24/2003	2002	4/30/2003	8,792
Interest on shareholders' equity	12/15/2010	2010	1/1/2011	12,870
Interest on shareholders' equity	12/26/2011	2011	50% paid on 12/26/2011 and the rest to be paid in 2012	16,500

Our subsidiaries are also subject to mandatory distribution requirements and, to the extent that they have distributable profits and reserves, they are required to pay dividends to us and to the minority shareholders. All of the aforementioned distributions may be made as dividends or, subject to certain limitations, as tax-deductible interest on shareholders' equity.

DESCRIPTION OF THE NOTES

The following summary describes certain material provisions of the notes and the indenture. This summary is subject to and qualified in its entirety by reference to the provisions of the indenture and notes. Capitalized terms used in the following summary and not otherwise defined herein shall have the meaning ascribed to them in the indenture. Copies of the indenture may be obtained, upon written request, from the Issuer, The Bank of New York Mellon, as the trustee, or any paying agent.

The 9.75% Senior Unsecured Notes due 2018 offered hereby, or the additional notes, are an additional issuance of our U.S.$100.0 million of 9.75% Senior Unsecured Notes due 2018 issued on May 11, 2011, or the original notes, and will be treated as a single series with the original notes and will vote together as one class on all matters with respect to the notes. The additional notes and the original notes are collectively referred to as the notes. Cimento Tupi S.A., or the "Issuer," will issue the additional notes in an initial aggregate principal amount of U.S.$50,000,000 under the indenture dated as of May 11, 2011 among the Issuer, The Bank of New York Mellon, as trustee, paying agent, registrar and transfer agent (the "Trustee") and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg paying agent and transfer agent. The terms of the notes include those stated in the indenture.

The original notes and the additional notes will share the same ISIN and CUSIP numbers and be fungible.

Basic Terms of Notes

The notes:

- are unsecured unsubordinated obligations of the Issuer, ranking equally in right of payment with all other existing and future unsecured and unsubordinated obligations of the Issuer;
- are issued in minimum denominations of U.S.$2,000 and integral multiples of U.S.$1,000 above such amount;
- mature on May 11, 2018;
- bear interest commencing on November 11, 2011 at 9.75% per annum, payable semi-annually on each May 11 and November 11 of each year, commencing on May 11, 2012 to holders of record on April 26 or October 27, as applicable, immediately preceding the interest payment date; and
- bear interest on overdue principal, and pay interest on overdue interest, at 1% per annum higher than the per annum rate set forth on the cover of this offering memorandum.

Interest will be computed on the basis of a 360-day year of twelve 30-day months. Payment of interest on the notes will be paid in immediately available funds by check or, if requested, for holders of more than U.S.$1.0 million of notes, by wire transfer to the account specified by such holder. Claims against the Issuer (if any) for payment in respect of the Notes shall be prescribed and become void unless made within a period of six years from the appropriate payment date.

Additional Notes

Subject to the covenants described below, the Issuer may, from time to time and without your consent as a holder of the notes, issue notes under the indenture having the same terms in all respects as the notes except that interest will accrue on the additional notes from their date of issuance; *provided*, *however*, that unless such notes are issued under a separate CUSIP, either such additional notes are part of the same "issue" for U.S. federal income tax purposes or neither the notes nor such additional notes are treated as issued with original issue

discount for U.S. federal income tax purposes. The notes offered hereby and any additional notes will be treated as a single class for all purposes under the indenture and will vote together as one class on all matters with respect to the notes.

Payment of Additional Amounts

All payments by the Issuer in respect of the notes will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments, or other governmental charges of whatever nature imposed or levied by or on behalf of Brazil or any other jurisdiction or political subdivision thereof in which the Issuer is organized or is a resident for tax purposes having power to tax or by the jurisdictions in which any paying agents appointed by the Issuer are organized or the location where payment is made, or any political subdivision or any authority thereof or therein having power to tax (a "Relevant Jurisdiction"), unless the Issuer is compelled by law to deduct or withhold such taxes, duties, assessments, or governmental charges. In such event, the Issuer will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and pay such additional amounts as may be necessary to ensure that the net amounts receivable by holders of notes after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the notes in the absence of such withholding or deduction ("Additional Amounts"). No such Additional Amounts shall be payable:

- to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such note by reason of the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of such holder, if such holder is an estate, a trust, a partnership, a limited liability company or a corporation) and the Relevant Jurisdiction, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein, other than the mere holding of the note or enforcement of rights and the receipt of payments with respect to the note;

- in respect of notes presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of such note would have been entitled to such Additional Amounts, on surrender of such note for payment on the last day of such period of 30 days;

- where such Additional Amount is imposed on a payment to an individual and is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000;

- to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or other governmental charges by reason of such holder's failure to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with the Relevant Jurisdiction, if (1) compliance is required by the Relevant Jurisdiction, as a precondition to, exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and (2) the Issuer has given the holders at least 30 days' notice that holders will be required to provide such certification, identification or other requirement;

- in respect of any estate, inheritance, gift, sales, transfer, capital gains, excise or personal property or similar tax, assessment or governmental charge;

- in respect of any tax, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal of or interest on the note or by direct payment by the Issuer in respect of claims made against the Issuer; or

- in respect of any combination of the above.

In addition, no Additional Amounts shall be paid with respect to any payment on a note to a holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment to the extent that payment would be required by the laws of the Relevant Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in a limited liability company or a beneficial owner who would not have been entitled to the Additional Amounts had that beneficiary, settlor, member or beneficial owner been the holder.

"Relevant Date" means, with respect to any payment on a note, whichever is the later of: (i) the date on which such payment first becomes due; and (ii) if the full amount payable has not been received by the Trustee on or prior to such due date, the date on which notice is given to the holders that the full amount has been received by the Trustee. Except as specifically provided above, the Issuer shall not be required to make a payment with respect to any tax, assessment or governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein.

In the event that Additional Amounts actually paid with respect to the notes described above 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 claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such notes, be deemed to have assigned and transferred all right, title, and interest to any such claim for a refund or credit of such excess to the Issuer.

Any reference in this offering memorandum, the indenture or the notes to principal, interest or any other amount payable in respect of the notes by the Issuer will be deemed also to refer to any Additional Amount, unless the context requires otherwise, that may be payable with respect to that amount under the obligations referred to in this subsection.

The foregoing obligation will survive termination or discharge of the indenture, payment of the notes and/or the resignation or removal of the Trustee or any agent hereunder.

Optional Redemption

Optional Redemption with a Make-Whole Premium

At any time prior to May 11, 2015, the Issuer may on any one or more occasions redeem the notes, at its option, in whole, at a "make-whole" redemption price equal to 100% of the principal amount of such notes plus the greater of (1) 1% of the then outstanding principal amount of the notes and (2) the excess of (a) the present value at such redemption date of (i) the redemption price of the notes at May 11, 2015 (such redemption price being set forth in the table below under "—Optional Redemption without a Make-Whole Premium") plus (ii) all required interest payments thereon through May 11, 2015 (excluding accrued but unpaid interest to the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, over (b) the then outstanding principal amount of the notes; plus in each case any accrued and unpaid interest and Additional Amounts, if any, on such notes to, but excluding, the redemption date, as calculated by the Independent Investment Banker.

"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, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of

the 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 appointed by the Issuer.

"Comparable Treasury Price" means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Reference Treasury Dealer" means Merrill Lynch, Pierce, Fenner & Smith Incorporated or its affiliates which are primary United States government securities dealers and not less than four other leading primary United States government securities dealers in New York City reasonably designated by the Issuer; provided that if any of the foregoing cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), the Issuer will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, 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 by such Reference Treasury Dealer at 3:30 pm New York time on the third Business Day preceding such redemption date.

Optional Redemption without a Make-Whole Premium

On and after May 11, 2015, the Issuer may on any one or more occasions redeem the notes, at its option, in whole, at the following redemption prices (expressed as a percentage of principal amount), plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on May 11 of the years set forth below:

Period	Redemption Price
2015	104.875%
2016	102.438%
2017 and thereafter	100.000%

Optional Redemption Upon Eligible Equity Offerings

At any time, or from time to time, on or prior to May 11, 2014, the Issuer may, at its option, use an amount not to exceed the net cash proceeds of one or more Eligible Equity Offerings to redeem up to 35% of the aggregate principal amount of the outstanding notes (including any additional notes) at a redemption price equal to 109.75% of the principal amount on the redemption date, plus any accrued and unpaid interest to, but excluding, the redemption date; *provided* that:

- after giving effect to any such redemption at least 65% of the aggregate principal amount of the notes (including any additional notes) issued under the indenture remains outstanding; and

- the Issuer makes such redemption not more than 90 days after the consummation of such Eligible Equity Offering.

"Eligible Equity Offering" means the issuance and sale for cash of Qualified Stock of the Issuer to any Person (other than a Restricted Subsidiary of the Issuer) pursuant to (i) a public offering in accordance with U.S.

or Brazilian laws, rules and regulations, or (ii) a private offering in accordance with Rule 144A, Regulation S and/or another exemption under the Securities Act.

Redemption for Taxation Reasons

If as a result of any change in or amendment to the laws (or any rules or regulations thereunder) of a Relevant Jurisdiction, or any amendment to or change in an official interpretation, administration or application of such laws, treaties, rules, or regulations (including a holding by a court of competent jurisdiction), which change or amendment or change in official position becomes effective on or after the issue date of the notes or on or, with respect to a successor, after the date a successor assumes the obligations under the notes, the Issuer has or the successor will become obligated to pay Additional Amounts as described above under "—Payment of Additional Amounts" in excess of the Additional Amounts that the Issuer would be obligated to pay if payments were subject to withholding or deduction at a rate of 15% as a result of the taxes, duties, assessments and other governmental charges described above (the "Minimum Withholding Level"), the Issuer may, at its option, redeem all, but not less than all, of the notes, at a redemption price equal to 100% of their principal amount, together with interest accrued to the date fixed for redemption, upon publication of irrevocable notice not less than 30 days nor more than 90 days prior to the date fixed for redemption. No notice of such redemption may be given earlier than 90 days prior to the earliest date on which the Issuer would, but for such redemption, be obligated to pay the Additional Amounts above the Minimum Withholding Level were a payment due then. Notwithstanding the foregoing, the Issuer shall not have the right to so redeem the notes unless: (i) it has taken reasonable measures to avoid the obligation to pay Additional Amounts (including, without limitation, taking reasonable measures to change the paying agent); and (ii) it has complied with all applicable regulations to legally effect such redemption; *provided*, *however*, that for this purpose reasonable measures shall not include any change in the Issuer's or any successor's jurisdiction of incorporation or organization or location of its principal executive or registered office.

In the event that the Issuer elects to so redeem the notes, it will deliver to the Trustee: (1) a certificate, signed in the name of the Issuer by two of its directors or by its attorney in fact in accordance with its articles of association, stating that the Issuer is entitled to redeem the notes pursuant to their terms and setting forth a statement of facts showing that the condition or conditions precedent to the right of the Issuer to so redeem have occurred or been satisfied; and (2) an Opinion of Counsel to the effect that the Issuer has or will become obligated to pay Additional Amounts in excess of the Additional Amounts payable at the Minimum Withholding Level as a result of the change or amendment and that all governmental approvals necessary for the Issuer to effect the redemption have been obtained and are in full force and effect.

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 governing redemptions of the principal securities exchange, if any, on which notes are listed or if such securities exchange has no requirement governing redemption or the notes are not then listed on a securities exchange, on a pro rata basis or by lot (or, in the case of notes issued in global form, based on a method that most nearly approximates a *pro rata* selection in accordance with the procedures of the depositary). If notes are redeemed in part, the remaining outstanding amount must be at least equal to U.S.$2,000 and be an integral multiple of U.S.$1,000.

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 holders of notes to be redeemed at their respective registered addresses or otherwise in accordance with the procedures of the Depository Trust Company ("DTC"). 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. For so long as the notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the exchange require, the Issuer will cause notices of redemption to also be published as described in "—Notices" below. A new 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).

Notes called for redemption will become due on the date fixed for redemption. The Issuer will pay the redemption price for any note together with accrued and unpaid interest thereon through, but excluding, the redemption date. On and after the redemption date, interest will cease to accrue on notes or portions thereof called for redemption as long as the Issuer 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 Issuer, such redeemed notes will be cancelled.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the notes.

Ranking

The notes will be unsecured and unsubordinated obligations of the Issuer and will rank equally with any and all other existing and future unsecured and unsubordinated obligations of the Issuer. The notes will effectively rank junior to all secured debt of the Issuer to the extent of the value of the assets securing that debt and will be structurally junior to the debt of the Issuer's subsidiaries.

Although the indenture will limit the incurrence of Debt and Disqualified Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the indenture will not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Debt or Disqualified Stock under the indenture. See "—Certain Covenants—Limitation on Debt and Disqualified Stock."

As of September 30, 2011, the Issuer had R$239.0 million of outstanding indebtedness on a non-consolidated basis. In addition, our subsidiaries had R$1.5 million of outstanding indebtedness as of September 30, 2011. R$57.4 million of indebtedness was secured indebtedness.

Open Market Purchases

The Issuer or its affiliates may at any time purchase the notes in the open market or otherwise at any price.

Certain Covenants

The indenture will contain covenants that impose limitations and restrictions on the Issuer and its Subsidiaries, including, among others, the following:

Limitation on Debt and Disqualified Stock

(a) The Issuer

(1) will not, and will not permit any of its Restricted Subsidiaries to, Incur any Debt (including Acquired Debt); and

(2) will not, and will not permit any Restricted Subsidiary to, Incur any Disqualified Stock (other than Disqualified Stock of Restricted Subsidiaries held by the Issuer or a Restricted Subsidiary, so long as it is so held), *provided* that the Issuer or any of its Restricted Subsidiaries may Incur Debt and Disqualified Stock if, on the date of the Incurrence, after giving pro forma effect to the Incurrence and the receipt and the application of the proceeds therefrom, the Net Debt to EBITDA Ratio shall not exceed (i) 4.25 to 1.0 if such Incurrence occurs after the Issue Date and on or prior to December 31, 2014 and (ii) 3.75 to 1.0 if such Incurrence occurs on or after January 1, 2015.

(b) Notwithstanding the foregoing, the Issuer and, to the extent provided below, any Restricted Subsidiary may Incur the following ("Permitted Debt"):

(1) Debt of the Issuer or a Restricted Subsidiary so long as such Debt is owed to the Issuer or a Restricted Subsidiary and which, if the obligor is the Issuer, is subordinated in right of payment to the notes;

(2) Debt of the Issuer pursuant to the notes (other than relating to additional notes);

(3) Debt of the Issuer or a Restricted Subsidiary ("Permitted Refinancing Debt") constituting an extension or renewal of, replacement of, or substitution for, or issued in exchange for, or the net proceeds of which are used to repay, redeem, repurchase, refinance or refund, including by way of defeasance (all of the above, for purposes of this clause, "refinance") then outstanding Debt in an amount not to exceed the principal amount of the Debt so refinanced, plus premiums, fees and expenses; *provided* that:

(A) in case the Debt to be refinanced is subordinated in right of payment to the notes, the new Debt, by its terms or by the terms of any agreement or instrument pursuant to which it is outstanding, is expressly made subordinate in right of payment to the notes at least to the extent that the Debt to be refinanced is subordinated to the notes,

(B) the new Debt does not have a Stated Maturity prior to (i) the Stated Maturity of the Debt to be refinanced, and the Average Life of the new Debt is at least equal to the remaining Average Life of the Debt to be refinanced, or (ii) the 91st day after the Stated Maturity of the notes and does not have any scheduled principal payments prior to such date; and

(C) Debt Incurred pursuant to clauses (1), (4), (5), (9), (10), (13) and (14) may not be refinanced pursuant to this clause;

(4) Hedging Agreements of the Issuer or any Restricted Subsidiary entered into in the ordinary course of business or directly related to Debt permitted to be Incurred by the Issuer or any Restricted Subsidiary pursuant to the indenture, and in each case not for speculative purposes;

(5) Debt of the Issuer or any Restricted Subsidiary in respect of performance bonds, reimbursement obligations with respect to letters of credit, bankers' acceptances, completion guarantees and surety or appeal bonds provided by the Issuer or any of its Restricted Subsidiaries in the ordinary course of their business or Debt with respect to reimbursement type obligations regarding workers' compensation claims;

(6) Debt incurred under a USD/*reais* revolving credit facility an aggregate amount not to exceed at any one time U.S.$15 million.

(7) Debt of the Issuer or any Restricted Subsidiary outstanding on the Issue Date;

(8) Debt of the Issuer or any Restricted Subsidiary arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business, *provided*, however, that such Debt is extinguished within five Business Days of its Incurrence;

(9) Debt of the Issuer or any Restricted Subsidiary, including but not limited to obligations under Capital Leases, mortgage financings or purchase money obligations, incurred for the purpose of financing (whether prior to or within 365 days after) all or any part of the purchase price or cost of construction or improvement of property or assets, whether through direct purchase of assets or the Capital Stock of any Person owning those assets, or Incurred to refinance any such purchase price or cost of construction or improvement, and refinancings thereof, in an aggregate amount not to exceed at any one time U.S.$5 million;

(10) Debt of the Issuer or any Restricted Subsidiary to the extent that the net proceeds thereof are promptly deposited to defease or to satisfy and discharge the notes in accordance with the indenture;

(11) Debt of the Issuer or any Restricted Subsidiary with a maturity of less than 365 days Incurred on or after the Issue Date in the ordinary course of business for working capital purposes up to an amount not to exceed U.S.$15 million outstanding at any one time;

(12) Debt of another Person Incurred and outstanding on or prior to the date on which such Person was acquired by, consolidates with or merges with or into the Issuer in accordance with the terms of the indenture (other than Debt Incurred as consideration for, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Person consolidates with or merges with or into the Issuer); *provided,* however, that on the date that such transaction is consummated, the Issuer would have been able to Incur $1.00 of additional Debt pursuant to paragraph (a) above after giving effect to the Incurrence of such Debt pursuant to this paragraph 12;

(13) Debt Incurred by the Issuer or any Restricted Subsidiary Debt in the ordinary course of business in connection with any loans from (a) *Banco Nacional de Desenvolvimento Econômico e Social— BNDES* (including loans from *Financiadora de Estudos e Projetos— FINEP*), FINAME – *Financiamento à Fabricante-Comercialização, Banco do Nordeste do Brasil S.A.*, or BNB*,* SUDENE – *Superintendência do Desenvolvimento do Nordeste, Banco de Desenvolvimento de Minas Gerais—BDMG* or any other Brazilian governmental development bank or credit agency or (b) any international or multilateral development bank, government-sponsored agency, export-import bank or official export-import credit insurer, in an aggregate amount not to exceed at any one time U.S.$15 million;

(14) Debt of the Issuer or any Restricted Subsidiary Incurred on or after the Issue Date not otherwise permitted in an aggregate principal amount not to exceed at any one time outstanding the greater of (i) U.S.$15 million and (ii) 10% of the Issuer's Consolidated Net Tangible Assets.

(c) Notwithstanding anything to the contrary in this covenant, the maximum amount of Debt that the Issuer and its Restricted Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded, with respect to any outstanding Debt, solely as a result of fluctuations in the exchange rate of currencies.

(d) For purposes of determining compliance with this covenant, in the event that any proposed Debt meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (10) of paragraph (b) above, or is entitled to be Incurred pursuant to paragraph (a) above, the Issuer and its Restricted Subsidiaries will be permitted, in their sole discretion, to classify such item of Debt at the time of its Incurrence in any manner that complies with this covenant or to later divide and reclassify all or a portion of such item of Debt.

(e) The Issuer may not Incur any Debt that is subordinate in right of payment to other Debt of the Issuer unless such Debt is also subordinate in right of payment to the notes on substantially identical terms.

(f) The accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Debt of the same instrument or the payment of regularly scheduled dividends on Disqualified Stock in the form of additional Disqualified Stock with the same terms will not be deemed to be an Incurrence of Debt for purposes of this covenant; *provided* that any such outstanding additional Debt or Disqualified Stock paid in respect of Debt Incurred pursuant to any provision of clause (b) above will be counted as Debt outstanding for purposes of any future Incurrence of Debt pursuant to clause (a) above.

(g) For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Debt, the U.S. dollar-equivalent principal amount of Debt denominated in a non-U.S. currency will be calculated based on the relevant currency exchange rate in effect on the date such Debt was Incurred or, in the case of revolving credit Debt, first committed; *provided* that if such Debt is Incurred to refinance other Debt denominated in a non-U.S. currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such Permitted Refinancing Debt does not exceed the principal amount of such Debt being

refinanced. The principal amount of any Debt Incurred to refinance other Debt, if Incurred in a different currency from the Debt being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Debt is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

(a) The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments and other actions described in the following clauses being collectively "Restricted Payments"):

- declare or pay any dividend or make any distribution on its Equity Interests, including any payment made in connection with any merger or consolidation involving the Issuer or any Subsidiary of the Issuer (other than (A) dividends or distributions paid in the Issuer's Qualified Equity Interests and (B) dividends or distributions by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favorable to the Issuer, to all holders of any class of Capital Stock of such Restricted Subsidiary a majority of which is held, directly or indirectly, by the Issuer);

- purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Issuer held by Persons other than the Issuer or any of its Restricted Subsidiaries;

- repay, redeem, repurchase, defease or otherwise acquire or retire for value, or make any payment on or with respect to, any Subordinated Debt, except (i) a payment of interest and (ii) a repayment, redemption, repurchase, defeasance or acquisition or retirement in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of such repurchase, defeasance or acquisition or retirement; or

- make any Investment (other than Permitted Investments);

unless, at the time of, and after giving effect to, the proposed Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing,

(2) the Issuer could Incur at least $1.00 of Debt under the Net Debt to EBITDA Ratio test set forth in the first paragraph of the covenant described above under the caption "—Limitation on Debt and Disqualified Stock" and

(3) the aggregate amount expended for such Restricted Payment and all other Restricted Payments made on or after the Issue Date would not, subject to paragraph (c), exceed the sum of:

(A) 50% of the aggregate amount of the Consolidated Net Income (or, if the Consolidated Net Income is a loss, minus 100% of the amount of the loss) accrued on a cumulative basis during the period, taken as one accounting period, beginning on the first day of the fiscal quarter in which the Issue Date occurs and ending on the last day of the Issuer's most recently completed fiscal quarter for which financial statements have been provided (or if not timely provided, required to be provided) pursuant to the indenture, plus

(B) the aggregate net cash proceeds and the fair market value of property other than cash received by the Issuer (other than from a Restricted Subsidiary) after the Issue Date from

(i) the issuance and sale of its Qualified Equity Interests, including by way of issuance of its Disqualified Equity Interests or Debt to the extent since converted into or exchanged for Qualified Equity Interests of the Issuer (other than an issuance or sale to a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries), or

(ii) as a contribution to its common equity, plus

(C) without duplication of any amount included in the calculation of Consolidated Net Income, an amount equal to the sum of (x) the aggregate amount of cash and the fair market value of any asset received by the Issuer or any of its Restricted Subsidiaries subsequent to the Issue Date with respect to Investments (other than Permitted Investments) made after the Issue Date by the Issuer or any of its Restricted Subsidiaries in any Person, proceeds realized on the sale of such Investments and proceeds representing the return of capital and (y) in the event that the Issuer redesignates an Unrestricted Subsidiary to be a Restricted Subsidiary of the Issuer, the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of such Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary of the Issuer; *provided*, however, that the foregoing sum shall not exceed, in the case of any such Person or Unrestricted Subsidiary, the amount of Investments (excluding Permitted Investments) previously made (and treated as a Restricted Payment) by the Issuer or any of its Restricted Subsidiaries in such Person or Unrestricted Subsidiary; plus

(D) without duplication of any amount included above under this clause, 100% of any dividends received by the Issuer or any of its Restricted Subsidiaries from an Unrestricted Subsidiary.

The amount expended in any Restricted Payment, if other than in cash, will be deemed to be the fair market value of the relevant non-cash assets, as determined, with respect to amounts at or below U.S.$10.0 million, by an Officer of the Issuer, whose determination will be conclusive and evidenced by an Officers' Certificate, and with respect to amounts above U.S.$10.0 million, as determined by the management of the Company, such determination being based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of recognized standing.

(b) The foregoing will not prohibit:

(1) the payment of any dividend or distribution within 60 days after the date of declaration thereof if, at the date of declaration, such payment would comply with paragraph (a);

(2) payments of Subordinated Debt owed to the Issuer or any of its Restricted Subsidiaries, the incurrence of which was permitted under clause (1) of the definition of "Permitted Debt";

(3) the repayment, redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Debt with the proceeds of, or in exchange for, Permitted Refinancing Debt;

(4) any Restricted Payment made in exchange for, or out of the proceeds of a substantially concurrent offering of, Qualified Equity Interests of the Issuer or of a cash contribution to the common equity of the Issuer not representing an interest in Disqualified Stock;

(5) repurchases of Equity Interests of the Issuer deemed to occur upon exercise of warrants, options or rights to acquire Equity Interests if such Equity Interests represent a portion of the exercise price of such warrants, options or rights or nominal cash payments in lieu of issuances of fractional shares;

(6) repurchases of Subordinated Debt at a purchase price not greater than (a) 101% of the principal amount or accreted value, as applicable, of such Subordinated Debt and accrued and unpaid interest thereon in the event of a Change of Control or (b) 100% of the principal amount or accreted value, as applicable, of such Subordinated Debt and accrued and unpaid interest thereon in the event of an Asset Sale, in connection with any change of control offer or asset sale offer required by the terms of such Subordinated Debt, but only if: (i) in the case of a Change of Control, the Issuer has first complied with and fully satisfied its obligations under the covenant described under the caption "—Repurchase of Notes upon a Change of Control"; or (ii) in the case of an Asset Sale, the Issuer has first complied with and fully satisfied its obligations under the covenant described under the caption "—Limitation on Asset Sales";

(7) the declaration and payment of the Minimum Legally Required Dividend; *provided*, that the payment of such amount is in compliance with the Brazilian corporate law and the Issuer's bylaws and

that the Issuer's Board of Directors, with the approval of the fiscal council, if in existence at such time, has not reported to the general shareholders' meeting that the distribution would not be advisable given the financial condition of the Issuer or its Subsidiaries and that the shareholders have agreed with the proposal of the Board of Directors;

(8) Any payments made by the Issuer or any Restricted Subsidiaries to officers and directors as remuneration either in kind or in equity holdings pursuant to any Stock Option Plan up to an amount not exceeding U.S.$5 million per annum;

(9) Any payment made by the Issuer to its shareholders arising from the exercise of appraisal rights (*direito de recesso*) by such shareholders in connection with the merger of CP Cimento e Participações S.A. into the Issuer approved by the shareholders of the Issuer on March 21, 2011; or

(10) Restricted Payments in aggregate amount not to exceed U.S.$10.0 million;

provided that, in the case of clauses (2), (5), (6), (8), (9) and (10) no Default or Event of Default has occurred and is continuing or would occur as a result thereof.

(c) In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date in paragraph (a)(3) above, only amounts expended pursuant to clauses (1), (6), (7), (8) and (10) of paragraph (b) will be included in such calculation.

Ranking

The Issuer will ensure that its obligations under the indenture and the notes will at all times constitute direct and unconditional obligations of the Issuer, ranking at all times at least *pari passu* in priority of payment among themselves and with all other Debt of the Issuer, except to the extent any such other Debt ranks above such obligations by reason of Liens permitted under the covenant described under "—Limitation on Liens."

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur or permit to exist any Lien securing the payment of Debt on any of its properties or assets, whether owned at the Issue Date or thereafter acquired, other than Permitted Liens, without effectively providing that the notes are secured equally and ratably with (or, if the obligation to be secured by the Lien is subordinated in right of payment to the notes, prior to) the obligations so secured for so long as such obligations are so secured.

Limitation on Sale and Leaseback Transactions

The Issuer will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any Property unless the Issuer or such Restricted Subsidiary would be entitled to:

(A) Incur Debt in an amount equal to the Attributable Debt with respect to such Sale and Leaseback Transaction pursuant to the covenant described under the heading "—Limitation on Debt and Disqualified Stock," and

(B) create a Lien on such Property or asset securing such Attributable Debt without equally and ratably securing the notes pursuant to the covenant described under the heading "—Limitation on Liens,"

in which case, the corresponding Debt and Lien will be deemed incurred pursuant to those provisions.

Limitation on Designation of Unrestricted Subsidiaries

The Issuer may designate after the Issue Date any Subsidiary of the Issuer as an "Unrestricted Subsidiary" under the indenture (a "Designation") only if:

(1) no Default or Event of Default has occurred and is continuing at the time of or after giving effect to such Designation;

(2) any transactions between the Issuer or any of its Restricted Subsidiaries and such Unrestricted Subsidiary are in compliance with "—Limitation on Transactions with Affiliates"; and

(3) the Issuer would be permitted to make an Investment in an Unrestricted Subsidiary at the time of Designation (assuming the effectiveness of such Designation and treating such Designation as an Investment in an Unrestricted Subsidiary at the time of Designation) as a Restricted Payment pursuant to clause (a) of "—Limitation on Restricted Payments" in an amount (the "Designation Amount") equal to the amount of the Issuer's Investment in such Subsidiary on such date.

The Issuer may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a "Revocation") only if:

(4) no Default or Event of Default has occurred and is continuing at the time of and after giving effect to such Revocation; and

(5) all Debt and Liens of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if Incurred at such time, have been permitted to be Incurred for all purposes of the indenture.

The Designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be deemed to include the Designation of all of the Subsidiaries of such Subsidiary. All Designations and Revocations must be evidenced by a resolution of the Board of Directors of the Issuer and an Officers' Certificate delivered to the Trustee certifying compliance with the preceding provisions.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) Except as provided in paragraph (b) below, the Issuer will not, and will not permit any of its Restricted Subsidiaries to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction of any kind on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on any Equity Interests of the Restricted Subsidiary owned by the Issuer or any other Restricted Subsidiary,

(2) pay any Debt or other obligation owed to the Issuer or any other Restricted Subsidiary,

(3) make loans or advances to the Issuer or any other Restricted Subsidiary, or

(4) transfer any of its property or assets to the Issuer or any other Restricted Subsidiary.

(b) The provisions of paragraph (a) do not apply to any encumbrances or restrictions:

(1) existing on the Issue Date as provided for in the indenture or any other agreements in effect on the Issue Date, and any extensions, renewals, replacements or refinancings of any of the foregoing; *provided* that the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the noteholders than the encumbrances or restrictions being extended, renewed, replaced or refinanced;

(2) existing under or by reason of applicable law;

(3) existing with respect to any Person, or to the Property of any Person, at the time the Person is acquired by the Issuer or any Restricted Subsidiary, which encumbrances or restrictions: (i) are not applicable to any other Person or the Property of any other Person; and (ii) were not put in place in anticipation of such event, and any extensions, renewals, replacements or refinancings of any of the foregoing; *provided* the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the noteholders than the encumbrances or restrictions being extended, renewed, replaced or refinanced;

(4) with respect to any agreement governing Debt of any Restricted Subsidiary that is permitted to be Incurred by the covenant described under the heading "—Limitation on Debt and Disqualified Stock"; *provided* that (i) the encumbrance or restriction is not materially disadvantageous to the holders of the notes, and (ii) the Issuer determines that on the date of the Incurrence of such Debt, that such encumbrance or restriction would not be expected to materially impair the Issuer's ability to make principal or interest payments on the notes;

(5) of the type described in clause (a)(4) arising or agreed to in the ordinary course of business (i) that restrict in a customary manner the subletting, assignment or transfer of any Property that is subject to a lease or license or (ii) by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any Property of, the Issuer or any Restricted Subsidiary;

(6) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or Property of, the Restricted Subsidiary that is permitted by the covenant described under the heading "—Limitation on Asset Sales";

(7) imposed by the standard loan documentation in connection with loans from (a) *Banco Nacional de Desenvolvimento Econômico e Social—BNDES* (including loans from *Financiadora de Estudos e Projetos— FINEP*), FINAME – *Financiamento à Fabricante-Comercialização, Banco do Nordeste do Brasil S.A*., or BNB, SUDENE – *Superintendência do Desenvolvimento do Nordeste, Banco de Desenvolvimento de Minas Gerais—BDMG* or any other Brazilian governmental development bank or credit agency or (b) any international or multilateral development bank, government-sponsored agency, export-import bank or official export-import credit insurer; and

(8) required pursuant to the indenture.

Repurchase of Notes upon a Change of Control

Not later than 30 days following a Change of Control that results in a Rating Decline, the Issuer shall make an Offer to Purchase all outstanding notes at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest to, but excluding, the date of purchase.

An "Offer to Purchase" must be made by written offer, which will specify the principal amount of notes subject to the offer and the purchase price. The offer must specify an expiration date (the "expiration date") not less than 30 days or more than 60 days after the date of the offer and a settlement date for purchase (the "purchase date") not more than five Business Days after the expiration date. The offer must include information concerning the business of the Issuer and its Subsidiaries which the Issuer in good faith believes will enable the holders to make an informed decision with respect to the Offer to Purchase. The offer will also contain instructions and materials necessary to enable holders to tender notes pursuant to the offer.

A holder may tender all or any portion of its notes pursuant to an Offer to Purchase, subject to the minimum denomination requirement and the requirement that any portion of a note tendered must be in a multiple of U.S.$1,000 principal amount. Holders are entitled to withdraw notes tendered up to the close of business on

the expiration date. On the purchase date, the purchase price will become due and payable on each note accepted for purchase pursuant to the Offer to Purchase, and interest on notes purchased will cease to accrue on and after the purchase date provided that payment is made available on that date.

The Issuer will comply with Rule 14e-1 under the Exchange Act (to the extent applicable) and all other applicable laws and regulations in making any Offer to Purchase, and the above procedures will be deemed modified as necessary to permit such compliance.

The Issuer is only required to offer to repurchase the notes in the event that a Change of Control results in a Rating Decline. Consequently, if a Change of Control were to occur which does not result in a Rating Decline, the Issuer would not be required to offer to repurchase the notes. In addition, the Issuer will not be required to make an Offer to Purchase upon a Change of Control if (1) a third party makes the Offer to Purchase in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to an Offer to Purchase made by the Issuer and purchases all notes properly tendered and not withdrawn under the Offer to Purchase, or (2) notice of redemption for all outstanding notes has been given pursuant to the indenture as described above under the caption "—Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

Notwithstanding anything to the contrary contained herein, an Offer to Purchase may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Offer to Purchase is made.

Future debt of the Issuer may provide that a Change of Control is a default or require repurchase upon a Change of Control. Moreover, the exercise by the noteholders of their right to require the Issuer to purchase the notes could cause a default under other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer. In addition, any remittance of funds outside of Brazil to noteholders or the Trustee may require the consent of the Central Bank, which may not be granted. The Issuer's ability to pay cash to the noteholders following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the notes. See "Risk Factors—Risks Relating to the Notes—We may be unable to purchase the notes upon a specified change of control event, which would result in a default under the indenture governing the notes."

The phrase "all or substantially all," as used with respect to the assets of the Issuer in the definition of "Change of Control," is subject to interpretation under applicable state law, and its applicability in a given instance would depend upon the facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Issuer has occurred in a particular instance, in which case a holder's ability to obtain the benefit of these provisions could be unclear.

Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the holder of the notes to require that the Issuer purchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

The provisions under the indenture relating to the Issuer's obligation to make an offer to repurchase the notes as a result of a Change of Control may be waived or amended as described in "—Amendments and Waivers."

Limitation on Asset Sales

The Issuer will not, and will not permit any Restricted Subsidiary to, make any Asset Sale unless the following conditions are met:

(1) The Asset Sale is for fair market value.

(2) At least 75% of the consideration consists of cash or Cash Equivalents received at closing. (For purposes of this clause (2), the assumption by the purchasers of Debt or other obligations (other than Subordinated Debt) of the Issuer or a Restricted Subsidiary pursuant to a customary novation agreement, and instruments or securities received by the Issuer or any of its Restricted Subsidiaries from the purchasers that are converted into cash within 180 days of the closing shall be considered to be cash received at closing).

(3) Within 365 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Net Cash Proceeds may be used:

(A) to permanently repay Debt other than Subordinated Debt of the Issuer or any Restricted Subsidiary (and in the case of a revolving credit, permanently reduce the commitment thereunder by such amount), in each case owing to a Person other than the Issuer or any Restricted Subsidiary, or

(B) to acquire (or within such 365-day period, the Board of Directors shall have made a good faith determination to acquire, which acquisition shall be consummated prior to the second anniversary of such Asset Sale) (i) Productive Assets or (ii) all or substantially all of the assets of a Permitted Business, or a majority of the Voting Stock of another Person that thereupon becomes a Restricted Subsidiary engaged in a Permitted Business, or to make capital expenditures or otherwise acquire long-term assets that are to be used in a Permitted Business.

(4) Notwithstanding clauses (2) and (3) above, the Issuer and its Restricted Subsidiaries will be permitted to consummate an Asset Sale without complying with such clauses to the extent at least 75% of the consideration for such Asset Sale constitutes Productive Assets, cash, Cash Equivalents and/or Marketable Securities; *provided* that any consideration not constituting Productive Assets received by the Issuer or any Restricted Subsidiary in connection with any Asset Sale permitted to be consummated under this clause shall be applied (in the case of cash, Cash Equivalents and Marketable Securities within 365 days after the receipt thereof) in accordance with the provisions of clause (3) above.

(5) Notwithstanding clause (2) above, the Issuer and its Restricted Subsidiaries will be permitted to consummate an Asset Sale of any assets or real property at the Issuer's Mogi das Cruzes or Volta Redonda plants without complying with such clause to the extent the proceeds received in any Asset Sale are not in the form of cash or Cash Equivalents; *provided* that at the time such non-cash or non-Cash Equivalent proceeds are converted into cash or Cash Equivalents, the Issuer or any Restricted Subsidiary will apply such cash or Cash Equivalents in accordance with the provisions of clause (3) above.

(6) The Net Cash Proceeds of an Asset Sale not applied (or determined by the Board of Directors to be applied) pursuant to clause (3) within 365 days of the Asset Sale constitute "Excess Proceeds." Excess Proceeds of less than U.S.$30 million (or the equivalent thereof at the time of determination) will be carried forward and accumulated. When accumulated Excess Proceeds equals or exceeds such amount, the Issuer must, within 30 days, make an Offer to Purchase notes having a principal amount equal to:

(A) accumulated Excess Proceeds, multiplied by

(B) a fraction (x) the numerator of which is equal to the outstanding principal amount of the notes and (y) the denominator of which is equal to the outstanding principal amount of the notes and all *pari passu* Debt similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest U.S.$1,000.

The purchase price for the notes will be 100% of the principal amount plus accrued and unpaid interest to, but excluding, the date of purchase. If the Offer to Purchase is for less than all of the outstanding notes and notes in an aggregate principal amount in excess of the purchase amount are tendered and not withdrawn pursuant to the offer, the Issuer will purchase notes having an aggregate principal amount equal to the purchase amount on a pro rata basis, with adjustments so that only notes in multiples of U.S.$1,000 principal amount will be purchased, provided that after a purchase from a holder in part, such holder shall hold U.S.$2,000 in principal

amount of notes or a multiple of U.S.$1,000 in excess thereof. Upon completion of the Offer to Purchase, Excess Proceeds will be reset at zero.

Pending application in accordance with this covenant, Net Cash Proceeds may be applied to temporarily reduce revolving credit borrowings, if any, or invested in Cash Equivalents. The fair market value for any Asset Sale with consideration at or below U.S.$10.0 million will be determined by an Officer of the Issuer, whose determination will be conclusive and evidenced by an Officers' Certificate, and with consideration above U.S.$10.0 million, as determined by the Board of Directors of the Issuer, whose determination shall be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of recognized standing.

Limitation on Transactions with Affiliates

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement including the purchase, sale, lease or exchange of property or assets, or the rendering of any service with any Affiliate of the Issuer (a "Related Party Transaction"), except upon fair and reasonable terms no less favorable to the Issuer or the Restricted Subsidiary than could be obtained in a comparable arm's-length transaction with a Person that is not an Affiliate of the Issuer.

(a) In any Related Party Transaction or series of Related Party Transactions with an aggregate value in excess of U.S.$5.0 million (or the equivalent thereof at the time of determination), the Issuer must first deliver to the Trustee an Officers' Certificate to the effect that such transaction or series of related transactions are on fair and reasonable terms no less favorable to the Issuer or such Restricted Subsidiary than could be obtained in a comparable arm's-length transaction and is otherwise compliant with the terms of the Indenture.

(b) In any Related Party Transaction or series of Related Party Transactions with an aggregate value in excess of U.S.$15.0 million (or the equivalent thereof at the time of determination), the Issuer must first deliver to the Trustee an opinion or resolution of the majority of independent directors of the Board of Directors that such transaction or series of related transactions are on fair and reasonable terms no less favorable to the Issuer or such Restricted Subsidiary than could be obtained in a comparable arm's-length transaction.

(c) In any Related Party Transaction or series of Related Party Transactions with an aggregate value in excess of U.S.$25.0 million (or the equivalent thereof at the time of determination), the Issuer must first deliver to the Trustee an opinion issued by an investment banking firm of recognized standing that such transaction or series of related transactions are on fair and reasonable terms no less favorable to the Issuer or such Restricted Subsidiary than could be obtained in a comparable arm's-length transaction.

(d) The foregoing paragraphs do not apply to:

(1) any transaction between the Issuer and any Restricted Subsidiary or between or among Restricted Subsidiaries;

(2) Permitted Investments and any Restricted Payments that do not violate the provisions under the caption "—Limitation on Restricted Payments";

(3) transactions pursuant to agreements in effect on the Issue Date and described in the offering memorandum, 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 Issuer and its Restricted Subsidiaries than those in effect on the date of the indenture;

(4) any Sale Leaseback Transaction otherwise permitted under the caption "—Limitation on sale and Leaseback Transactions" if such transaction is on market terms; and

(5) any merger between the Issuer and Cimento Santo Estevão e Participações S.A. (or any subsidiary of or successor to Cimento Santo Estevão e Participações S.A.) that is in compliance with the covenant under "Consolidation, Merger or Sale of Substantially All Assets."

Financial Reports

The Issuer, shall provide to the Trustee and, upon request, the holders of the notes:

(1) an English language version of its annual audited consolidated financial statements (including the notes thereto and a report thereon by the Issuer's certified independent accountants) in a form substantially similar to the financial statements included in this offering memorandum, prepared in accordance with Brazilian GAAP, promptly upon such financial statements becoming available but no later than 120 days after the close of its fiscal year; and

(2) an English language version of its unaudited quarterly financial statements (including the notes thereto and a review report thereon by the Issuer's certified independent accountants) prepared in accordance with Brazilian GAAP, promptly upon such financial statements becoming available but no later than 60 days after the close of each of the first three fiscal quarters of each fiscal year.

So long as the notes are outstanding, the Issuer will make available the information specified in the preceding paragraphs at the specified office of each paying agent for the notes.

In addition, the Issuer will furnish to the holders of the notes and to prospective investors, upon request of such holders or investors, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the notes are not freely tradable under the Securities Act.

Delivery of such reports and information to the Trustee is for informational purposes only and the Trustee's receipt thereof will not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its respective covenants under the indenture (as to which the Trustee is entitled to rely conclusively on Officers' Certificates).

Reports to Trustee

The Issuer will deliver to the Trustee:

(1) within 120 days after the end of each fiscal year (or 180 days if the Issuer is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act) an Officers' Certificate stating that the Issuer has fulfilled its obligations under the indenture or, if there has been a Default, specifying the Default and its nature and status; and

(2) as soon as possible and in any event within 10 days after it becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default, and the action which the Issuer proposes to take with respect thereto.

Consolidation, Merger or Sale of Substantially All Assets

(a) The Issuer will not, in a single transaction or a series of related transactions:

- consolidate with or merge with or into any Person, or
- sell, convey, transfer, assign, or otherwise dispose of all or substantially all of its assets (determined on a consolidated basis for the Issuer and its Restricted Subsidiaries) as an

entirety or substantially an entirety, in one transaction or a series of related transactions, to any Person or

- permit any Person to merge with or into the Issuer; unless

(1) either: (x) the Issuer is the continuing Person; or (y) the resulting, surviving or transferee Person (the "Successor Company") is a corporation organized and validly existing under the laws of the Federative Republic of Brazil or any political subdivision thereof, the United States of America or any state thereof or the District of Columbia or any other country member of the Organization for Economic Co-operation and Development (OECD) and expressly assumes by supplemental indenture, executed and delivered to the Trustee, in form as set forth in the indenture or as otherwise satisfactory to the Trustee, all of the obligations of the Issuer under the indenture and the guarantee;

(2) immediately after giving effect to the transaction, no Default or Event of Default has occurred and is continuing;

(3) immediately after giving effect to the transaction on a pro forma basis, the Issuer or the Successor Company (i) could Incur at least U.S.$1.00 of Debt under the covenant described in the first paragraph under the caption "—Limitation on Debt and Disqualified Stock" or (ii) would have a Net Debt to EBITDA Ratio less than or equal to the Issuer immediately prior to such transaction; and

(4) the Issuer, or the Successor Company, as the case may be, delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that the consolidation, merger or transfer and the supplemental indenture (if any) comply with the indenture;

provided, that clauses (2) and (3) do not apply to the consolidation or merger of the Issuer with or into a Restricted Subsidiary or the consolidation or merger of a Restricted Subsidiary with or into the Issuer.

(b) The Issuer shall not lease all or substantially all of its assets, whether in one transaction or a series of transactions, to one or more other Persons, except to the extent permitted under "—Limitation on Sale and Leaseback Transactions."

(c) Upon the consummation of any transaction effected in accordance with these provisions, if the Issuer is not the continuing Person, the Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the indenture and the notes with the same effect as if such successor Person had been named as the Issuer in the indenture. Upon such substitution, unless the successor is one or more of the Issuer's Restricted Subsidiaries, the Issuer will be released from its obligations under the indenture.

Maintenance of Properties

The Issuer will cause all properties used or useful in the conduct of its business or the business of any of its Restricted Subsidiaries to be maintained and kept in good condition, repair and working order as in the judgment of the Issuer may be necessary so that the business of the Issuer and its Restricted Subsidiaries may be properly and advantageously conducted at all times; *provided* that nothing shall prevent the Issuer or any Restricted Subsidiary from discontinuing the use, operation or maintenance of any of such properties or disposing of any of them, if such discontinuance or disposal is, in the judgment of the Issuer, desirable in the conduct of the business of the Issuer and its Restricted Subsidiaries taken as a whole.

Other Covenants

In addition, the indenture will (subject to exceptions, qualifications and materiality thresholds, where appropriate) contain covenants regarding the performance of the Issuer's obligations under the notes, the maintenance of the Issuer's corporate existence, the compliance with applicable laws, maintenance of the Issuer's

and any Significant Subsidiary's governmental approvals, the Issuer's and any Significant Subsidiary's payment of taxes and other claims, the appointment of the Trustee, the maintenance of insurance, the maintenance of the Issuer's and any Significant Subsidiaries books and records, the maintenance of an office or agency in the State of New York, notices of certain events, further actions and the use of proceeds.

Covenant Suspension

From and during any time that:

(a) the notes have an Investment Grade rating from any two Rating Agencies, and

(b) no Default or Event of Default has occurred and is continuing (the occurrence of the events described in the foregoing clauses (a) and (b) being collectively referred to as a "Covenant Suspension Event"), the Issuer and its Restricted Subsidiaries will not be subject to the following provisions of the indenture:

(1) "—Limitation on Debt and Disqualified Stock";

(2) "—Limitation on Restricted Payments";

(3) "—Limitation on Asset Sales";

(4) clause (3) of the first paragraph of "—Consolidation, Merger or Sale of Substantially All Assets"; and

(5) "—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries."

Clauses (1) through (5) above are referred to collectively as the "Suspended Covenants".

In the event that the Issuer and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date"), the notes cease to have an Investment Grade Rating from any two Rating Agencies, then the Issuer and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants. The period of time between the occurrence of a Covenant Suspension Event and the Reversion Date is referred to as the "Suspension Period." Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with any of the Suspended Covenants during the Suspension Period (or upon termination of the Suspension Period or after that time based solely on events that occurred during the Suspension Period).

On the Reversion Date, all Debt incurred during the Suspension Period will be classified to have been incurred pursuant to paragraph (a) of "—Limitation on Debt and Disqualified Stock" or one of the clauses set forth in paragraphs (1) through (12) of paragraph (b) of "—Limitation on Debt and Disqualified Stock" (to the extent such Debt would be permitted to be incurred thereunder as of the Reversion Date and after giving effect to the Debt incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Debt would not be permitted to be incurred pursuant to "—Limitation on Debt and Disqualified Stock," such Debt will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (7) of paragraph (b) of "— Limitation on Debt and Disqualified Stock."

The Issuer will give the Trustee prompt written notification upon the occurrence of a covenant suspension or any Reversion Date.

Default and Remedies

Events of Default

An "Event of Default" occurs if:

(1) the Issuer defaults in the payment of the principal or any related Additional Amounts, if any, of any note when the same becomes due and payable at maturity, upon acceleration or redemption, or otherwise;

(2) the Issuer defaults in the payment of interest or any related Additional Amounts, if any, on any note when the same becomes due and payable, and the default continues for a period of 30 days;

(3) the Issuer fails to comply with the covenant described under the caption "—Certain Covenants— Consolidation, Merger or Sale of Substantially All Assets";

(4) the Issuer defaults in the performance of or breaches any other of its covenants or agreements in the indenture or under the notes and the default or breach continues for a period of 45 consecutive days after written notice to the Issuer by the Trustee acting at the direction of holders of 25% or more in aggregate principal amount of the notes, or to the Issuer and the Trustee by the holders of 25% or more in aggregate principal amount of the notes;

(5) there occurs with respect to any Debt of the Issuer or any of its Restricted Subsidiaries having an outstanding principal amount of U.S.$10.0 million (or the equivalent thereof at the time of determination) or more in the aggregate for all such Debt of all such Persons (i) an event of default that results in such Debt being due and payable prior to its scheduled maturity; *provided*, however, that any acceleration of the Issuer's outstanding Debt as a result of the Restructuring will not be an event default pursuant to this clause 5(i) provided such Debt is paid in full within 15 days of a notice of acceleration being received by the Issuer or (ii) failure to make a principal payment when due and such defaulted payment is not made, waived or extended within the applicable grace period;

(6) one or more final and non-appealable judgments (*res judicata*) or orders for the payment of money are rendered against the Issuer or any of its Restricted Subsidiaries and are not paid or discharged, and there is a period of 45 consecutive days following entry of the final and non-appealable judgment or order that causes the aggregate amount for all such final and non-appealable judgments or orders outstanding and not paid or discharged against all such Persons to exceed U.S.$10.0 million or the equivalent thereof at the time of determination (in excess of amounts which the Issuer's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against the Issuer or any of its Significant Subsidiaries with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a trustee, receiver, judicial administrator (*administrador judicial*), liquidator, custodian or other similar official of it or any substantial part of its Property, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 days; or a final order for relief is entered against the Issuer or such Restricted Subsidiaries under relevant bankruptcy laws as now or hereafter in effect;

(8) the Issuer or any of its Significant Subsidiaries (i) commences a voluntary case or other proceeding seeking liquidation, reorganization, *recuperação judicial ou extrajudicial* or other relief with respect to itself or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, *administrador judicial*, liquidator, assignee, custodian, trustee, or similar official of the Issuer or any such Restricted Subsidiaries or for all or substantially all of the Property of the Issuer or any such Restricted Subsidiaries or (iii) effects any general assignment for the benefit of creditors (an event of default specified in clause (7) or (8) a "bankruptcy default");

(9) any event occurs that under the laws of Brazil or any political subdivision thereof or any other country has substantially the same effect as any of the events referred to in any of clause (7) or (8);

(10) the Issuer denies or disaffirms its obligations under the indenture or the notes; or

(11) all or substantially all of the undertaking, assets and revenues of the Issuer or any of its Significant Subsidiaries is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government or the Issuer or any of its Significant 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 its undertaking, assets and revenues.

Consequences of an Event of Default

If an Event of Default, other than a bankruptcy default with respect to the Issuer or any of its Significant Subsidiaries, occurs and is continuing under the indenture, the Trustee or the holders of at least 25% in aggregate principal amount of the notes then outstanding, by written notice to the Issuer (and to the Trustee if the notice is given by the holders), may, and the Trustee at the request of such holders shall, declare the unpaid principal of and accrued interest on the notes to be immediately due and payable. Upon a declaration of acceleration, such principal and interest will become immediately due and payable. If a bankruptcy default occurs, the unpaid principal of and accrued interest on the notes then outstanding will become immediately due and payable without any declaration or other act on the part of the Trustee or any holder. In this case, the Issuer will be required, and will agree in the indenture, to duly comply with any and all then-applicable Central Bank regulations for remittance of funds outside of Brazil.

The holders of a majority in principal amount of the outstanding notes by written notice to the Issuer and to the Trustee may waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the notes that have become due solely by the declaration of acceleration, have been cured or waived, and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Except as otherwise provided in "—Consequences of an Event of Default" or "—Amendments and Waivers— Amendments with Consent of Holders" the holders of a majority in principal amount of the outstanding notes may, by notice to the Trustee, waive an existing Default and its consequences. Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The holders of a majority in principal amount of the outstanding notes may 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. However, the Trustee may refuse to follow any direction that conflicts with law or the indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of holders of notes not joining in the giving of such direction, and may take any other action it deems proper that is not inconsistent with any such direction received from holders of notes.

A holder may not institute any proceeding, judicial or otherwise, with respect to the indenture or the notes, or for the appointment of a receiver or trustee, or for any other remedy under the indenture or the notes, unless:

(1) the holder has previously given to the Trustee written notice of a continuing Event of Default;

(2) holders of at least 25% in aggregate principal amount of outstanding notes have made written request to the Trustee to institute proceedings in respect of the Event of Default in its own name as Trustee under the indenture;

(3) holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any costs, liabilities or expenses to be incurred in compliance with such request;

(4) the Trustee within 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) during such 60-day period, the holders of a majority in aggregate principal amount of the outstanding notes have not given the Trustee a direction that is inconsistent with such written request.

Notwithstanding anything to the contrary, the right of a holder of a note to receive payment of principal of or interest on its note on or after the Stated Maturity thereof, or to bring suit for the enforcement of any such payment on or after such dates, may not be impaired or affected without the consent of that holder.

If any Event of Default occurs and is continuing and is known to a responsible officer of the Trustee, the Trustee will send notice of the Event of Default to each holder within 90 days after it occurs, unless the Event of Default has been cured; *provided* that, except in the case of a default in the payment of the principal of or interest on any note, the Trustee may withhold the notice if and so long as a trust committee of trust officers of the Trustee in good faith determines that withholding the notice is in the interest of the holders.

No Liability of Directors, Officers, Employees, Incorporators, Members and Stockholders

No director, officer, employee, incorporator, member or stockholder of the Issuer, as such, will have any liability for any obligations of the Issuer under the notes or the indenture or for any claim based on, in respect of, or by reason of, such obligations. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. This waiver may not be effective to waive liabilities under U.S. securities laws or under the Brazilian Corporate Law, and it is the view of the U.S. Securities and Exchange Commission that such a waiver is against public policy.

Amendments and Waivers

Amendments Without Consent of Holders. The Issuer and the Trustee may amend or supplement the indenture or the notes without notice to or the consent of any noteholder:

(1) to cure any ambiguity, defect or inconsistency in the indenture or the notes;

(2) to comply with the covenant described under the caption "—Certain Covenants—Consolidation, Merger or Sale of Substantially All Assets";

(3) to evidence and provide for the acceptance of an appointment by a successor trustee;

(4) to provide for uncertificated notes in addition to or in place of certificated notes;

(5) to provide for any guarantee of the notes, to secure the notes or to confirm and evidence the release, termination or discharge of any guarantee of or Lien securing the notes when such release, termination or discharge is permitted by the indenture;

(6) to provide for or confirm the issuance of additional notes; or

(7) to make any other change that does not materially, adversely affect the rights of any holder or to conform the indenture to this "Description of Notes."

Amendments With Consent of Holders. (a) Except as otherwise provided in "—Default and Remedies—Consequences of an Event of Default" or paragraph (b), the Issuer and the Trustee may amend the indenture and the notes with the written consent of the holders of a majority in principal amount of the outstanding notes and the holders of a majority in principal amount of the outstanding notes may waive future compliance by the Issuer with any provision of the indenture or the notes.

(b) Notwithstanding the provisions of paragraph (a), without the consent of each holder affected, an amendment or waiver may not (with respect to any notes held by a non-consenting holder):

(1) reduce the principal amount of or change the Stated Maturity of any installment of principal of any note;

(2) reduce the rate of or change the Stated Maturity of any interest payment on any note;

(3) reduce the amount payable upon the redemption of any note in respect of an optional redemption, the times at which any note may be redeemed or, once notice of redemption has been given, the time at which it must thereupon be redeemed;

(4) after the time an Offer to Purchase is required to have been made, reduce the purchase amount or purchase price, or extend the latest expiration date or purchase date thereunder;

(5) make any note payable in currency or at any place other than that stated in the note;

(6) impair the right of any holder of notes to receive any principal payment or interest payment on such holder's notes, on or after the Stated Maturity thereof, or to institute suit for the enforcement of any such payment;

(7) make any change in the percentage of the principal amount of the notes required for amendments or waivers; or

(8) modify or change any provision of the indenture affecting the ranking of the notes in a manner adverse to the holders of the notes.

In the event that consent is obtained from some of the holders but not from all of the holders with respect to any of the amendments or modifications in paragraph (b) above, new notes with such modifications will be issued to those consenting holders. Such new notes shall have separate CUSIP numbers and ISINs from those notes held by the non-consenting holders.

It is not necessary for holders of the notes to approve the particular form of any proposed amendment, supplement or waiver, but is sufficient if their consent approves the substance thereof.

The Luxembourg Stock Exchange will be notified of any amendment regardless of whether noteholders' approval is required.

Neither the Issuer nor any of its Subsidiaries or Affiliates may, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the indenture or the notes unless such consideration is offered to be paid or agreed to be paid to all holders of the notes that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to the consent, waiver or amendment.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect as to all notes issued thereunder, when:

(1) (a) all notes that have been authenticated, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

(b) all notes that have not been delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of a redemption by the trustee, and the Issuer has irrevocably deposited or caused to be deposited with the Trustee as funds in trust solely for the benefit of the holders, U.S. dollars or U.S. Government Obligations, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Debt on the notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and will continue after the date of the deposit or will occur as a result of the deposit and the deposit will not result in a breach or violation of, or constitute a default under, any other material instrument to which the Issuer or any Restricted Subsidiary is a party or by which the Issuer or any Restricted Subsidiary is bound;

(3) the Issuer or any Restricted Subsidiary has paid or caused to be paid all other sums payable by it under the indenture; and

(4) the Issuer has delivered irrevocable instructions to the Trustee under the indenture to apply the deposited money toward the payment of the notes at maturity or the redemption date, as the case may be.

In addition, the Issuer must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Defeasance

The Issuer may elect to:

(1) discharge most of its obligations in respect of the notes and the indenture, not including obligations related to the defeasance trust or to the replacement of notes or its obligations to the Trustee ("legal defeasance") or

(2) discharge its obligations under most of the covenants and under clauses (3) and (4) of the covenant described under the caption "—Certain Covenants—Consolidation, Merger and Sale of Assets" (and the events listed in clauses (4), (5), (6), (9) and (11) under "—Default and Remedies—Events of Default" will no longer constitute Events of Default) ("covenant defeasance")

by irrevocably depositing in trust with the Trustee U.S. dollars or U.S. Government Obligations sufficient to pay principal of and interest on the notes to maturity or redemption and by meeting certain other conditions, including delivery to the Trustee of either a ruling received from the Internal Revenue Service or an Opinion of Counsel to the effect that the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would otherwise have been the case. In the case of legal defeasance, such an opinion could not be given absent a change of law after the date of the indenture. In addition, in the case of any legal defeasance, the Issuer must deliver to the Trustee an Opinion of Counsel in each of the Federative Republic of Brazil, any other jurisdiction in which the Issuer is organized or is resident for tax purposes, and any other

jurisdiction in which the Issuer is conducting business in a manner which causes the holders of the notes to be liable for taxes on payments under the notes for which they would not have been so liable but for such conduct of business in such other jurisdiction, to the effect that holders of the applicable notes will not recognize income, gain or loss in the relevant jurisdiction (as applicable) as a result of such deposit and defeasance and will be subject to taxes in the relevant jurisdiction (including withholding taxes) (as applicable) on the same amounts, in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of any legal defeasance, the defeasance would in each case be effective when 90 days have passed since the date of the deposit in trust.

Concerning the Trustee

The Bank of New York Mellon is the Trustee under the indenture, with its corporate office at 101 Barclay Street, Floor 4 East, New York, New York 10286, United States of America.

Except during the continuance of an Event of Default, the Trustee need perform only those duties that are specifically set forth in the indenture and no others, and no implied covenants or obligations will be read into the indenture against the Trustee. In case an Event of Default has occurred and is continuing, the Trustee shall exercise those rights and powers vested in it by the indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. No provision of the indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties thereunder, or in the exercise of its rights or powers, unless it receives security and indemnity satisfactory to it against any loss, liability or expense.

The holders may have access to the indenture at the corporate office of the Trustee.

Replacement of Trustee

The Trustee may resign at any time by written notice to the Issuer.

The holders of a majority in principal amount of the outstanding notes may remove the Trustee by written notice to the Trustee.

If the Trustee is no longer eligible pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), any holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee.

The Issuer shall remove the Trustee if: (i) the Trustee is no longer eligible pursuant to the Trust Indenture Act; (ii) the Trustee is adjudged a bankrupt or an insolvent; (iii) a receiver or other public officer takes charge of the Trustee or its property; or (iv) the Trustee becomes incapable of acting. In addition, the Issuer may remove the Trustee at any time for any reason to the extent the Issuer has given the Trustee at least 30 days' written notice and as long as no Default or Event of Default has occurred and is continuing.

A resignation or removal of the Trustee and appointment of a successor trustee will become effective only upon the successor trustee's acceptance of appointment as provided in this Section.

If the Trustee has been removed by the holders, holders of a majority in principal amount of the notes may appoint a successor trustee with the consent of the Issuer. Otherwise, if the Trustee resigns or is removed, or if a vacancy exists in the office of Trustee for any reason, the Issuer will promptly appoint a successor trustee, *provided*, *however*, that in case of a bankruptcy, the resigning Trustee will have the right to appoint a successor trustee within 10 Business Days after giving of such notice of resignation if the Issuer has not already appointed a successor trustee. If the successor trustee does not deliver its written acceptance within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer or the holders of a majority in principal amount of the outstanding notes may appoint a successor trustee or may petition any court of competent jurisdiction for the appointment of a successor trustee.

Upon delivery by the successor trustee of a written acceptance of its appointment to the retiring Trustee and to the Issuer, (i) the retiring Trustee will, upon payment of its charges, transfer all property held by it as Trustee to the successor trustee, (ii) the resignation or removal of the retiring Trustee will become effective, and (iii) the successor trustee will have all the rights, powers and duties of the Trustee under the indenture. Upon request of any successor trustee, the Issuer will execute any and all instruments for fully vesting in and confirming to the successor trustee all such rights, powers and trusts. The Issuer will give notice of any resignation and any removal of the Trustee and each appointment of a successor trustee to all holders, and include in the notice the name of the successor trustee and the address of its Corporate Trust Office.

Paying Agent

The Trustee will initially act as the paying agent for the notes. The Bank of New York Mellon (Luxembourg) S.A. will initially act as the Luxembourg paying agent and transfer agent. The Issuer may appoint other paying agents in addition to the paying agent, principal paying agent and Luxembourg paying agent.

Transfer and Exchange

The Trustee will initially act as the transfer agent and registrar for the notes. A holder may transfer or exchange notes at the office designated by the Issuer for such purposes, which initially will be the Corporate Trust Office of the Trustee in New York, New York. The registrar may require a holder, among other things, to furnish appropriate endorsements and transfer documents in the form provided and as specified in the indenture. See "Book Entry, Delivery and Form" for a description of additional transfer restrictions applicable to the notes. Upon any change in the registrar, the Issuer will publish a notice in a leading daily newspaper of general circulation in Luxembourg, which is expected to be the *Luxemburger Wort*, or alternatively the Issuer may also publish a notice on the website of the Luxembourg Stock Exchange (www.bourse.lu).

No service charge will be imposed in connection with any transfer or exchange of any note, but the Issuer may in general require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith.

Listing

In the event that the notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market, the Issuer will use its commercially reasonable efforts to maintain such listing; *provided*, that if such listing of the notes shall be obtained and it subsequently becomes impracticable or unduly burdensome, in the good faith determination of the Issuer, to maintain, due to changes in listing requirements occurring subsequent to the Issue Date, the Issuer may de-list the notes from the Luxembourg Stock Exchange; and, in the event of any such de-listing, the Issuer shall use commercially reasonable efforts to obtain an alternative admission to listing, trading and/or quotation of the notes by another listing authority, exchange or system within or outside the European Union as it may reasonably decide, provided, that if such alternative admission is not available or is, in the Issuer's reasonable opinion, unduly burdensome, the Issuer shall have no further obligation in respect of any listing of the notes.

Notices

As long as notes in global form are outstanding, notices to be given to holders will be given to the depositary, in accordance with its applicable policies as in effect from time to time. If the Issuer issues notes in certificated form, notices to be given to holders will be sent by mail to the respective addresses of the holders as they appear in the register maintained by the registrar, and will be deemed given when mailed. For so long as any notes are listed on the Luxembourg Stock Exchange and in accordance with the rules and regulations of the Luxembourg Stock Exchange, the Issuer will publish all notices to holders on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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

Governing Law

The indenture and the notes shall be governed by, and construed in accordance with, the laws of the State of New York.

Consent to Jurisdiction

Each of the parties to the Indenture will irrevocably submit to the jurisdiction of any New York State or United States Federal court sitting in the City of New York in respect of any suit, action or proceeding arising out of or relating to the Indenture or any note. Each of the parties to the Indenture will irrevocably waive, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding brought in such courts and any claim that any such suit, action or proceeding brought in such courts, has been brought in an inconvenient forum and any right to which it may be entitled on account of place of residence or domicile. To the extent that the Issuer has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process with respect to itself or its property, the Issuer has irrevocably waived such immunity in respect of (i) its obligations under the Indenture and (ii) any note. Each of the parties to the Indenture will agree that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding on them and may be enforced in any court to the jurisdiction of which each of them is subject by a suit upon such judgment, *provided*, that service of process is effected upon the Issuer in the manner specified in the following paragraph or as otherwise permitted by law.

As long as any of the notes remain outstanding, the Issuer will at all times have an authorized agent in the City of New York, upon whom process may be served in any legal action or proceeding arising out of or relating to the Indenture or any note. Service of process upon such agent and written notice of such service mailed or delivered to the Issuer shall to the extent permitted by law be deemed in every respect effective service of process upon the Issuer in any such legal action or proceeding. The Issuer will appoint CT Corporation System as its agent for such purpose, and covenants and agrees that service of process in any suit, action or proceeding may be made upon it at the office of such agent at 111 Eighth Avenue, 13th Floor, New York, New York 10011, United States (or at such other address or at the office of such other authorized agent as the Issuer may designate by written notice to the Trustee).

Judgment Currency

U.S. dollars are the sole currency of account and payment for all sums due and payable by the Issuer under the Indenture and the notes. If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum due hereunder in U.S. dollars into another currency, the Issuer will agree, to the fullest extent that they may legally and effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures a Person could purchase U.S. dollars with such other currency in New York, New York, on the Business Day immediately preceding the day on which final judgment is given.

The obligation of the Issuer in respect of any sum due to any noteholder or the Trustee in U.S. dollars shall, to the extent permitted by applicable law, notwithstanding any judgment in a currency other than U.S. dollars, be discharged only to the extent that on the Business Day following receipt of any sum adjudged to be so due in the judgment currency such noteholder or Trustee may in accordance with normal banking procedures purchase U.S. dollars in the amount originally due to such Person with the judgment currency. If the amount of U.S. dollars so purchased is less than the sum originally due to such Person, the Issuer agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Person against the resulting loss; and if the amount of U.S. dollars so purchased is greater than the sum originally due to such Person, such Person will, by accepting a note, be deemed to have agreed to repay such excess.

Certain Definitions

"Acquired Debt" means Debt of a Person existing at the time the Person was acquired by the Issuer or the Person merges with or into or becomes a Restricted Subsidiary and not Incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary of, or was otherwise acquired by, the Company.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with") with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Asset Sale" means any sale, lease, transfer or other disposition (whether in a single transaction or a series of related transactions) of any assets by the Issuer or any Restricted Subsidiary, including by means of a merger, consolidation or similar transaction or a Sale and Leaseback Transaction and including any sale or issuance of the Equity Interests of any Restricted Subsidiary (each of the above referred to as a "disposition"), *provided* that the following are not included in the definition of "Asset Sale" :

(1) a disposition to the Issuer or a Restricted Subsidiary, including the sale or issuance by the Issuer or any Restricted Subsidiary of any Equity Interests of any Restricted Subsidiary to the Issuer or any Restricted Subsidiary;

(2) the sale, lease, transfer or other disposition by the Issuer or any Restricted Subsidiary in the ordinary course of business of (i) cash, Cash Equivalents and Marketable Securities, (ii) inventory, (iii) damaged, worn out or obsolete equipment or other assets, or (iv) rights granted to others pursuant to leases or licenses;

(3) the lease of assets by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(4) the sale or discount of accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof;

(5) a transaction covered by the covenant described under the caption "—Certain Covenants—Consolidation, Merger or Sale of Substantially All Assets";

(6) a Restricted Payment permitted under the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments";

(7) a Sale and Leaseback Transaction otherwise permitted under "—Limitation on Sale and Leaseback Transactions";

(8) any issuance of Disqualified Stock otherwise permitted under "—Limitation on Debt and Disqualified Stock";

(9) the creation of a Lien not prohibited by the indenture (but not the sale or disposition of the property subject to such Lien);

(10) any surrender or waiver of contract rights pursuant to a settlement, release, recovery on or surrender of contract, tort or other claims of any kind;

(11) any disposition or a series of related dispositions of assets with an aggregate fair market value of less than U.S.$5 million (or the equivalent thereof at the time of determination).

"Attributable Debt" means, in respect of a Sale and Leaseback Transaction the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

"Average Life" means, with respect to any Debt, the quotient obtained by dividing (i) the sum of the products of (x) the number of years from the date of determination to the dates of each successive scheduled principal payment of such Debt and (y) the amount of such principal payment by (ii) the sum of all such principal payments.

"Board of Directors" means, with respect to any Person, the board of directors or similar governing body of such Person or any duly authorized committee thereof.

"Brazil" means The Federative Republic of Brazil and any branch of power, ministry, department, authority or statutory corporation or other entity (including a trust) owned or controlled directly or indirectly by it or any of the foregoing or created by law as a public entity.

"Brazilian GAAP" means accounting practices adopted in Brazil, which are based on the Brazilian Corporate Law No. 6404, as amended, the rules and regulations of the Brazilian Securities Commission and the accounting standards issued by the Brazilian Federal Accounting Council (*Conselho Federal de Contabilidade*, CFC) and the Brazilian Accounting Standards Committee (*Comitê de Pronunciamentos Contábeis*) (whether or not the Issuer or any of its Subsidiaries or Affiliates is otherwise subject to such rules) as in effect from time to time.

"Business Day" means any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in the City of New York or São Paulo.

"Capital Lease" means, with respect to any Person, any lease of any Property which, in conformity with Brazilian GAAP, is required to be capitalized on the balance sheet of such Person.

"Capital Stock" means, with respect to any Person, any and all shares of stock of a corporation, partnership interests or other equivalent interests (however designated, whether voting or non-voting) in such Person's equity, including any Preferred Stock, entitling the holder to receive a share of the profits and losses, and a distribution of assets, after liabilities, of such Person.

"Cash Equivalents" means:

(1) Brazilian *reais*, United States dollars, or money in other currencies received in the ordinary course of business that are readily convertible into United States dollars;

(2) any evidence of Debt with a maturity of one year or less issued or directly and fully guaranteed or insured by the Federative Republic of Brazil or the United States of America or any agency or instrumentality thereof, *provided* that the full faith and credit of the Federative Republic of Brazil or the United States of America is pledged in support thereof;

(3) (i) demand deposits, (ii) time deposits and certificates of deposit with maturities of one year or less from the date of acquisition, (iii) bankers' acceptances with maturities not exceeding one year from the date of acquisition, and (iv) overnight bank deposits, in each case with (A) any bank or trust company organized or licensed under the laws of the Federative Republic of Brazil or any political subdivision thereof having capital, surplus and undivided profits in excess of U.S.$500.0 million whose long-term debt is rated equal to or higher than that of the Federal Republic of Brazil or (B) any bank or trust company organized or licensed under the laws

of the United States or any state thereof having capital surplus and undivided profits in excess of U.S$500.0 million whose long-term debt is rated "AA-" (or such similar equivalent rating) or higher, in each case by at least one nationally recognized statistical rating organization (as defined under Rule 436 of the Securities Act);

(4) repurchase obligations with a term of not more than seven days for underlying securities of the type described in clauses (2) and (4) above entered into with any financial institution meeting the qualifications specified in clause (4) above;

(5) commercial paper rated at least P-1 by Moody's or A-1 by S&P or commercial paper of an issuer whose long-term debt is rated equal to or better than the long-term debt rating of the Federal Republic of Brazil, and in each case maturing no later than one year after the date of acquisition; and

(6) money market funds at least 95% of the assets of which consist of investments of the type described in clauses (1) through (6) above.

"Central Bank" means the Brazilian Central Bank (*Banco Central do Brasil*).

"Change of Control" means (i) the Permitted Holders cease to own, in the aggregate, directly or indirectly, securities representing more than 50.0% of the aggregate voting rights in the Issuer and another holder or group of related holders (as defined in the Exchange Act) owns more voting rights than the Permitted Holders or (ii) the first day on which the Permitted Holders, together with any Person with whom the Permitted Holders share control over the Issuer pursuant to a written contractual agreement, shall not have the power to elect, or shall not have elected a majority of the Board of Directors of the Issuer.

"Consolidated Gross Revenues" means the total gross sales or revenue of the Issuer and its Restricted Subsidiaries on a consolidated basis (or unconsolidated basis until such time as the Issuer prepares consolidated financial statements) for the most recent twelve month period; all calculated (i) based on the consolidated (or unconsolidated, as applicable) income statements of the Issuer for the fiscal quarter most recently ended for which internal financial statements are available, (ii) in accordance with Brazilian GAAP and (iii) on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by the Issuer and its Restricted Subsidiaries subsequent to such date and on or prior to the date of determination.

"Consolidated Net Income" means, for any period, the aggregate net income (or loss) of the Issuer and its Restricted Subsidiaries for such period determined on a consolidated basis (or unconsolidated basis until such time as the Issuer prepares consolidated financial statements) in conformity with Brazilian GAAP; *provided, however*, that there shall not be included in such Consolidated Net Income:

(1) any net income of any Person if such Person is not a Restricted Subsidiary;

(2) any gain (but not loss) realized upon the sale or other disposition of any asset of any Restricted Subsidiary (including pursuant to any Sale and Leaseback Transaction) that is not sold or otherwise disposed of in the ordinary course of business and any gain (but not loss) realized upon the sale or other disposition by any Restricted Subsidiary of any Capital Stock of any person;

(3) any extraordinary or otherwise nonrecurring gain or loss;

(4) any gain or loss related to currency fluctuation; and

(5) the cumulative effect of a change in accounting principles.

"Consolidated Net Tangible Assets" means the total amount of assets of the Issuer and its Restricted Subsidiaries on a consolidated basis (or unconsolidated basis until such time as the Issuer prepares consolidated financial statements), less current liabilities, less depreciation, amortization and depletion, less goodwill, trade names, trademarks, patents and other intangibles, calculated based on the most recent balance sheet for which

internal financial statements are available; all calculated in accordance with Brazilian GAAP and calculated on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by the Issuer and its Restricted Subsidiaries subsequent to such date and on or prior to the date of determination.

"Continuing Director" means, as of any date of determination, any member of the board of directors of the Issuer who:

(1) was a member of such board of directors on the date of the indenture; or

(2) was nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election; *provided*, that, to the extent that the board of directors does not customarily approve the nomination or election of new members to the board of directors, such approval shall be presumed to have been given absent clear evidence to the contrary.

"Debt" means, with respect to any Person, without duplication,

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments, excluding obligations in respect of trade letters of credit or bankers' acceptances issued in respect of trade accounts payables to the extent not drawn upon or presented, or, if drawn upon or presented, to the extent the resulting obligation of the Person is paid within 10 Business Days;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, all conditional sale obligations and all obligations of such Person under any title retention agreement, excluding trade payables arising in the ordinary course of business;

(5) all obligations of such Person as lessee under Capital Leases;

(6) all Debt of other Persons guaranteed by such Person to the extent so guaranteed;

(7) all Debt of other Persons secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person; and

(8) all obligations of such Person under Hedging Agreements;

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person.

The amount of Debt of any Person will be deemed to be:

(A) with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation;

(B) with respect to Debt secured by a Lien on an asset of such Person but not otherwise the obligation, contingent or otherwise, of such Person, the lesser of (x) the fair market value of such asset on the date the Lien attached and (y) the amount of such Debt;

(C) with respect to any Debt issued with original issue discount, the face amount of such Debt less the remaining unamortized portion of the original issue discount of such Debt;

(D) with respect to any Hedging Agreement, the net amount payable if such Hedging Agreement terminated at that time due to default by such Person; and

(E) otherwise, the outstanding principal amount thereof.

The principal amount of any Debt or other obligation that is denominated in any currency other than United States dollars (after giving effect to any Hedging Agreement in respect thereof) shall be the amount thereof, as determined pursuant to the foregoing sentence, converted into United States dollars at the Spot Rate in effect on the date of determination.

"Default" means any event that is, or after notice or passage of time 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.

"Disqualified Equity Interests" means Equity Interests that by their terms or upon the happening of any event are:

(1) required to be redeemed or redeemable at the option of the holder prior to the Stated Maturity of the notes for consideration other than Qualified Equity Interests, or

(2) convertible at the option of the holder into Disqualified Equity Interests or exchangeable for Debt;

provided that Equity Interests will not constitute Disqualified Equity Interests solely because of provisions giving holders thereof the right to require repurchase or redemption upon an "asset sale" or "change of control" occurring prior to the Stated Maturity of the notes if those provisions:

(A) are no more favorable to the holders than the covenants described under the captions "—Certain Covenants—Limitation on Asset Sales" and "—Repurchase of Notes Upon a Change of Control" and

(B) specifically state that repurchase or redemption pursuant thereto will not be required prior to the Issuer's repurchase of the notes as required by the indenture.

"Disqualified Stock" means Capital Stock constituting Disqualified Equity Interests.

"EBITDA" means, for any period:

(1) consolidated net revenue for sales and services; *minus*

(2) consolidated cost of goods sold and services rendered; *minus*

(3) consolidated administrative and selling expenses; *plus*

(4) consolidated other operating income (expenses), net and non-operating income (expenses), net; *plus*

(5) any (i) depreciation, depletion or amortization and (ii) non-cash or non-recurring losses or expenses, included in any of the foregoing;

as each such item is reported on the most recent consolidated financial statements (or unconsolidated financial statements until such time as the Issuer prepares consolidated financial statements) delivered by the Issuer to the Trustee and prepared in accordance with Brazilian GAAP.

"Equity Interests" means all Capital Stock and all warrants or options with respect to, or other rights to purchase, Capital Stock, but excluding Debt convertible into equity.

"Event of Default" has the meaning given to it under "—Default and Remedies—Events of Default."

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"Fitch" means Fitch Ratings Inc. and its successors.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such 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 (ii) entered into for purposes of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part; *provided* that the term "Guarantee" does not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Hedging Agreement" means (i) any interest rate swap agreement, interest rate cap agreement or other agreement designed to protect against fluctuations in interest rates or (ii) any foreign exchange forward contract, currency swap agreement or other agreement designed to protect against fluctuations in foreign exchange rates or (iii) any commodity or raw material futures contract or any other agreement designed to protect against fluctuations in raw material prices.

"Hedging Obligations" means the obligations of any Person pursuant to any Hedging Agreement.

"Incur" means, with respect to any Debt or Capital Stock, to incur, create, issue, assume or guarantee such Debt or Capital Stock. If any Person becomes a Restricted Subsidiary on any date after the date of the indenture, the Debt and Capital Stock of such Person outstanding on such date will be deemed to have been Incurred by such Person on such date for purposes of the covenant described under the caption "—Certain Covenants—Limitation on Debt and Disqualified Stock" but will not be considered the sale or issuance of Equity Interests for purposes of the covenants described under the captions "—Certain Covenants—Limitation on Restricted Payments" or "Limitation on Asset Sales." The accretion of original issue discount or payment of interest in kind will not be considered an Incurrence of Debt.

"Investment" means:

(1) any direct or indirect advance, loan or other extension of credit to another Person, but excluding (i) any advance, loan or extension of credit to customers in the ordinary course of business and (ii) any advance, loan or extension of credit having a term not exceeding 180 days arising in connection with the sale of inventory, equipment or supplies by that Person in the ordinary course of business,

(2) any capital contribution to another Person, by means of any transfer of cash or other property or in any other form,

(3) any purchase or acquisition of Equity Interests, bonds, notes or other Debt, or other instruments or securities issued by another Person, any acquisitions of assets or substantially all the assets of a Person, including the receipt of any of the above as consideration for the disposition of assets or rendering of services, or

(4) any guarantee of any obligation of another Person.

For purposes of this definition, the term "Person" shall not include the Issuer or any Restricted Subsidiary or any Person who would become a Restricted Subsidiary as a result of any Investment. If the Issuer or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary so that, after giving effect to that sale or disposition, such Person is no longer a Restricted Subsidiary of the Issuer, all remaining Investments of the Issuer and the Restricted Subsidiaries in such Person shall be deemed to have been made at such time.

For purposes of the "—Limitation on Restricted Payments" covenant, the Issuer 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 at the time of its Designation and the amount of any Debt of such Unrestricted Subsidiary owed to the Issuer 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.

"Investment Grade" means BBB- or higher by S&P, Baa3 on higher by Moody's or BBB- or higher by Fitch, or the equivalent of such global ratings by S&P, Moody's or Fitch.

"Issue Date" means May 11, 2011.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or Capital Lease).

"Marketable Securities" means publicly traded debt or equity securities that are listed for trading on a national securities exchange and that were issued by a U.S. corporation with debt securities rated at least "AA-" from S&P or "Aa3" from Moody's or that were issued by a Brazilian corporation with debt securities rated equal to or higher than the long-term debt rating of the Federal Republic of Brazil.

"Minimum Legally Required Dividend" means, for any Brazilian Person and any period, an amount equal to the sum of (a) the minimum dividend required to be distributed under applicable Brazilian law by such Person to holders of its Capital Stock during such period and (b) the minimum dividend required to be distributed to holders of Preferred Stock in such Person during such period so as to avoid such holders from acquiring or maintaining any voting rights under Brazilian law.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Cash Proceeds" means, with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or Cash Equivalents (including (i) payments in respect of deferred payment obligations to the extent corresponding to, principal, but not interest, when received in the form of cash, and (ii) proceeds from the conversion of other consideration received when converted to cash), net of:

(1) brokerage commissions and other fees and expenses related to such Asset Sale, including fees and expenses of counsel, accountants and investment bankers;

(2) provisions for taxes as a result of such Asset Sale taking into account the consolidated results of operations of the Issuer and its Restricted Subsidiaries;

(3) payments required to be made to repay Debt (other than revolving credit borrowings) outstanding at the time of such Asset Sale that is secured by a Lien on the property or assets sold; and

(4) appropriate amounts to be provided as a reserve against liabilities associated with such Asset Sale, including pension and other post-employment benefit liabilities, liabilities related to environmental matters and indemnification obligations associated with such Asset Sale, with any subsequent reduction of the reserve other than by payments made and charged against the reserved amount to be deemed a receipt of cash.

"Net Debt" means, as of any date of determination, the aggregate amount of Debt of the Issuer and its Restricted Subsidiaries less the sum of consolidated cash and cash equivalents and consolidated marketable securities recorded as current assets in all cases determined in accordance with Brazilian GAAP and as set forth in the most recent consolidated balance sheet of the Issuer.

"Net Debt to EBITDA Ratio" means, on any date (the "transaction date"), the ratio of:

(x) the aggregate amount of Net Debt at that time to

(y) EBITDA for the four fiscal quarters immediately prior to the transaction date for which internal financial statements are available (the "reference period").

In making the foregoing calculation,

(1) pro forma effect will be given to any Debt Incurred (and the application of proceeds thereof) during or after the reference period to the extent the Debt is outstanding or is to be Incurred on the transaction date as if the Debt had been Incurred on the first day of the reference period; and

(2) pro forma effect will be given to:

(A) the acquisition or disposition of companies, divisions or lines of businesses by the Issuer and its Restricted Subsidiaries, including any acquisition or disposition of a company, division or line of business since the beginning of the reference period by a Person that became a Restricted Subsidiary after the beginning of the reference period, and

(B) the discontinuation of any discontinued operations that have occurred since the beginning of the reference period as if such events had occurred, and, in the case of any disposition, the proceeds thereof applied, on the first day of the reference period.

To the extent that pro forma effect is to be given to an acquisition or disposition of a company, division or line of business, the pro forma calculation will be (i) based upon the most recent four full fiscal quarters for which the relevant financial information is available and (ii) determined in good faith by the chief financial officer or the treasurer of the Issuer.

"Officer" means any of the chief executive officer, the chief operating officer, the chief financial officer, the chief accounting officer, the treasurer, a director, the general counsel or any vice president of the Issuer.

"Officers' Certificate" means a certificate signed by any two Officers of the Issuer.

"Opinion of Counsel" means a written opinion of counsel, who may be an employee of or counsel for the Issuer (except as otherwise provided in the indenture).

"Permitted Business" means any of the businesses in which the Issuer and its Restricted Subsidiaries are engaged on the Issue Date, and any business reasonably related, incidental, complementary or ancillary thereto.

"Permitted Debt" has the meaning set forth under the second paragraph of "—Certain Covenants — Limitation on Debt and Disqualified Stock."

"Permitted Holders" means each of Marie Elisabeth Koranyi M. Ribeiro and Carlos Alberto Palhano M. Ribeiro, their respective sons, daughters, sons-in-law, daughters-in-law or any of their respective heirs or any Affiliate of any of the foregoing Persons.

"Permitted Investment" means:

(1) an Investment by the Issuer or any Restricted Subsidiary in the Issuer or any Restricted Subsidiary;

(2) an Investment by the Issuer or any Restricted Subsidiary in another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary or becomes a Restricted Subsidiary; *provided*, *however*, that such Person's primary business is a Related Business;

(3) Investments in cash and cash equivalents and marketable securities as determined in accordance with Brazilian GAAP;

(4) any Investment acquired from a Person which is merged with or into the Issuer or any Restricted Subsidiary, or any Investment of any Person existing at the time such Person becomes a Restricted Subsidiary and, in either such case, is not created as a result of or in connection with or in anticipation of any such transaction;

(5) stocks, obligations or securities received in settlement of (or foreclosure with respect to) debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of a debtor;

(6) any Investment existing on, or made pursuant to written agreements existing on, the Issue Date;

(7) Hedging Obligations permitted under clause (b)(4) of the covenant described under "—Certain Covenants—Limitation on Debt and Disqualified Stock";

(8) Investments which are made exclusively with Capital Stock of the Issuer (other than Disqualified Stock);

(9) any acquisition and holding of (a) Brazilian federal and state tax credits acquired solely to pay amounts owed by the Issuer to Brazilian tax authorities and (b) discounted obligations of any Brazilian governmental authority acquired solely to pay tax amounts owed by the Issuer to such Brazilian governmental authority;

(10) Investments made as a result of the receipt of non-cash consideration from an Asset Sale that was made in compliance with the covenant described in "—Certain Covenants—Limitation on Asset Sales";

(11) prepayments and other credits to suppliers made in the ordinary course of business;

(12) Investments in connection with pledges, deposits, payments or performance bonds made or given in the ordinary course of business in connection with or to secure statutory, regulatory or similar obligations, including obligations under health, safety or environmental obligations;

(13) repurchases of the notes; and

(14) additional Investments by the Issuer or any of its Restricted Subsidiaries having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (14) that are at the time

outstanding, not to exceed U.S.$10.0 million at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value).

"Permitted Liens" means:

(1) any Lien existing on the date of the indenture, and any extension, renewal or replacement thereof or of any Lien in clauses (1), (2) or (3) below; provided, however, that the total amount of Debt so secured is not increased plus any premiums, fees and expenses in connection with such extension, renewal or replacement;

(2) any Lien existing on any property or assets of any Person before that Person's acquisition (in whole or in part) by, merger into or consolidation with the Issuer or any Restricted Subsidiary after the date of the indenture; *provided* that the Lien is not created in contemplation of or in connection with such acquisition, merger or consolidation; *provided further* that such Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary;

(3) any Lien existing on any property or assets acquired from a Person which is merged with or into the Issuer or any Restricted Subsidiary, or any Liens on any property or assets of any Person or other entity existing at the time such Person or other entity becomes a Restricted Subsidiary and, in either case, is not created as a result of in connection with or in anticipation of any such transaction; *provided* that the Lien is not created to secure or provide for the payment of any part of the purchase price of such Person; *provided further* that such Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary;

(4) any Lien for taxes, assessments, governmental charges, levies or claims which are not yet due or which are being contested in good faith by appropriate proceedings or the period within such proceedings may be initiated has not expired;

(5) any Lien on any property or assets (including Capital Stock of any person) securing Debt incurred solely for purposes of financing the acquisition, construction or improvement of such property or assets after the date of the indenture; provided that (a) the aggregate principal amount of Debt secured by the Liens will not exceed (but may be less than) the cost (i.e., purchase price) of the property or assets so acquired, constructed or improved and (b) the Lien is incurred before, or within 365 days after the completion of, such acquisition, construction or improvement and does not encumber any other property or assets of the Issuer or any Restricted Subsidiary; and provided, further, that to the extent that the property or asset acquired is Capital Stock, the Lien also may encumber other property or assets of the person so acquired;

(6) pledges or deposits in connection with worker's compensation laws, unemployment insurance laws or similar legislation or pursuant to any requirement of the Brazilian pensions regulator (the *Secretaria de Previdência Complementar*) or any successor to it, or good faith deposits, letters of credit and performance, surety, appeal or similar bonds in connection with bids, tenders, contracts (other than for payment of Debt) or leases to which the Issuer or any Restricted Subsidiary is a party, or deposits for the payment of rent, in each case incurred in the ordinary course of business;

(7) any Liens on the property or assets of the Issuer or any Restricted Subsidiary incurred in the ordinary course of business to secure performance of obligations with respect to performance or return-of-money bonds, surety bonds or other obligations of a like nature and incurred in a manner consistent with industry practice, in each case which are not incurred in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property or assets in the operation of the business of the Issuer and the Restricted Subsidiaries, if any, taken as a whole;

(8) easements, rights of way, restrictions, minor defects or irregularities in title and other similar charges;

(9) any Liens arising solely by virtue of any statutory or common law provision relating to bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained

with a creditor depository institution; *provided*, *however*, that (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Issuer or any Restricted Subsidiary of the Issuer in excess of those set forth by regulations promulgated by the Board of Governors of the Federal Reserve System of the United States or an equivalent Brazilian Agency and (ii) such deposit account is not intended by the Issuer or any Restricted Subsidiary of the Issuer to provide collateral to such depository institution;

(10) judgment Liens for court, administrative, governmental or arbitration proceedings not giving rise to an Event of Default so long as such Lien is bonded in accordance with applicable law 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 proceedings may be initiated has not expired; Liens to borrow money to pay costs associated with the court, administrative, governmental or arbitration proceeding including the costs to defend against the proceeding and the costs to pay the judgment, whether monetary damages or specific performance;

(11) Liens on the accounts receivables held by the Issuer or any of its Restricted Subsidiaries securing the obligations of such person under any lines of credit or working capital facility; *provided* that the aggregate amount of receivables securing such debt shall not exceed 10% of the aggregate annual consolidated gross revenue of the Issuer;

(12) any Lien in favor of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of business;

(13) any Liens granted to secure borrowings from, directly or indirectly, (a) Banco Nacional de Desenvolvimento Econômico e Social—BNDES (including loans from *Financiadora de Estudos e Projectos—FINEP*), FINAME – *Financiamento à Fabricante-Comercialização, Banco do Nordeste do Brasil S.A*., or BNB*,* SUDENE – *Superintendência do Desenvolvimento do Nordeste*, *Banco de Desenvolvimento de Minas Gerais—BDMG* or any other Brazilian governmental development bank or credit agency or (b) any international or multilateral development bank or government-sponsored agency, export-import bank or official export-import credit insurer;

(14) Liens securing Debt or other obligations of a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary of the Issuer permitted to be Incurred in accordance with the covenant described under "—Certain Covenants—Limitation on Debt and Disqualified Stock";

(15) any Lien securing Debt Incurred pursuant to clause (4) of the definition of "Permitted Debt; and

(16) in addition to the foregoing Liens set forth in clauses (1) through (15) above, Liens securing Debt of the Issuer or any Restricted Subsidiary (including, without limitation, guarantees of the Issuer or any Restricted Subsidiary) which do not in aggregate principal amount, at any time of determination, exceed 10% of the Issuer's Consolidated Net Tangible Assets.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity, including a government or political subdivision or an agency or instrumentality thereof.

"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.

"Productive Assets" means assets (including capital stock or its substantial equivalent or other Investments) that are used or usable by the Issuer, any of its Restricted Subsidiaries or any joint venture in which the Issuer or any of its Restricted Subsidiaries is a party in Permitted Businesses (or in the case of capital stock or its substantial equivalent or other Investments that represent direct, or indirect (via a holding company), ownership or other interests held by the Issuer or any Restricted Subsidiary in entities engaged in Permitted Businesses) and contracts (including supply, customer and EPC contracts) that are used or usable by the Issuer,

any of its Restricted Subsidiaries or any joint venture in which the Issuer or any of its Restricted Subsidiaries is a party in Permitted Businesses.

"Property" means (i) any land, buildings, machinery and other improvements and equipment located therein, (ii) any intangible assets, including, without limitation, any brand names, trademarks, copyrights and patents and similar rights and any income (licensing or otherwise), proceeds of sale or other revenues therefrom.

"Qualified Equity Interests" means all Equity Interests of a Person other than Disqualified Equity Interests.

"Qualified Stock" means all Capital Stock of a Person other than Disqualified Stock

"Rating Agency" means S&P, Fitch or Moody's; or if S&P, Fitch or Moody's is not making rating of the notes publicly available, an internationally recognized U.S. rating agency or agencies, as the case may be, selected by the Issuer, which will be substituted for S&P, Fitch or Moody's, as the case may be.

"Rating Decline" means that at any time within 90 days (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible down grade by any Rating Agency) after the earlier of the date of public notice of a Change of Control or of the Issuer's intention or that of any Person to effect a Change of Control, i) in the event the notes are rated by one or two Rating Agencies, either Rating Agency publicly announces that the notes cease to be rated at least B by S&P, B2 by Moody's or B by Fitch (or their respective equivalents at such time) and (ii) in the event the notes are rated by three or more Rating Agencies, at least two Rating Agencies publicly announce that the notes cease to be rated at least B by S&P, B2 by Moody's or B by Fitch (or their respective equivalents at such time); *provided* that any withdrawal or downgrade is in whole or in part as a result of the Change of Control.

"Related Business" means any business conducted by the Issuer and the Restricted Subsidiaries on the Issue Date and any business related, ancillary or complementary thereto.

"Restricted Subsidiary" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"Revocation" has the meaning set forth under "—Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries."

"S&P" means Standard & Poor's Ratings Group, a division of McGraw Hill, Inc. and its successors.

"Sale and Leaseback Transaction" means, with respect to any Person, an arrangement whereby such Person enters into a lease of property previously transferred by such Person to the lessor.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Significant Subsidiary" of any Person means any Restricted Subsidiary, or any group of Restricted Subsidiaries, if taken together as a single entity, that would be a "significant subsidiary" of such Person within the meaning of Rule 1-02 under Regulation S-X promulgated pursuant to the Securities Act.

"Spot Rate" means, for any currency, the spot rate at which that currency is offered for sale against United States dollars as published in *The Wall Street Journal* on the Business Day immediately preceding the date of determination or, if that rate is not available in that publication, as determined in any publicly available source of similar market data.

"Stated Maturity" means (i) with respect to any Debt, the date specified as the fixed date on which the final installment of principal of such Debt is due and payable or (ii) with respect to any scheduled installment of principal of or interest on any Debt, the date specified as the fixed date on which such installment is due and

payable as set forth in the documentation governing such Debt, not including any contingent obligation to repay, redeem or repurchase prior to the regularly scheduled date for payment.

"Subordinated Debt" means any Debt of the Issuer which is subordinated in right of payment to the notes, as applicable, pursuant to a written agreement to that effect.

"Subsidiary" means with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which more than 50% of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more Subsidiaries of such Person (or a combination thereof).

"Substituted Debtor" has the meaning set forth under "—Substitution of the Issuer."

"Trustee" means the party named as such in this Description of Notes and its successors and assigns until a successor replaces it and, thereafter, means the successor.

"U.S. Government Obligations" means obligations issued or directly and fully guaranteed or insured by the United States of America or by any agent or instrumentality thereof, *provided* that the full faith and credit of the United States of America is pledged in support thereof.

"Unrestricted Subsidiary" means any Subsidiary of the Issuer Designated as an Unrestricted Subsidiary pursuant to "—Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries." Any such Designation may be revoked by a resolution of the Board of Directors of the Issuer, subject to the provisions of such covenant.

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Wholly Owned Subsidiary" means any Restricted Subsidiary of the Issuer of which at least 95% of the outstanding Capital Stock or other ownership interests (other than directors' qualifying shares) of such entity shall at the time be owned by the Issuer or by one or more Wholly Owned Subsidiaries of the Issuer.

Book Entry, Delivery and Form

The additional notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A ("Rule 144A notes"). Additional notes also may be offered and sold in offshore transactions in reliance on Regulation S ("Regulation S notes"). Additional notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the "Rule 144A global notes"). Regulation S notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the "Regulation S global notes" and, together with the Rule 144A global notes, the "global notes").

The 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. 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 below. See "—Exchanges Between Regulation S Notes and Rule 144A Notes."

Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the global notes may not be exchanged for notes in certificated form except in the limited circumstances described below. See "—Exchange

of Global Notes for Certificated Notes." Except in the limited circumstances described below, owners of beneficial interests in the global notes will not be entitled to receive physical delivery of notes in certificated form.

Rule 144A notes (including beneficial interests in the Rule 144A global notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under "Transfer Restrictions." Regulation S notes will also bear the legend as described under "Transfer Restrictions." In addition, transfers of beneficial interests in the global notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited purpose trust company created to hold securities for its participating organizations (collectively, the "participants") and to facilitate the clearance and settlement of transactions in those securities between participants through electronic book entry changes in accounts of its participants. The participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain custodial relationship with a participant, either directly or indirectly (collectively, the "indirect participants"). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

DTC has also advised us that, pursuant to procedures established by it:

(1) upon deposit of the global notes, DTC will credit the accounts of participants designated by the initial purchasers with portions of the principal amount of the global notes; and

(2) ownership of these interests in the global notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the participants) or by the participants and the indirect participants (with respect to other owners of beneficial interests in the global notes).

Investors in the global notes who are participants in DTC's system may hold their interests therein directly through DTC. Investors in the Rule 144A global notes who are not participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are participants in such system. Euroclear and Clearstream will hold interests in the global notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream. All interests in a global note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a global note to such persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of a person having beneficial interests in a global note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the global notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or "holders" thereof under the indenture for any purpose.

Payments in respect of the principal of, and interest and premium and additional interest, if any, on a global note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the indenture. Under the terms of the indenture, the Issuer and the Trustee will treat the persons in whose names the notes, including the global notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Trustee, the transfer agent, registrar, the paying agent nor any agent of the Issuer, nor the Trustee has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any participant's or indirect participant's records relating to or payments made on account of beneficial ownership interest in the global notes or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the global notes; or

(2) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest) is to credit the accounts of the relevant participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the participants and the indirect participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be our responsibility or that of DTC or the Trustee. Neither the Issuer nor the Trustee will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the notes, and the Issuer and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "Transfer Restrictions," transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes described herein, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counter-party in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf of delivering or receiving interests in the relevant global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account DTC has credited the interests in the global notes and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the notes, DTC reserves the right to exchange the global notes for legended notes in certificated form, and to distribute such notes to its participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A global notes and the Regulation S global notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither the Issuer nor the Trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A global note is exchangeable for definitive notes in registered certificated form ("certificated notes") if:

(1) DTC (a) notifies the Issuer that it is unwilling or unable to continue as depositary for the global notes and DTC fails to appoint a successor depositary or (b) has ceased to be a clearing agency registered under the Exchange Act;

(2) The Issuer, at its option, notifies the Trustee in writing that it has elected to cause the issuance of the certificated notes; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the 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 global notes 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," unless that legend is not required by applicable law.

Exchange of Certificated Notes for Global Notes

Certificated notes may not be exchanged 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 such transfer will comply with the appropriate transfer restrictions applicable to such notes. See "Transfer Restrictions."

Exchanges Between Regulation S Notes and Rule 144A Notes

Beneficial interests in the Regulation S global notes may be exchanged for beneficial interests in the Rule 144A global notes only if:

(1) such exchange occurs in connection with a transfer of the notes pursuant to Rule 144A; and

(2) the transferor first delivers to the Trustee a written certificate (in the form provided in the indenture) to the effect that the notes are being transferred to a person:

(A) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A;

(B) purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and

(C) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interest in a Rule 144A global note may be transferred to a person who takes delivery in the form of an interest in the Regulation S global note, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S.

Transfers involving exchanges of beneficial interests between the Regulation S global notes and the Rule 144A global notes will be effected in DTC by means of an instruction originated by the DTC participant and approved 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 a decrease in the principal amount of the Regulation S global note and a corresponding increase in the principal amount of the Rule 144A global note or vice versa, 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 such 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 interest in such other global note for so long as it remains such an interest. Transfers between Regulation S and Rule 144A notes will need to be done on a delivery free of payment basis and separate arrangements will need to be made outside of DTC for payment.

ERISA AND CERTAIN OTHER CONSIDERATIONS

The following discussion is not intended or written to be used, and cannot be used by any person, for the purpose of avoiding U.S. federal tax penalties, and was written to support the promotion or marketing of the offering. Each prospective investor should seek advice based on such person's particular circumstances from an independent tax advisor.

The U.S. Employee Retirement Income Security Act of 1974, as amended, or ERISA, imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to U.S. ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA plans") and on those persons who are fiduciaries with respect to ERISA plans. Investments by ERISA plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA plan's investments be made in accordance with the documents governing the ERISA plan. The prudence of a particular investment must be determined by the responsible fiduciary of the ERISA plan by taking into account the ERISA plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed above under "Risk Factors."

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, ("the Code"), prohibit certain transactions involving the assets of an U.S. ERISA plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA plans, "Plans")) and certain persons (referred to as "parties in interest" for purposes of ERISA or "disqualified persons" for purposes of the Code) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. Among other possible adverse results, a party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any notes (or interests in notes) are acquired by a Plan with respect to which we or the initial purchaser or any of their respective affiliates is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire Notes and the circumstances under which such decision is made. We cannot assure you that any exemption will be available with respect to any particular transaction involving the Notes, or, if available, that any particular exemption will cover all possible prohibited transactions.

By its acquisition of any notes or interests in notes, the purchaser thereof, and any transferee thereof, will be deemed to have represented and agreed either that (a) it is not (and for so long as it holds the Notes or interests in Notes will not be), and is not acting on behalf of (and for so long as it holds any note or interest therein will not be acting on behalf of) an "employee benefit plan" as defined in and subject to Title I of ERISA, a "plan" as defined in and subject to Section 4975 of the Code, or any entity whose underlying assets are deemed for purposes of ERISA or the Code to include "plan assets" by reason of such employee benefit plan's or plan's investment in the entity (any of the foregoing, a "Benefit Plan Investor"), or a governmental plan, church plan or foreign or other plan which is subject to any U.S. federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or (b) its acquisition, holding or disposition of the Notes or interests in Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental plan, church plan or foreign or other employee benefit plan, a violation of any substantially similar U.S. federal, state, local or foreign law).

Governmental plans, foreign plans and certain church and other plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to other U.S. federal, state, local or foreign laws that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before purchasing any notes.

The foregoing discussion is general in nature and not intended to be all inclusive. Any Plan fiduciary who proposes to cause a Plan to purchase any notes or interests in notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such investment will not constitute or result in a prohibited transaction or any other violation of an applicable requirement of ERISA.

The sale of notes or interests in notes to a Plan is in no respect a representation by us or the initial purchaser that such an investment meets all relevant requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

TAXATION

Brazilian Tax Considerations

The following is a general summary of the Brazilian tax considerations relating to an investment in the notes by an individual, entity, trust or organization resident or domiciled outside Brazil, or a Non-Resident Holder. It is based on Brazilian tax laws as in effect on the date hereof, is subject to any change in Brazilian law that may come into effect after such date, and is applicable to us. The information set forth below is intended to be a general description only and does not address all possible tax consequences relating to an investment in the notes.

This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. Further, it does not describe tax considerations applicable to us as a result of payments made by us. You should consult your tax advisors about the tax consequences of holding the notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE CONSEQUENCES OF PURCHASING THE NOTES, INCLUDING, WITHOUT LIMITATION, THE CONSEQUENCES OF THE RECEIPT OF INTEREST AND THE SALE, REDEMPTION OR REPAYMENT OF THE NOTES OR COUPONS.

Individuals domiciled in Brazil and Brazilian companies are taxed on the basis of their worldwide income which includes earnings of Brazilian companies' foreign subsidiaries, branches and affiliates. The earnings of branches of foreign companies domiciled in Brazil are generally taxed in Brazil in the same manner as Brazilian companies. The earnings, capital gains, and income of foreign companies and persons not residing in Brazil are taxed in Brazil when they are derived from Brazilian sources or when the transaction giving rise to such earnings, capital gains or income involves assets located in Brazil.

Interest Payments Under the Notes

Payments of principal under the notes are not subject to withholding taxation in Brazil. Interest, fees, commissions (including any original issue discount and any redemption premium) and any other income treated by Brazilian law as similar to interest payable by a Brazilian obligor to a Non-Resident Holder in respect of debt obligations derived from the issuance by a Brazilian issuer of international debt securities previously registered with the Central Bank, such as the notes, are currently subject to income tax withheld at the source (IRRF). The rate of IRRF with respect to such debt obligations is generally 15% as provided for in Section 10 of the Normative Act No. 252 of December 3, 2002. According to Normative Act No. 252/02, in the event that the beneficiary of such payments is domiciled in a Favorable Tax Jurisdiction (as defined below), such payments of interest, fees, commissions (including any original issue discount and any redemption premium) and any other income treated by Brazilian law as similar to interest are also subject to IRRF in respect of Brazilian income tax at the general rate of 15%. However, pursuant to Law No. 9,959 of January 27, 2000, the 15% IRRF rate is applicable to beneficiaries located in Favorable Tax Jurisdictions only in relation to payments made under notes issued with an average term of at least 96 months. Accordingly, there is a risk that the tax authorities may change the understanding of Normative Act No. 252/02 and apply the rate of 25% in the event that the beneficiary is domiciled in a Favorable Tax Jurisdiction.

For purposes of the notes, pursuant to Section 24 of Law No. 9,430 enacted on December 27, 1996, as amended by Law No. 11,727, enacted on June 23, 2008, the definition of Favorable Tax Jurisdictions includes countries and locations that (a) do not impose any tax on income, (b) impose such tax at a maximum rate lower than 20%, or (c) have laws that impose restrictions on the disclosure of the owners of securities or do not allow for the identification of the beneficial owner of income attributed to non-residents.

Under the terms of the notes, we are required to gross up the payable amounts, subject to customary exceptions described in the indenture, by paying additional amounts to Non-Resident Holders of the notes so that

the Non-Resident Holders of the notes receive the interest they would receive if no income tax was withheld, as described in "Description of Notes — Additional Amounts." In the event that we are required to gross up for IRRF in excess of a Minimum Withholding Level, we have the right to redeem the notes at par for 100% of their principal amount, plus accrued and unpaid interest up to the date fixed for redemption, as described in "Description of Notes — Redemption for Taxation Reasons."

Capital Gains

Capital gains generated outside Brazil as a result of a transaction between two non-residents of Brazil with respect to assets located in Brazil are subject to income tax in Brazil, according to Article 26 of Law No. 10,833, of December 29, 2003.

The notes will be registered in Luxembourg and, although we believe that the notes will not fall within the definition of assets located in Brazil in light of the general and unclear scope of this legislation and the absence of judicial guidance in respect thereof, we are unable to predict how Law No. 10,833 would be interpreted in the Brazilian courts. If such courts were to determine that the notes constitute assets located in Brazil, the gains recognized by a Non-Resident Holder from the sale or other disposition of the notes would be subject to IRRF at a rate of 15% (or 25% if such Non-Resident Holder is a resident of a Favorable Tax Jurisdiction. Potential investors should consult their own tax advisors regarding the particular consequences of the purchase, ownership and disposition of the notes.

Discussion of Favorable Tax Jurisdictions

On June 23, 2008, Law No. 11,727 created the concept of a privileged tax regime for transactions subject to transfer pricing rules and later also applicable for other particular Brazilian tax purposes, including thin capitalization/cross border interest deductibility rules. This regime is broader than the concept of a Favorable Tax Jurisdiction. Pursuant to Law No. 11,727, a jurisdiction will be considered a privileged tax regime if it (i) does not tax income or taxes it at a maximum rate lower than 20%; (ii) grants tax advantages to a non-resident entity or individual (a) without the need to carry out a substantial economic activity in the country or a said territory or (b) conditioned upon the non-exercise of a substantial economic activity in the country or a said territory; (iii) does not tax or taxes proceeds generated abroad at a maximum rate lower than 20% or (iv) restricts the ownership disclosure of assets and ownership rights or restricts disclosure about economic transactions carried out. In addition, on June 7, 2010, the Brazilian Tax Authorities enacted Normative Act No. 1,037, as amended, listing (i) the countries and jurisdictions defined as Favorable Tax Jurisdictions and (ii) the privileged tax regimes. According to the interpretation of the current Brazilian tax legislation, the concept of a privileged tax regime should apply only for purposes of Brazilian transfer pricing and other Brazilian tax purposes, such as thin capitalization/cross border interest deductibility rules. Accordingly, we are of the opinion that the concept of privileged tax regime should have no relevance for purposes of defining the applicable rate of IRRF on the notes. Potential investors should consult with their own tax advisors regarding the consequences of Law No. 11,727, Normative Act No. 1,037 and any related Brazilian tax law or regulation concerning Favorable Tax Jurisdictions and privileged tax regimes.

Tax on Foreign Exchange Transactions (IOF/Exchange Tax)

Pursuant to Decree No. 6,306, of December 14, 2007, the conversion of foreign currency into Brazilian *reais* and the conversion of Brazilian *reais* into foreign currency is subject to the IOF/Exchange Tax. Currently, the IOF/Exchange Tax rate is 0.38% for most transfers of foreign currency into *reais*. According to Section 15-A of the Decree No. 6,306, the settlement of exchange transactions in connection with foreign financing or loans obtained by Brazilian companies, for both inflow and outflow of proceeds into and from Brazil, are subject to IOF/Exchange Tax at a zero percent rate. The rate is 6% on the inflow of funds into Brazil in connection with foreign loans, including those obtained through the issuance of notes in the international market, with an average term not exceeding 720 days (foreign loans with an average term of more than 720 days which are partially or fully settled before this term are subject to IOF/Exchange Tax at the mentioned 6% rate, plus penalties and interest). The Brazilian Government may increase the current IOF/Exchange Tax rate at any time, up to a maximum rate of 25%. Any such new rate would only apply to future foreign exchange transactions.

Other Brazilian Taxes

Generally, there are no stamp, transfer or similar taxes in Brazil applicable to the transfer, assignment or sale of the notes outside Brazil, nor are there any inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of the notes, except for gift and inheritance taxes that may be imposed in some states of Brazil..

U.S. Federal Income Tax Considerations

The discussion of tax matters in this offering memorandum is not intended or written to be used, and cannot be used by any person, for the purpose of avoiding U.S. federal, state or local tax penalties, and was written to support the promotion or marketing of the offering. Each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.

The following summary discusses the principal U.S. federal income tax consequences of the acquisition, ownership and disposition of the additional notes. Except as specifically noted below, this discussion applies only to:

- additional notes purchased on original issuance at their "issue price," which is set out on the cover page of this offering memorandum;
- additional notes held as capital assets; and
- U.S. holders (as defined below).

This discussion does not describe all of the tax consequences that may be relevant in light of a holder's particular circumstances or to holders subject to special rules, such as:

- financial institutions;
- insurance companies;
- dealers or traders in securities or foreign currencies;
- certain U.S. expatriates;
- holders subject to the alternative minimum tax;
- persons holding additional notes as part of a hedging transaction, "straddle," conversion transaction or other integrated transaction;
- U.S. holders whose functional currency is not the U.S. Dollar; or
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes.

This summary is based on the Internal Revenue Code of 1986, as amended, or the Code, administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury Regulations, each as currently in effect, changes to any of which subsequent to the date of this offering memorandum may affect the tax consequences described below, possibly retroactively. This summary does not address any U.S. federal tax consequences other than U.S. federal income tax consequences (such as the estate and gift tax or the Medicare tax on net investment income). Persons considering purchasing additional notes should consult their tax advisors with

regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any U.S. state, local or non-U.S. taxing jurisdiction.

U.S. Holders

As used herein, the term "U.S. holder" means a beneficial owner of an additional note that is for U.S. federal income tax purposes:

- a citizen or individual 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; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds additional notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. A partnership considering an investment in additional notes should consult its own tax advisors about the consequences to its partners of the acquisition ownership or other disposition of additional notes by the partnership.

Payments of Stated Interest

Interest paid on an additional note (and additional amounts, if any) will be taxable to a U.S. holder as ordinary interest income at the time it accrues or is received in accordance with the holder's method of accounting for U.S. federal income tax purposes. Interest income earned by a U.S. holder with respect to an additional note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in determining the U.S. holder's ability to claim foreign tax credits.

For U.S. federal income tax purposes, U.S. holders will be treated as having received the amount of any Brazilian taxes withheld by the issuer and as then having paid over the withheld taxes to the Brazilian taxing authorities. As a result of this rule, the amount included in gross income for U.S. federal income tax purposes by a U.S. holder with respect to a payment of interest, plus any additional amounts with respect thereto, will be greater than the amount of cash actually received (or receivable) by the U.S. holder from the issuer with respect to the payment. Subject to certain limitations, a U.S. holder will generally be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Brazilian income taxes withheld by us. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. Interest received or accrued on the additional notes generally will constitute "passive category income." Any election to deduct foreign taxes instead of claiming foreign tax credits must apply to all applicable foreign taxes paid or accrued in the taxable year. The U.S. foreign tax credit rules are very complex. U.S. Holders should consult their advisors with respect to the application of these rules to their particular circumstances.

Pre-issuance Accrued Interest

A portion of the price paid for the additional notes will be allocable to interest that accrued prior to the date the note is purchased (the "pre-issuance accrued interest"). The issuer intends to take the position that, on the first interest payment date, a portion of the interest received in an amount equal to the pre-issuance accrued interest will be treated as a return of the pre-issuance accrued interest and not as a payment of interest on the note. A U.S. Holder's basis in an additional note will not include the portion of purchase price allocable to the pre-issuance accrued interest. Amounts treated as a return of pre-issuance accrued interest should not be taxable when received.

Amortizable Bond Premium

If a U.S. holder purchases an additional note for an amount that is greater than the amount payable at maturity, the U.S. holder will be considered to have purchased the note with amortizable bond premium equal in amount to the excess of the purchase price (excluding an amount equal to the pre-issuance accrued interest) over the amount payable at maturity. The U.S. holder may elect to amortize this premium, using a constant yield method, over the remaining term of the note. A U.S. holder who elects to amortize bond premium must reduce its tax basis in the note by the amount of the premium amortized in any year. An election to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by the U.S. holder and may be revoked only with the consent of the IRS.

Sale, Exchange or Retirement of the Additional Notes

Upon the sale, exchange or retirement of an additional note, a U.S. holder generally will recognize U.S. source capital gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the holder's adjusted tax basis in the note. A U.S. holder's adjusted tax basis in an additional note generally will equal the acquisition cost of the note. For these purposes, the amount realized does not include any amount attributable to accrued but unpaid stated interest on the note, which will be treated like a payment of interest. Gain or loss realized on the sale, exchange or retirement of an additional note will be long-term capital gain or loss if at the time of sale, exchange or retirement the U.S. holder has held the note for more than one year. The ability to recognize capital losses is subject to limitations.

Gain realized by a U.S. holder on the sale, exchange or retirement of an additional note generally will be treated as U.S. source income. Consequently, if a Brazilian tax is imposed on such gain, the U.S. holder will not be able to use the corresponding foreign tax credit, unless the holder has other foreign-source income of the appropriate type in respect of which the credit may be used. The U.S. foreign tax credit rules are very complex. U.S. holders should consult their advisors with respect to the application of these rules to their particular circumstances.

Information Reporting and Backup Withholding

Information returns may be filed with the IRS in connection with payments on the additional notes and the proceeds from a sale or other disposition of the additional notes. A U.S. holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

U.S. holders should consult their tax advisors regarding any reporting or filing obligations that may arise as a result of their acquiring, owning or disposing of the additional notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the additional notes. Prospective purchasers of the additional notes should consult their tax advisors concerning the tax consequences of their particular situations.

PLAN OF DISTRIBUTION

Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as the initial purchaser. Subject to the terms and conditions set forth in a purchase agreement among us and the initial purchaser, we have agreed to sell to the initial purchaser, and the initial purchaser has agreed to purchase from us, U.S.$50 million principal amount of additional notes.

We have agreed to indemnify the initial purchaser and its controlling persons in connection with this offering against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the initial purchaser may be required to make in respect of those liabilities.

The initial purchaser is offering the additional notes, subject to prior sale, when, as and if issued to and accepted by it, subject to approval of legal matters by its counsel, including the validity of the additional notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchaser of officer's certificates and legal opinions. The initial purchaser reserves the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The initial purchaser proposes initially to offer the additional notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed.

We expect that delivery of the notes will be made against payment therefor on or about the fifth business day following the date of pricing of the notes (this settlement cycle being referred to as "T+5"). Under Rule 15c6-1 of the U.S. Securities and Exchange Commission under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes on the date of pricing or the next succeeding business day should consult their own advisor.

Notes Are Not Being Registered under the Securities Act

The original notes and the additional notes have not been registered under the Securities Act or any state securities laws. The initial purchaser proposes to offer the additional notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The initial purchaser will not offer or sell the additional notes except to persons it reasonably believes to be qualified institutional buyers or pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S. In addition, an offer or sale of additional notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the additional notes will be deemed to have made acknowledgments, representations and agreements as described under "Notice to Investors."

New Issue of Notes

Although a trading market has developed for the original notes, there can be no assurance that an active trading market will exist for the notes. The original notes are currently listed on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market of the Luxembourg Stock Exchange. Application has been made to admit the additional notes to listing on the Luxembourg Stock Exchange, and to trading on the Euro MTF market of the Luxembourg Stock Exchange. We have been advised by the initial purchaser that it presently makes a market with respect to the original notes and intends to continue to due so in connection with the issuance of the additional note. However, it is under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not continue after the issuance of the additional notes, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for

similar securities, our operating performance and financial condition, general economic conditions and other factors.

No Sales of Similar Securities

We have agreed that we will not, for a period of 60 days after the date of this offering memorandum, without first obtaining the prior written consent of the initial purchaser, offer, sell, or contract to sell or announce the offering of, any similar U.S. dollar denominated debt securities issued or guaranteed by the issuer (other than the notes).

Short Positions

In connection with the offering, the initial purchaser may purchase and sell the notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchaser of a greater principal amount of notes than it is required to purchase in the offering. The initial purchaser must close out any short position by purchasing notes in the open market. A short position is more likely to be created if the initial purchaser is concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the initial purchaser's purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market.

Neither we nor the initial purchaser make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor the initial purchaser make any representation that the initial purchaser will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Notice to Prospective Investors in Brazil

The notes have not been, and will not be, registered with the CVM, the Brazilian Securities Commission. Any public offering or distribution, as defined under Brazilian laws and regulations, of the notes in Brazil is not legal without such prior registration. Documents relating to the offering of the additional notes, as well as information contained therein, may not be supplied to the public in Brazil, as the offering of the additional notes is not a public offering of securities in Brazil, nor may they be used in connection with any offer for subscription or sale of the additional notes to the public in Brazil. The additional notes will not be offered or sold in Brazil, except in circumstances which do not constitute a public offering or distribution of securities under applicable Brazilian laws and regulations.

Notice to Prospective Investors in the EEA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), an offer to the public of any additional notes which are the subject of the offering contemplated by this offering memorandum may not be made in that Relevant Member State except that, with effect from and including the Relevant Implementation Date, an offer to the public may be made in that Relevant Member State of any notes:

(a) Qualified investors: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) Fewer than 100 offerees: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted in the Prospectus

Directive, subject to obtaining the prior consent of the relevant representatives nominated by the issuer for any such offer; or

(c) Other exempt offers: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of additional notes shall require the issuer or the initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of additional notes to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the additional notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Any person making or intending to make any offer of additional notes within the EEA should only do so in circumstances in which no obligation arises for us or the initial purchaser to produce a prospectus for such offer. Neither we nor the initial purchaser have authorized, nor do they authorize, the making of any offer of additional notes through any financial intermediary, other than offers made by the initial purchaser which constitute the final offering of additional notes contemplated in this offering memorandum.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any additional notes under, the offer of notes contemplated by this offering memorandum will be deemed to have represented, warranted and agreed to and with us and the initial purchaser that:

(a) it is a "qualified investor" as defined in the Prospectus Directive; and

(b) in the case of any additional notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the additional notes acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (ii) where additional notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those notes to it is not treated under the Prospectus Directive as having been made to such persons.

Notice to Prospective Investors in the United Kingdom

This offering memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in Hong Kong SAR

The additional notes will not be offered or sold in Hong Kong SAR, by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in

circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong SAR and no invitation, document or advertisement relating to the notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong SAR (except if permitted to do so under the securities laws of Hong Kong SAR) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong SAR or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong SAR and any rules made under that ordinance has been or will be issued whether in Hong Kong SAR or elsewhere.

Notice to Prospective Investors in Japan

The additional notes offered in this offering memorandum have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, and will not be offered or sold directly or indirectly in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law of Japan and (ii) in compliance with any other relevant laws of Japan.

Notice to Prospective Investors in Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the additional notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the additional notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the notes with a view to distribution. Any such investors will be individually approached by the initial purchaser from time to time.

Notice to Prospective Investors in the Dubai International Financial Centre

This document relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The additional notes which are the subject of the offering contemplated by this offering memorandum may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the additional notes offered should conduct their own due diligence on the notes. If you do not understand the contents of this document you should consult an authorized financial advisor.

Notice to Prospective Investors in Ireland

The additional notes will not and may not be offered, sold, transferred or delivered, whether directly or indirectly, otherwise than in circumstances which do not constitute an offer to the public within the meaning of the Irish Companies Act, 1963-2006, and the notes will not and may not be the subject of an offer in Ireland which would require the publication of a prospectus pursuant to Article 3 of Directive 2003/71/EC.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the additional notes, may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor or other person specified in Section 274 of the SFA, Chapter 289 of Singapore, (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Other Relationships

The initial purchaser and its affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the initial purchaser and/or its 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. Such investments and securities activities may involve securities and/or instruments of us or our affiliates. The initial purchaser and/or its affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, the initial purchaser and/or its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the additional notes offered hereby. Any such short positions could adversely affect future trading prices of the additional notes offered hereby. The initial purchaser and/or its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

TRANSFER RESTRICTIONS

The original notes and additional notes have not been registered under the Securities Act or any securities laws of any jurisdiction, and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of, the Securities Act and such other securities laws. Accordingly, the additional notes are being offered hereby only (1) to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (2) outside of the United States in reliance upon Regulation S under the Securities Act, to non-U.S. persons who will be required to make certain representations to us and others prior to the investment in the additional notes.

Each purchaser of the notes that is purchasing in a sale made in reliance on Rule 144A or Regulation S will be deemed to have represented and agreed as follows:

(1) The purchaser

(a) (i) is a qualified institutional buyer and is aware that the sale to it is being made in reliance on Rule 144A and (ii) is acquiring the notes for its own account or for the account of another qualified institutional buyer, or

(b) is not a U.S. person, as such term is defined in Rule 902 under the Securities Act, and is purchasing the additional notes in accordance with Regulation S.

(2) The purchaser understands that the notes are being offered in transactions not involving any public offering in the United States within the meaning of the Securities Act, that the additional notes have not been registered under the Securities Act or any securities laws of any jurisdiction and that:

(a) the notes may be offered resold, pledged or otherwise transferred only (i) to a person who is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, outside the United States to a non-U.S. person in a transaction meeting the requirements of Rule 904 under the Securities Act, or in accordance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel, if the company so requests), (ii) to us or (iii) pursuant to an effective registration statement and, in each case, in accordance with any applicable securities laws of any State of the United States or any other applicable jurisdiction, and

(b) the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser from it of the resale restrictions set forth in (a) above.

(3) The purchaser confirms that

(a) such purchaser has such knowledge and experience in financial and business matters, that it is capable of evaluating the merits and risks of purchasing the additional notes and that such purchaser and any accounts for which it is acting are each able to bear the economic risks of its or their investment;

(b) such purchaser is not acquiring the additional notes with a view towards any distribution thereof in a transaction that would violate the Securities Act or the securities laws of any State of the United States or any other applicable jurisdiction; provided that the disposition of its property and the property of any accounts for which such purchaser is acting as fiduciary will remain at all times within its control, and

(c) such purchaser has received a copy of the offering memorandum and acknowledges that such purchaser has had access to such financial and other information and has been afforded an opportunity to ask such questions of our representative and receive answers thereto as it has deemed necessary in connection with its decision to purchase the additional notes.

(4) The purchaser represents by its purchase and holding that either (A) it is not and (for so long as it holds a note or any interest therein will not be), and is not acting on behalf of (and for so long as it holds the notes or interest therein will not be acting on behalf of) (i) an "employee benefit plan" as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") that is subject to Title I of ERISA, (ii) a "plan" as defined in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), (iii) an entity whose underlying assets are deemed for purposes of ERISA or the Code to include "plan assets" by reason of such employee benefit plan's or plan's investment in the entity, or (iv) a governmental, church plan or foreign or other employee benefit plan which is subject to any U.S. federal, state or local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (B) its purchase, holding or disposition of the notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of such a governmental, church plan or foreign or other employee benefit plan, a violation of any such substantially similar U.S. federal, state, local or non-U.S. law).

(5) The purchaser understands that the certificates evidencing the additional notes will, unless otherwise agreed by us, bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, OR

(2) REPRESENTS THAT IT IS NOT A U.S. PERSON, IS NOT ACQUIRING THIS SECURITY FOR THE ACCOUNT OF OR BENEFIT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, AND

(3) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT:

(A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) TO A NON-U.S. PERSON IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR

(E) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (3)(E) ABOVE, THE COMPANY AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES

LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

BY ITS PURCHASE AND HOLDING OF THIS NOTE (OR ANY INTEREST THEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT BE, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THE NOTE OR ANY INTEREST THEREIN WILL NOT BE ACTING ON BEHALF OF) (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY, OR (IV) A GOVERNMENTAL, CHURCH PLAN OR FOREIGN OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, OR NON-U.S. LAW, THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (B) ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF SUCH A GOVERNMENTAL, CHURCH PLAN OR FOREIGN OR OTHER EMPLOYEE BENEFIT PLAN, A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR U.S. FEDERAL, STATE, OR LOCAL, OR NON-U.S. LAW).

THIS LEGEND MAY BE REMOVED ONLY AT THE OPTION OF THE COMPANY.

(6) The purchaser acknowledges that the company and the initial purchaser and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the foregoing acknowledgements, representations and agreements deemed to have been made by it are no longer accurate, it will promptly notify the initial purchaser. If such purchaser is acquiring the notes as a fiduciary or agent for one or more investor accounts, such purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

LEGAL MATTERS

The validity of the notes will be passed on for us by Clifford Chance US LLP, U.S. counsel to us, and by Milbank, Tweed, Hadley & McCloy LLP, U.S. counsel to the initial purchaser. The validity of the issuance of the notes and certain matters in connection with Brazilian law will be passed upon for us by Barbosa, Müssnich e Aragão, Brazilian counsel to us, and by Machado, Meyer, Sendacz e Opice Advogados, Brazilian counsel for the initial purchaser.

INDEPENDENT ACCOUNTANTS

With respect to the unaudited interim individual and consolidated financial information as of and for the nine months ended September 30, 2011, included elsewhere in this offering memorandum, Ernst & Young Terco Auditores Independentes S.S. have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated November 9, 2011, appearing herein states that they did not audit and they do not express an opinion on the unaudited interim individual and consolidated financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review conducted.

The individual financial statements of Cimento Tupi S.A. as of and for the year ended December 31, 2010, included elsewhere in this offering memorandum, have been audited by Ernst & Young Terco Auditores Independentes S.S., independent auditors, as stated in their report included elsewhere in this offering memorandum. Ernst & Young Terco Auditores Independentes S.S. is registered under number CRC 2SP 015.199/O-6-F-RJ with the Regional Accounting Council of the State of Rio de Janeiro (*Conselho Regional de Contabilidade do Estado de Rio de Janeiro* – CRC-RJ), an accounting professional body. Ernst & Young Terco Auditores Independentes S.S.' address is Praia de Botafogo, 370 – 5th -8th floors, 22250-040 Rio de Janeiro, RJ, Brazil.

The individual financial statements of Cimento Tupi S.A. as of and for the nine months ended September 30, 2010, included elsewhere in this offering memorandum, have been audited by Directa Auditores, independent accountants, as stated in their report included elsewhere in this offering memorandum. Directa Auditores is registered under number CRC 2SP013002/O-3 with the Regional Accounting Council of the State of São Paulo (*Conselho Regional de Contabilidade do Estado de São Paulo* – CRC-SP), or CRC-SP, an accounting professional body. Directa Auditores' address is Rua Vergueiro, 2016 – 8th and 9th floor, 04102-000 São Paulo, SP, Brazil.

Our individual financial statements as of and for the years ended December 31, 2009 and 2008, included elsewhere in this offering memorandum, have been audited by Directa Auditores, independent accountants, as stated in their report included elsewhere in this offering memorandum.

LISTING AND GENERAL INFORMATION

1. The additional notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg. The CUSIP, ISIN and common code numbers for the notes are the same as the original notes and are as follows:

	Restricted Global Note	Regulation S Global Note
CUSIP	17186E AA7	P9159E AA0
ISIN	US17186EAA73	USP9159EAA03
Common codes	062783362	062680237

2. Copies of our latest audited annual financial statements and unaudited quarterly financial statements, if any, as well as our bylaws *(estatuto social)* in English, may be obtained during normal business hours at our principal office, the offices of the trustee and any paying agent, including the principal paying agent, in electronic form, for the life of the notes. Copies of the indenture (including the forms of the notes) will be available during normal business hours for inspection at our principal office, the offices of the trustee and any paying agent, including the principal paying agent, in electronic form, for the life of the notes. Copies of the audited consolidated financial statements of CP Cimento for the previous two years and our future audited consolidated financial statements will be obtainable at the office of the Luxembourg Paying Agent.

3. Except as disclosed in this offering memorandum, there has been no material adverse change in our financial position since September 30, 2011, the date of the latest financial statements included in this offering memorandum**.**

4. Except as disclosed in this offering memorandum, we are not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, or which have had a significant effect on our financial position since September 30, 2011, nor, so far as we are aware, are there any such litigation or arbitration proceedings pending or threatened.

5. Application will be made to list and admit the additional notes for trading on the Euro MTF Market of the Luxembourg Stock Exchange. We will comply with any undertakings assumed or undertaken by us from time to time to the Euro MTF Market of the Luxembourg Stock Exchange in connection with the notes, and we will furnish to them all such information as the rules of the Euro MTF Market of the Luxembourg Stock Exchange may require in connection with the listing of the additional notes.

6. Copies of all notices to holders of additional notes which are listed on the Euro MTF Market of the Luxembourg Stock Exchange, will be published on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

7. Our Board of Directors authorized the issuance of the additional notes by a resolution dated August 15, 2011, as ratified by a resolution dated December 26, 2011.

DESCRIPTION OF CERTAIN DIFFERENCES BETWEEN BRAZILIAN GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial information included in this offering memorandum was derived from the audited non-consolidated financial statements as of and for the years ended December 31, 2010, 2009 and 2008 and the nine months ended September 30, 2010 and the unaudited interim financial information as of and for the nine months ended September 30, 2011, which were prepared in accordance with accounting practices adopted in Brazil, or Brazilian GAAP. Brazilian GAAP based on the Brazilian Corporate Law No. 6404, as amended, the rules and regulations of the CVM, and technical accounting pronouncements issued by the Accounting Pronouncement Committee (*Comitê de Pronunciamentos Contábeis*), or CPC, and from the CFC. The financial statements have not been prepared in accordance with IFRS, as issued by IASB. Certain differences exist between Brazilian GAAP and IFRS which might be material to the financial information included in the offering memorandum. The matters described below summarize the certain differences between Brazilian GAAP and IFRS. We are responsible for preparing the summary below. We have not prepared a reconciliation of our financial statements, and the disclosures in our footnote related to Brazilian GAAP and IFRS have not quantified these differences. Accordingly, we can provide no assurance that this "Description of Certain Differences between Brazilian GAAP and International Financial Reporting Standards" is complete. This section makes no attempt to identify or quantify the impact of these differences.

When making an investment decision, investors should rely upon their own examination of the Company, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between Brazilian GAAP and IFRS and for an understanding of how those differences affect the financial information included in this offering memorandum. In reading this summary, prospective investors should consider the following:

- This summary includes differences between Brazilian GAAP and IFRS as of September 30, 2011. Differences resulting from changes in accounting standards or from transaction or events that occurred before September 30, 2011 have not been taken into account in this summary.

- Differences between Brazilian GAAP and IFRS resulting from future changes in accounting standards or from transactions or events that may occur in the future have not been taken into account, and no attempt has been made to identify any future events, ongoing work and decisions of the regulatory bodies that promulgate Brazilian GAAP and IFRS that could affect future comparisons between Brazilian GAAP and IFRS. The current differences disclosed in this summary are not intended to be complete and are subject to, and qualified in their entirety by, reference to the respective pronouncements of the Brazilian accounting bodies, the IASB and the International Financial Reporting Interpretations Committee.

- As differences between Brazilian GAAP and IFRS may be significant to our financial position or results of operations, prospective investors unfamiliar with Brazilian GAAP should consult their own professional advisors for an understanding of the differences between Brazilian GAAP and IFRS and understand of how these differences might impact the financial information presented herein.

This summary does not address differences related to the classification of amounts in the financial statements or footnote disclosures.

Separate Financial Statements

Under Brazilian GAAP, in the individual financial statements, the investments in subsidiaries, affiliates and jointly owned subsidiaries are measured under the equity method. Under IFRS, such investments would be measured at cost or fair value.

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Interim Financial Information

Cimento Tupi S.A. and subsidiaries

September 30, 2011
with Independent Auditor's Review Report on Interim Financial Information

A free translation from Portuguese into English of Report on Review of Interim Financial Information prepared in accordance with accounting practices adopted in Brazil

Report on Review of Interim Financial Information

The Shareholders and Management of
Cimento Tupi S.A.
Rio de Janeiro - RJ

Introduction

We have reviewed the accompanying interim individual and consolidated balance sheet of Cimento Tupi S.A. at September 30, 2011, and the related individual and consolidated income statement for the three-month and nine-month periods ended September 30, 2011 and the individual and consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the nine-month period ended September 30, 2011, and a summary of significant accounting practices and other explanatory notes.

Management is responsible for the preparation and fair presentation of the interim individual and consolidated financial information in accordance with Technical Pronouncement CPC 21 – *Demonstração Intermediária*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 – *Revisão de Informações Intermediárias Executadas pelo Auditor da Entidade* and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively).

A review of interim financial information consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, we were not aware of any facts that would lead to believe that the interim individual and consolidated financial information referred to above does not present fairly, in all material respects, the financial position of Cimento Tupi S.A. as of September 30, 2011, and its financial performance of its operations for the three-month and nine-month periods then ended and its cash flows for the nine-month period ended September 30, 2011, in accordance with Technical Pronouncement CPC 21 – *Demonstração Intermediária*.

Other matters

Interim statements of value added

We have also reviewed the individual and consolidated interim statement of value added for the nine-month period ended September 30, 2011, whose presentation in the interim financial information is required by the Brazilian Corporate Law for publicly-held companies, and as supplementary information of private owned companies. This financial information has been subject to the same review procedures described above and, based on our review, we are not aware of any facts that would lead us believe that it is not presented fairly, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

Comparative information

The consolidated balance sheet at December 31, 2010 presented for comparative purposes, were not audited neither reviewed by us or by other independent auditors. The interim individual financial statementes for the nine-month period ended September 30, 2010 were audited by other independent auditors, who expressed an unmodified opinion on those statements on November 19, 2010. The interim consolidated financial information for the nine month period ended September 30, 2010, presented for comparative purposes was not audited neither reviewed by us or by other independent auditors.

Rio de Janeiro, November 9, 2011

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC - 2SP 015.199/O-6 - F - RJ

Gláucio Dutra da Silva
Accountant CRC - 1RJ 090.174/O-4

Paulo José Machado
Accountant CRC - 1RJ 061.469/O-4

A free translation from Portuguese into English of unaudited interim financial information in accordance with accounting practices adopted in Brazil

CIMENTO TUPI S.A. AND SUBSIDIARIES

Unaudited Balance Sheets
September 30, 2011 and December 31, 2010
(In thousands of reais)

	Company		Consolidated	
	Sep/2011	**Dec/2010**	**Sep/2011**	**Dec/2010**
Assets				**(Unaudited)**
Current assets				
Cash and cash equivalents (Note 4)	**29,539**	7,653	**55,198**	7,786
Marketable securities (Note 5)	**14,341**	-	**14,341**	-
Trade accounts receivable (Note 6)	**29,686**	26,618	**55,414**	27,341
Inventories (Note 7)	**37,963**	49,534	**40,879**	52,206
Taxes recoverable (Note 8)	**5,185**	4,538	**6,498**	5,879
Notes receivable (Note 9)	**27,705**	-	**27,705**	-
Advances to suppliers	**5,904**	2,521	**6,594**	2,682
Receivables from third parties (Note 26)	**63,042**	-	**63,042**	-
Other	**782**	488	**1,070**	682
Total current assets	**214,147**	91,352	**270,741**	96,576
Non-current assets				
Taxes recoverable (Note 8)	**2,593**	2,412	**2,593**	2,412
Notes receivable (Note 9)	**25,183**	23,342	**25,183**	23,342
Inventories (Note 7)	**-**	4,324	**-**	4,324
Related parties (Note 14)	**20,022**	186,672	**-**	173,359
Deferred income and social contribution taxes (Note 18)	**16,750**	27,034	**16,750**	27,034
Judicial deposits (Note 19)	**3,265**	2,955	**3,265**	2,955
Investments				
Subsidiaries (Note 10)	**85,726**	42,042	**82**	15
Other investments	**2,081**	2,082	**2,081**	2,082
Property, plant and equipment (Note 11)	**183,616**	121,129	**190,738**	129,953
Intangible assets (Note 12)	**94,803**	1,226	**115,260**	21,159
Other	**-**	-	**10,804**	15,202
Total non-current assets	**434,039**	413,218	**366,756**	401,837
Total assets	**648,186**	504,570	**637,497**	498,413

CIMENTO TUPI S.A. AND SUBSIDIARIES

Unaudited Balance Sheets
September 30, 2011 and December 31, 2010
(In thousands of reais)

	Company		Consolidated	
	Sep/2011	**Dec/2010**	**Sep/2011**	**Dec/2010**
Liabilities and equity				**(Unaudited)**
Current liabilities				
Suppliers	**12,404**	9,533	**13,179**	15,801
Salaries and social charges	**5,521**	4,493	**5,984**	4,669
Loans and financing (Note 13)	**54,844**	36,007	**56,344**	37,507
Related parties (Note 14)	**20,807**	18,586	**-**	-
Taxes payable	**14,401**	19,252	**18,302**	19,353
Interest on equity and dividends (Note 17)	**1,064**	11,011	**1,064**	11,011
Lawsuit payable (Note 15)	**-**	4,500	**-**	4,500
Other payables	**1,755**	3,790	**4,944**	7,878
Total current liabilities	**110,796**	107,172	**99,817**	100,719
Non-current liabilities				
Loans and financing (Note 13)	**184,135**	19,153	**184,135**	19,153
Taxes and social contributions in installments (Note 16)	**33,366**	35,307	**33,466**	35,437
Provision for contingencies (Note 19)	**2,608**	1,693	**2,608**	1,693
Total non-current liabilities	**220,109**	56,153	**220,209**	56,283
Equity (Note 17)				
Capital stock	**279,891**	279,891	**279,891**	279,891
Capital reserves	**11,685**	67,705	**11,685**	67,705
Other comprehensive income	**330**	-	**330**	-
Retained earnings (accumulated losses)	**51,374**	(6,351)	**51,374**	(6,351)
Treasury stock	**(25,999)**	-	**(25,999)**	-
Equity attributable to owners of the parent	**317,281**	341,245	**317,281**	341,245
Non-controlling interests	**-**	-	**190**	166
Total equity	**317,281**	341,245	**317,471**	341,411
Total liabilities and equity	**648,186**	504,570	**637,497**	498,413

See accompanying notes.

CIMENTO TUPI S.A. AND SUBSIDIARIES

Unaudited Income Statements
Nine-month periods ended September 30, 2011 and 2010
(In thousands of reais, except earnings per share, which are expressed in reais)

	Company		Consolidated	
	Sep/2011	Sep/2010	Sep/2011	Sep/2010
Net operating revenue (Note 23)	**263,579**	279,949	**309,301**	280,749
Cost of sales	**(195,245)**	(211,956)	**(199,608)**	(212,134)
Gross profit	**68,334**	67,993	**109,693**	68,615
Operating expenses				
Selling expenses	**(5,619)**	(5,215)	**(5,619)**	(5,215)
General and administrative expenses	**(16,484)**	(13,736)	**(17,915)**	(14,673)
Management fees (Note 22)	**(3,723)**	(1,485)	**(3,723)**	(1,485)
Equity results (Note 11)	**40,338**	(6,247)	**-**	-
Other operating income/ (expenses), net (Note 24)	**4,674**	763	**6,618**	(4,354)
Operating income before financial income (expenses)	**87,520**	42,073	**89,054**	42,888
Financial income (expenses) (Note 25)				
Financial expenses	**(34,007)**	(8,559)	**(34,058)**	(8,668)
Financial income	**10,786**	10,695	**10,787**	10,799
	(23,221)	2,136	**(23,271)**	2,131
Income before income and social contribution taxes	**64,299**	44,209	**65,783**	45,019
Income and social contr bution taxes (Note 18)	**(6,574)**	(11,462)	**(8,034)**	(12,272)
Non-controlling interests	**-**	-	**(24)**	-
Net income attributable to owners of the parent for the period	**57,725**	32,747	**57,725**	32,747
Basic and diluted earnings per share (Note 17)				
Common share	**0.2745**	0.1453		
Preferred share	**0.3019**	0.1598		

See accompanying notes.

CIMENTO TUPI S.A. AND SUBSIDIARIES

Unaudited Income Statements
Three-month periods ended September 30, 2011 and 2010
(In thousands of reais, except earnings per share, which are expressed in reais)

	Company		Consolidated	
	Jul to Sep/2011	Jul to Sep/2010	Jul to Sep/2011	Jul to Sep/2010
Net operating revenue	**90,992**	102,923	**135,776**	103,633
Cost of sales	**(66,287)**	(80,131)	**(70,091)**	(80,517)
Gross profit	**24,705**	22,792	**65,685**	23,116
Operating expenses				
Selling expenses	**(2,357)**	(1,837)	**(2,357)**	(1,838)
General and administrative expenses	**(4,158)**	(4,371)	**(4,847)**	(4,939)
Management fees	**(1,425)**	(495)	**(1,425)**	(495)
Equity results	**39,710**	(8,335)	**-**	-
Other operating expenses, net	**7,810**	2,437	**8,721**	(5,414)
Operating income before financial income (expenses)	**64,285**	10,191	**65,777**	10,430
Financial income (expenses)				
Financial expenses	**(27,394)**	(4,142)	**(27,415)**	(4,208)
Financial income	**9,022**	4,777	**9,022**	4,807
	(18,372)	635	**(18,393)**	599
Income before income and social contribution taxes	**45,913**	10,826	**47,384**	11,029
Income and social contr bution taxes	**(3,103)**	(4,230)	**(4,550)**	(4,433)
Non-controlling interests	**-**	-	**(24)**	-
Net income attributable to owners of the parent for the period	**42,810**	6,596	**42,810**	6,596
Basic and diluted earnings per share				
Common share	**0.2098**	0.0293		
Preferred share	**0.2308**	0.0322		

See accompanying notes.

A. AND SUBSIDIARIES

of Changes in Equity
ded September 30, 2011 and 2010

		Capital reserve								
	Capital	Premium on share subscription	Tax incentive reserve	Other Comprehensive income	Retained earnings (accumulated losses)	Treasury stock	Total attributable to the equity holders of the parent	Non-controlling interests	Total equity	Comprehensive income
	279,891	65,325	2,380	-	(66,331)	-	281,265	166	281,431	
	-	-	-	-	32,747	-	32,747	-	32,747	32,747
	279,891	65,325	2,380	-	(33,584)	-	314,012	166	314,178	32,747
	279,891	**65,325**	**2,380**	**-**	**(6,351)**	**-**	**341,245**	**166**	**341,411**	
to e	**-**	**(53,640)**	**(2,380)**	**-**	**-**	**-**	**(56,020)**	**-**	**(56,020)**	
	-	**-**	**-**	**-**	**57,725**	**-**	**57,725**	**24**	**57,749**	**57,725**
	-	**-**	**-**	**330**	**-**	**-**	**330**	**-**	**330**	**330**
	-	**-**	**-**	**-**	**-**	**(25,999)**	**(25,999)**	**-**	**(25,999)**	
	279,891	**11,685**	**-**	**330**	**51,374**	**(25,999)**	**317,281**	**190**	**317,471**	**58,055**

es.

CIMENTO TUPI S.A. AND SUBSIDIARIES

Unaudited Cash Flow Statements
Nine-month periods ended September 30, 2011 and 2010
(In thousands of reais)

	Company		Consolidated	
	Sep/2011	Sep/2010	Sep/2011	Sep/2010
Operating activities				
Income before income and social contribution taxes	**64,299**	44,209	**65,783**	45,019
Adjustments to reconcile pretax income to cash from operating activities				
Depreciation, amortization and depletion	**3,010**	5,575	**3,081**	5,667
Results from the disposal of property, plant and equipment	**54**	694	**54**	2,400
Gains (losses) on equity investments	**(40,338)**	6,247	**-**	-
Tax contingencies	**915**	-	**915**	-
Foreign exchange variation on foreign loans	**24,519**	-	**24,519**	-
Penalties and interest on assets and liabilities	**12,545**	(2,724)	**12,529**	(2,601)
Other	**(373)**	-	**(373)**	-
	64,631	54,001	**106,508**	50,485
(Increase)/decrease in assets				
Trade accounts receivable	**(2,103)**	(7,498)	**(27,108)**	(7,512)
Notes receivable	**4,000**	-	**4,000**	-
Allowance for doubtful accounts	**(964)**	(255)	**(964)**	(255)
Taxes recoverable	**(2,036)**	(373)	**(2,036)**	(373)
Inventories	**15,894**	16,679	**20,049**	16,109
Advances to suppliers	**(3,383)**	(946)	**(3,911)**	(1,013)
Receivables from third parties	**(63,042)**	-	**(63,042)**	-
Other receivables	**672**	33	**579**	3,597
Judicial deposits	**(312)**	(750)	**(312)**	(750)
Increase/(decrease) in liabilities				
Suppliers	**2,871**	(278)	**(2,622)**	9,014
Taxes payable	**(7,647)**	(13,524)	**(6,260)**	(13,708)
Salaries and social charges	**1,028**	1,067	**1,315**	1,244
Interest on loans and financing	**(7,471)**	(2,286)	**(7,439)**	(2,286)
Other liabilities	**(6,529)**	(7,059)	**(6,458)**	(7,890)
Non-controlling interests	**-**	-	**24**	3,031
Other	**-**	-	**330**	-
Cash flow generated from (used in) operating activities	**(4,391)**	38,811	**12,653**	49,693
Investing activities				
Acquisition of property, plant and equipment	**(41,601)**	(11,092)	**(39,970)**	(11,092)
Acquisition of investments	**(159)**	(3,322)	**(66)**	15
Acquisition of intangible assets		-	**(525)**	(19,081)
Cash flow used in investing activities	**(41,760)**	(14,414)	**(40,561)**	(30,158)
Financing activities				
Payment to related parties	**(17,030)**	(72,799)	**(9,737)**	(91,304)
Loans and financing paid	**(60,174)**	-	**(60,174)**	-
Loans and financing received	**185,810**	41,634	**185,810**	65,133
Dividends paid	**(229)**	-	**(239)**	-
Treasury stock	**(25,999)**	-	**(25,999)**	-
Cash flow generated from (used in) financing activities	**82,378**	(31,165)	**89,661**	(26,171)
Increase (decrease) in cash and cash equivalents	**36,227**	(6,768)	**61,753**	(6,636)
Cash and cash equivalents at beginning of period	**7,653**	16,252	**7,786**	16,574
Cash and cash equivalents at end of period	**43,880**	9,484	**69,539**	9,938
Supplementary information				
Income and social contribution taxes paid	**(2,761)**	(11,462)	**(4,221)**	(12,272)
Transactions not affecting cash and cash equivalents				
Deferred income and social contribution taxes	**(3,813)**	-	**(3,813)**	-

See accompanying notes.

CIMENTO TUPI S.A. AND SUBSIDIARIES

Unaudited Statements of Value Added
Nine-month periods ended September 30, 2011 and 2010
(In thousands of reais)

	Company		Consolidated	
	Sep/2011	Sep/2010	Sep/2011	Sep/2010
		(Not reviewed)		(Not reviewed)
Revenue				
Gross operating revenue	**351,565**	358,648	**400,466**	361,512
Sales returns	**(182)**	(171)	**(182)**	(171)
Allowance for doubtful accounts	**(964)**	(255)	**(964)**	(255)
Other operating expenses, net	**-**	(2,840)	**1,971**	(7,920)
	350,419	355,382	**401,291**	353,166
Input products acquired from third parties				
Cost of sales	**(144,761)**	(160,256)	**(149,104)**	(160,583)
Materials, energy, third-party services and others	**(72,574)**	(74,746)	**(73,861)**	(75,884)
	(217,335)	(235,002)	**(222,965)**	(236,467)
Gross value added	**133,084**	120,380	**178,326**	116,699
Retentions				
Depreciation, amortization and depletion	**(3,010)**	(5,575)	**(3,081)**	(5,667)
Net value added produced by the entity	**130,074**	114,805	**175,245**	111,032
Value added received in transfer				
Equity results	**40,338**	(6,247)	**-**	-
Financial income	**10,786**	10,695	**10,787**	10,799
Deferred income and social contribution taxes on tax losses	**(3,813)**	-	**(3,813)**	-
Total value added to be distributed	**177,385**	119,253	**182,219**	121,831
Distr bution of value added				
Personnel and social charges	**26,529**	22,567	**26,580**	22,734
Taxes, charges and contributions	**57,242**	53,588	**61,948**	55,891
Interest and rentals	**35,889**	10,351	**35,966**	10,459
Retained earnings	**57,725**	32,747	**57,725**	32,747
	177,385	119,253	**182,219**	121,831

See accompanying notes.

CIMENTO TUPI S.A. AND SUBSIDIARIES

Notes to unaudited interim financial information
September 30, 2011
(In thousands of reais, except when otherwise stated)

1. Operations

Cimento Tupi S.A. ("Company"), located at Avenida Presidente Wilson, 231, 29 floor, Downtown, Rio de Janeiro, is engaged in the manufacturing of cement and mortar of all types at the plants located in Volta Redonda - Rio de Janeiro State, Pedra do Sino - Minas Gerais State and Mogi das Cruzes - São Paulo State; exploration of mineral deposits and use of extracted products for cement manufacturing; provision of concrete-paving services; and holding ownership interests in other companies.

Corporate restructuring

In the Special Shareholders Meeting held at March 21, 2011, the downstream merger of CP Cimento e Participações S.A. ("CP Cimento") into the Company was approved. The objective of the merger was to simplify the operational structure of CP Cimento and the Company, resulting in operating, administrative and financing costs reduction. As a result of such merger process, the Company has succeeded CP Cimento, which was closed.

CP Cimento net merged assets at December 31, 2010, based on book value, was R$287,292, based on an appraisal report prepared and issued by an independent appraisal company, as summarized below:

Assets	
Cash and cash equivalents	**44**
Notes receivable	**6,369**
Receivables from related parties	**28,309**
Investments	**398,148**
Fixed assets	**165**
Other assets	**74,249**
Total merged assets	**507,284**
Liabilities	
Payables to related parties	**184,151**
Taxes payable	**25,131**
Other liabilities	**10,710**
Total assumed liabilities	**219,992**
Net assets merged	**287,292**

1. Operations (Continued)

Corporate restructuring (Continued)

The investment, related parties receivable and related parties payable balances between CP Cimento and the Company were eliminated upon the merger. The premium on share subscription and the tax incentive balances of R$53,640 and R$2,380, respectively, were realized during the merger process. Additionally, the Company assumed goodwill of R$93,563, previously recognized by CP Cimento, which was recorded as intangible asset and is subject to annual impairment analysis by management.

2. Presentation of interim financial information and significant accounting practices

The unaudited interim financial information for the nine-month and three-month periods ended September, 2011 was approved by the Company’s Management on October 28, 2011.

The interim financial information was prepared considering different assessment bases used in accounting estimates. The accounting estimates involved in the preparation of the financial information were based on objective and subjective factors, considering management's judgment to determine the appropriate amounts to be recorded in the financial statements. Significant items subject to estimates include: allowance for doubtful accounts; provision for obsolete inventory; selection of useful lives of property, plant and equipment; deferred income and social contribution taxes; provision for contingencies; and fair value measurement of financial instruments. Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the uncertainties inherent in the estimate process. The Company reviews its estimates and assumptions at least on an annual basis.

The interim financial information was prepared and is presented in accordance with accounting practices adopted in Brazil, which comprise technical pronouncements of the Brazilian Accounting Standards Committee (*Comitê de Pronunciamentos Contábeis* - CPC).

2. Presentation of interim financial information and significant accounting practices (Continued)

The major accounting practices adopted in the preparation of this financial information are described hereunder. Such practices are being consistently applied to all periods presented, except where otherwise indicated.

a) Cash and cash equivalents

Cash and cash equivalents include cash, bank account balances and short-term investments redeemable up to three months or less from the date of the investments' acquisition, subject to insignificant risk of change in their market value, classified as financial assets at fair value through profit or loss. Such investments are marked to market, with any gains or losses being recorded in the income statement for the period.

b) Marketable securities

Marketable securities are short-term investment held for trading. Such investments are recorded at cost plus changes in market value. Any gains or losses are recorded in the income statement for the period.

c) Translation of foreign currency balances

The Company's functional currency is the Brazilian *Real*, which is the same currency of preparation and presentation of the financial information. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate in force on the related balance sheet dates. Gains and losses arising from translation of these assets and liabilities between the rate of exchange in effect at the transaction date and the fiscal year closing dates are recognized as financial income or expenses in the income statement.

2. Presentation of interim financial information and significant accounting practices (Continued)

d) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and taxes or charges on sales. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized.

Revenue from the sale of products is recognized when the significant risks and rewards of ownership of the products have transferred to the buyer, usually on delivery of the products.

e) Taxation

Income and social contribution taxes - current

Current tax assets and liabilities for the last year and prior years are measured at the expected amount recoverable from or payable to the tax authorities. The tax rates and tax legislation used to calculate the amount are those enacted at the balance sheet date.

Deferred taxes

Deferred tax assets are recognized for all deductible temporary differences and unused tax credits and losses, to the extent that it is probable that taxable income will be available to allow deductible temporary differences to be realized, and unused tax credits and losses to be used. Deferred tax liabilities are recognized for all temporary tax differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that taxable profit will be available to allow all or part of deferred tax assets to be used.

2. Presentation of interim financial information and significant accounting practices (Continued)

e) Taxation (Continued)

Deferred taxes (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability settled, based on the tax rates that have been enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Taxes on sales

Revenues, expenses and assets are recognized net of taxes on sales, except when:

- Sales taxes incurred on the purchase of products or services are not recoverable from the tax authorities, in which case sales taxes are recognized as part of asset cost of acquisition or the expense item, as applicable; and
- Amounts receivable and payable are stated together with the amount of sales taxes.
- The net amount of sales taxes recoverable from or payable to the taxation authority is included as a component of amounts receivable or payable in the balance sheet.
- Revenue from sales are subject to taxes and social contributions at the following rates:

  Social Contribution Tax on Gross Revenue for Social Integration Program - PIS: 1.65%.
  Social Contribution Tax on Gross Revenue for Social Security Financing - COFINS: 7.6%.
  VAT State - ICMS: 18%.

2. Presentation of interim financial information and significant accounting practices (Continued)

e) Taxation (Continued)

Taxes on sales (Continued)

Revenues recorded in the income statements are net of the corresponding taxes.

f) Allowance for doubtful accounts

The allowance for doubtful accounts is recorded based on management's analysis of the client's portfolio, its operational experience and the economic scenario.

g) Inventories

Inventories are stated at the lower of cost or net realizable value. The cost is determined based on the average acquisition cost, not exceeding market value. Provisions for slow-moving or obsolete inventories are recorded when deemed necessary by management.

h) Investments

Investments in subsidiaries are stated by the equity method; other investments are recorded at cost.

i) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or impairment loss, when applicable. Such cost includes the cost of replacing part of property, plant and equipment. When significant parts of property, plant and equipment are replaced, the Company recognizes such parts as individual assets with specific useful life and depreciation. Likewise, when a major inspection is performed, the cost is recognized in the carrying amount of property, plant and equipment, if the recognition criteria are met. All other repair and maintenance costs are recorded in the income statement, as incurred.

2. Presentation of interim financial information and significant accounting practices (Continued)

i) Property, plant and equipment (Continued)

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The carrying amount and estimated useful life of assets are reviewed and adjusted at year end, when necessary.

Depreciation of property, plant and equipment items is calculated on a straight-line basis, at the annual rates mentioned in Note 11, which take into consideration their estimated useful lives as follows (in years):

Buildings	**50**
Machinery, equipment and industrial facilities	**30**
Furniture and fixtures	**10**
Vehicles	**5**
Railway wagons	**30**
Other assets	**5**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

j) Intangible assets

Intangible assets reflect the acquisition cost, less accumulated amortization and impairment losses, when applicable. Intangible assets consist primarily of goodwill, recognized based on expected future income and subjected to annual impairment analysis, and of mining rights, which are amortized on a straight line basis in accordance to the exploration contract, starting when the asset exploration begins.

2. Presentation of interim financial information and significant accounting practices (Continued)

k) Provision for impairment of non-financial assets

Management annually reviews the net book value of assets in order to evaluate events or changes in economic, operating or technological circumstances that may indicate losses or impairment. When such evidence is identified and net book value exceeds recoverable value, a provision for impairment is set up and the asset's carrying amount is written down to the recoverable value.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the weighted average cost of capital for the industry in which the cash-generating unit operates. Fair value less costs to sell is determined considering, whenever possible, outright sale agreements in arm's length transactions between knowledgeable and willing parties less costs of disposal; if no outright sale agreements can be identified, this will be based on the market price of an active market or the price of the most recent transaction involving similar assets.

l) Loans and financing

Loans and financing are initially recognized at fair value at acquisition date. These are subsequently measured at amortized cost using the effective interest rate method.

Loans and financing are restated based on exchange or monetary variations and according to the interest rates incurred up to the balance sheet dates according to the terms defined in the contracts.

When relevant the transaction cost are accounted for as a reduction of loans and financing and recognized over the period of the debt, using the effective interest rate method.

2. Presentation of interim financial information and significant accounting practices (Continued)

m) Borrowing costs

Interest and financial charges relating to financing obtained for work construction in progress are capitalized until the assets start operating and are depreciated considering the same criteria and useful life defined for the underlying fixed asset item. All other borrowing costs are expensed in the period they occur.

n) Provision

General

Provisions are recognized when the Company and its subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that economic benefits are required to settle the obligation and a reliable estimate can be made of the value of the obligation. When the Company and its subsidiaries expect some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement, net of any reimbursement.

Provisions for tax, civil and labor risks

The Company and its subsidiaries are parties to various judicial and administrative proceedings. Provisions are set up for all contingencies related to lawsuits for which an outflow of funds is likely to occur to settle the contingency/obligation and a reasonable estimate can be made. The assessment of probability of loss includes evaluating available evidence and doctrine, the hierarchy of laws, latest cases formerly adjudged by courts and their relevance within the legal system, and an assessment of outside counsel. Provisions are reviewed and adjusted to take into account changes in circumstances, such as the applicable statutes of limitation, findings of tax audits or additional exposures identified based on new matters addressed or decisions awarded by courts.

2. Presentation of interim financial information and significant accounting practices (Continued)

o) Other current and non-current assets and liabilities

An asset is recognized in the balance sheet when it is probable that its economic benefits will be generated in favor of the Company and its cost or value may be safely measured.

Liabilities are recognized in the balance sheet when the Company has a legal or constructive obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits. Provisions are recorded reflecting the best estimates of the risk involved.

Assets and liabilities are classified as current when these items are likely to be settled or realized within twelve months, or otherwise classified as non-current.

p) Profit sharing

Profit sharing is accrued in the income statement, based on goals disclosed to employees and approved in collective agreements. Such amounts are recorded as personnel expenses under general and administrative expenses.

q) Cash flow and value added statements

The cash flow statements were prepared and are presented in accordance with Technical Pronouncement CPC 03 Cash Flow Statement, issued by the CPC. The statements of value added were prepared and are presented in accordance with Technical Pronouncement CPC 09 Value Added Statement, issued by the CPC.

2. Presentation of interim financial information and significant accounting practices (Continued)

r) Significant accounting judgments, estimates and assumptions

Judgments

The preparation of the Company's individual and consolidated quarterly information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the interim reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

2. Presentation of interim financial information and significant accounting practices (Continued)

r) Significant accounting judgments, estimates and assumptions (Continued)

Provisions for tax, civil and labor risks

The Company recognizes provisions for tax, civil and labor cases. The assessment of the probability of loss includes an analysis of available evidence, the hierarchy of laws, available case law, the latest decisions of courts of law and their relevance in the legal system, as well as the opinion of external legal advisers. The provisions are reviewed and adjusted to take into account changes in circumstances, such as the applicable statute of limitations, outcomes of tax inspections, or additional exposures that may be identified based on new issues or court decisions.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial information due to inaccuracies inherent in their estimation process.

The Company reviews its estimates and assumptions at least annually.

s) Financial instruments

The financial instruments are only recognized as from the date the Company and its subsidiaries become part of the financial instruments contracts. After being contracted they are initially recorded at fair value plus the transaction costs directly attributable to acquisition, except for the case of financial assets and liabilities classified as financial assets at fair value through profit or loss recorded in the income statements. Subsequently, they are measured at each balance sheet date, in accordance with the guidance applicable to each classification of financial assets and liabilities.

2. Presentation of interim financial information and significant accounting practices (Continued)

s) Financial instruments (Continued)

s.1) Financial assets: The main financial assets recognized by the Company are: cash and cash equivalents and short-term investments. These assets are classified under the following categories, according to the purpose for which they were acquired or issued:

(i) Financial assets measured at fair value through profit or loss: in this category are financial assets held for trading and those initially designated at fair value through profit or loss. If their original purpose is sale or repurchase in the short term, they are classified as items held for trading. At each balance sheet date they are measured at fair value. The interest, monetary indexation, foreign exchange variation and variations arising from determination at fair value are recognized in the income statement, as incurred, as financial income or expense.

(ii) Loans and receivables: these are non-derivative instruments with fixed or determinable payments, though not quoted in an active market. After the initial recognition, they are measured at the amortized cost, using the effective interest rate method. The interest rate, monetary indexation and foreign exchange variation, when applicable, losses on the recoverable value, are recognized in the income statement, as incurred, as financial income or expense.

(iii) Investments held to maturity date: these are financial, non-derivative assets with fixed or determinable payments and defined maturity for which the Company has a positive intention and ability to hold until the maturity date. After the initial recognition, they are measured at the amortized cost, using the effective interest rate method. The interest rate, monetary indexation and foreign exchange variation, when applicable, losses on the recoverable value, are recognized in the income statement, as incurred, as financial income or expense.

2. Presentation of interim financial information and significant accounting practices (Continued)

s) Financial instruments (Continued)

s.2) Financial liabilities: The main financial liabilities recognized by the Company are: suppliers and loans and financing. They are classified under the following categories, according to the nature of the contracted financial instruments:

(i) Financial liabilities measured at fair value through profit or loss: these include financial liabilities usually traded before maturity, liabilities recorded, upon the initial recognition, at fair value through profit or loss, and derivative instruments. At each balance sheet date, they are measured at fair value. The interest rate, monetary indexation, foreign exchange variation and variations arising from determination at fair value, when applicable, are recognized in the income statement, as incurred, as financial income or expense.

(ii) Financial liabilities not measured at fair value: these are financial, non-derivative liabilities which are not usually traded before the maturity date. After the initial recognition, they are measured at the amortized cost, using the effective interest rate method. The interest rate, monetary indexation, foreign exchange variation and variations arising from determination at fair value, when applicable, are recognized in the income statement, as incurred, as financial income or expense.

t) Earnings per share

The Company calculates earnings per share according to accounting pronouncement CPC 41. Basic earnings per share amounts are calculated by dividing net income for the period attributable to the Company's common and preferred shareholders by the weighted average number of shares outstanding during that period.

Diluted earnings per share amounts are calculated by dividing the net income attributable to the Company's common and preferred shareholders by the weighted average number of common and preferred shares, respectively, that would be issued on conversion of all the dilutive potential common and preferred shares into equivalent type shares. Additionally, the Company has no potentially dilutive instruments.

2. Presentation of interim financial information and significant accounting practices (Continued)

u) Segments

Operating segments are defined in accordance with the operations that are evaluated by the chief operating decision maker. The chief operating decision maker, responsible for allocating resources to and assessing the performance of operating segments, has been identified as the CEO. The Company has no different business segments and manages the results of operations based on an integrated basis. Thus, the Company has only one operating segment.

v) Present value adjustment of assets and liabilities

Non-current monetary assets and liabilities are discounted to present value, and so are current monetary assets and liabilities whenever the effects are considered to have a significant effect on the overall financial statements.

x) Treasury stock

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognized in share premium reserve.

3. Consolidated financial information

The consolidated financial information have been prepared in accordance with accounting practices adopted in Brazil and includes the financial information of Cimento Tupi S.A. and the subsidiaries listed below, in which it holds control.

	Interest - %			
	Capital stock		Voting capital	
	Sep/2011	Dec/2010	Sep/2011	Dec/2010
Cimento Touro Ltda.	**99.99**	99.99	**99.99**	99.99
Cimento Tupi do Nordeste Ltda.	**99.93**	99.93	**99.93**	99.93
Cimento Tupi Overseas Inc.	**100.00**	100.00	**100.00**	100.00
CP Cimento Overseas Co.	**100.00**	-	**100.00**	-
Suape Granéis do Nordeste Ltda.	**49.99**	49.99	**49.99**	49.99
Sandra Mineração Ltda.	**99.99**	99.99	**99.99**	99.99
Tupi Rio Transportes S.A.	**100.00**	100.00	**100.00**	100.00
Tupimec - Indústria Mecânica Ltda.	**99.99**	99.99	**99.99**	99.99
Mape Incorporação e Empreendimentos Ltda.	**99.94**	99.94	**99.94**	99.94
Tupi Mineradora de Calcário Ltda.	**98.15**	98.15	**98.15**	98.15

The consolidated balance sheet and statement of income reflect the aggregate of the balances of the asset, liability, income and expense accounts, according to their nature, together with the following eliminations:

- Intercompany investments, reserves and retained earnings or accumulated losses;
- Balances of current accounts and other asset and/or liability accounts between the consolidated companies;
- Revenues and expenses arising from operations between the consolidated companies; and
- The effects of significant transactions between these companies.

The financial periods of the consolidated entities are coterminous with those of the parent and the accounting policies were consistently applied in the consolidated entities.

3. Consolidated financial information (Continued)

Until December 31, 2010 the Company had not presented consolidated financial information, as required by CPC 36 – Consolidated Financial Statements, considering the following: i) The Company's parent company prepared consolidated financial statements based on the same accounting practices adopted by the Company; ii) the Company had no public debt instruments and iii) the financial statements of the parent company were publicly released. Upon the merger of CP Cimento, as described in Note 1, the Company started preparing consolidated financial statements.

4. Cash and cash equivalents

	Company		Consolidated	
	Sep/2011	Dec/2010	Sep/2011	Dec/2010
Cash and banks	**29,539**	5,484	**55,198**	5,617
Certificates of Deposit - CDB DI 1	**-**	2,169	**-**	2,169
	29,539	7,653	**55,198**	7,786

5. Marketable securities

	Company		Consolidated	
	Sep/2011	Dec/2010	Sep/2011	Dec/2010
Certificates of Deposit - CDB DI 1	**2,250**	-	**2,250**	-
Derivatives	**12,091**	-	**12,091**	-
	14,341	-	**14,341**	-

Investments funds (DI) are held with ABC Brasil, represented by short-term investments bearing interest that approximate the Interbank Deposit Certificate (CDI) variation and with daily liquidity, in exchange of receivables. At September 30, 2011 these investments are tied to a minimum amount of resources to be invested with this institution.

Derivatives refer to transactions at the Futures and Commodities Exchange of BM&FBOVESPA, as discussed in Note 21.6.

6. Trade accounts receivable

	Company		Consolidated	
	Sep/2011	Dec/2010	Sep/2011	Dec/2010
Trade accounts receivable	**40,025**	35,993	**65,753**	36,716
Allowance for doubtful accounts	**(10,339)**	(9,375)	**(10,339)**	(9,375)
	29,686	26,618	**55,414**	27,341

The changes in allowance for doubtful accounts for the nine-month period ended September 30, 2011 are as follows:

Balance at December 31, 2010	**(9,375)**
(+) Additions	**(964)**
(-) Write-offs	**-**
Balance at September 30, 2011	**(10,339)**

The allowance for doubtful accounts includes the provision for losses with a specific client in the amount of R$8,665, related to a foreign transaction entered in the past.

The aging list of trade accounts receivable is shown below:

	Company		Consolidated	
	Sep/2011	Dec/2010	Sep/2011	Dec/2010
Not yet due	**29,247**	26,012	**54,975**	26,735
Due before 90 days	**228**	549	**228**	549
Due between 91 and 180 days	**211**	57	**211**	57
Due after 180 days	**10,339**	9,375	**10,339**	9,375
	40,025	35,993	**65,753**	36,716

7. Inventories

	Company		Consolidated	
	Sep/2011	**Dec/2010**	**Sep/2011**	**Dec/2010**
Current				
Finished products	**1,550**	1,961	**1,658**	2,069
Products in process	**2,466**	1,922	**5,287**	3,902
Raw materials – slag	**12,838**	20,385	**12,838**	20,385
Other raw materials	**9,831**	16,219	**9,600**	16,568
Maintenance and consumption materials	**9,682**	8,342	**9,900**	8,577
Inventories in transit	**1,596**	705	**1,596**	705
	37,963	49,534	**40,879**	52,206

	Company		Consolidated	
	Sep/2011	**Dec/2010**	**Sep/2011**	**Dec/2010**
Non-current				
Raw materials – slag	**-**	4,324	**-**	4,324
	-	4,324	**-**	4,324

In December 2009, the Company entered into an agreement with Companhia Siderúrgica Nacional - CSN, whereby CSN agreed to provide the Company with payment in kind of 850,000 tons of wet ground granulated slag (“new slag”). Until September 30, 2011, 695,474 tons were delivered. This new slag is recognized as inventory based on fair value as received, against other operating expenses, net (see Note 24). As this new slag is consumed, it is transferred to production cost, and as the finished good is sold it is recognized as cost of sales.

8. Taxes recoverable

	Company		Consolidated	
	Sep/2011	**Dec/2010**	**Sep/2011**	**Dec/2010**
Current assets				
State Value Added Tax - VAT (ICMS)	**1,342**	1,486	**1,342**	1,486
Income Tax (IRPJ)	**3,129**	2,198	**3,137**	2,198
Social Contribution Tax (CSLL)	**595**	811	**980**	811
Other	**119**	43	**1,039**	1,384
	5,185	4,538	**6,498**	5,879
Non-current assets				
State Value Added Tax - VAT (ICMS)	**2,561**	2,412	**2,561**	2,412
Other	**32**	-	**32**	-
	2,593	2,412	**2,593**	2,412

State VAT recoverable, classified as non-current assets, is related to acquisitions of property, plant and equipment, and shall be recovered after the next 12-month period.

9. Notes receivable

	Company		Consolidated	
	Sep/2011	**Dec/2010**	**Sep/2011**	**Dec/2010**
CAL Itaú Participações S.A. (i)	**25,183**	23,342	**25,183**	23,342
Chausey Mineração e Participações Ltda. (ii)	**27,705**	-	**27,705**	-
Current assets	**27,705**	-	**27,705**	-
Non-current assets	**25,183**	23,342	**25,183**	23,342

(i) Refers to the balance receivable from the sale of shares of Companhia de Cimento Ribeirao Grande, a subsidiary of CP Cimento e Participações S.A., maturing on December 1, 2012. The balance is subject to interest of 10.65% per annum.
(ii) Refers to notes receivable of CP Cimento e Participações SA, maturing on December 30, 2011.

subsidiaries

the main subsidiaries

	Sep/2011				Dec/2010			
	Mape Incorporação e Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Cimento Tupi do Nordeste Ltda.	Mape Incorporação e Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Cimento Tupi do Nordeste Ltda.
	99.94	99.99	98.15	99.93	99.94	99.99	98.15	99.93
	71,947	2,632	6,350	(4,543)	31,927	1,984	6,350	(4,278)
eriod	40,071	648	-	(266)	18,317	(1,329)	-	(3,641)

vestments

	Mape Incorporação e Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Cimento Tupi do Nordeste Ltda.	CP Cimento Overseas CO.	Other	Sep/2011 Total	Dec/2010 Total
e year	31,909	1,984	6,300	-	-	1,849	42,042	47,788
	-	-	-	-	158	-	158	6,300
ment	-	-	-	-	2,602	-	2,602	19,714
	-	-	-	-	-	-	-	(2,964)
ger	-	-	-	-	-	-	-	(19,728)
	(10)	-	-	-	-	-	(10)	(16,989)
	40,008	648	-	(266)	-	(52)	40,338	3,646
stments	-	-	-	-	330	-	330	-
ustment due company	-	-	-	266	-	-	266	4,275
d	71,907	2,632	6,300	-	3,090	1,797	85,726	42,042

10. Investments in subsidiaries (Continued)

Mape Incorporação e Empreendimentos Ltda.

In 2009, the Company became shareholder of Mape Incorporação e Empreendimentos Ltda, with subscription and payment of capital in the amount of R$ 11,045, through assignment and transfer of property and payment in cash. Mape is engaged in real estate activities.

On September 27, 2011, Mape Incorporação e Empreendimentos Ltda sold the rural property Fazenda Barão Área “B” to company O Telhar Agropecuária Ltda and recorded a gain of R$ 38,300.

Tupimec Indústria Mecânica Ltda.

Tupimec Indústria Mecânica Ltda. was formed on July 6, 1982, and produces, sells and exports parts and mechanical equipment, as well as provides services related to assembling and commercial representation, naval, port, and ferry maintenance services, as well as investing in other companies.

Tupi Mineradora de Calcário Ltda.

Tupi Mineradora de Calcário Ltda. was formed on June 26, 2007 and explores mining in all Brazilian territory. The company can also invest in other companies. The subsidiary did not have activities in 2011 and 2010. During 2010, the Company capitalized R$6,300 in Tupi Mineradora, which acquired a mine in the South of Brazil.

Cimento Tupi do Nordeste Ltda.

Cimento Tupi do Nordeste Ltda. was formed on February 3, 1989. It produces cement, and sells, transports and exports cement products. The company can also invest in other companies.

CP Cimento Overseas, Co.

CP Cimento Overseas, Co. is a foreign subsidiary that raises funds and develops the Company’s integrated activities.

11. Property, plant and equipment

	Company				
	Sep/2011			Dec/2010	Annual depreciation rates
Accounts	Cost	Accumulated depreciation	Net	Net	
Land	4,796	-	4,796	4,245	
Buildings	30,335	(17,198)	13,137	13,757	2%
Machinery, equipment and industrial facilities	211,970	(173,566)	38,404	33,206	3.333%
Furniture and fixtures	2,954	(2,711)	243	255	10%
Vehicles	1,625	(1,223)	402	75	20%
Railway wagons	1,908	(867)	1,041	1,086	3.333%
Leasehold improvements	2,198	(1,940)	258	282	(*)
Uninstalled machinery and equipment	33,123	-	33,123	33,123	
Other assets	4,816	(3,960)	856	1,089	4 to 20%
Work in progress	50,534	-	50,534	31,917	
Advances to suppliers	19,013	-	19,013	2,094	
Limestone mines	21,858	(49)	21,809	-	
	385,130	(201,514)	183,616	121,129	

	Consolidated				
	Sep/2011			Dec/2010	
Accounts	Cost	Accumulated depreciation	Net	Net	Annual depreciation rates
Land	9,711	-	9,711	9,247	-
Buildings	31,278	(17,930)	13,348	13,757	2%
Machinery, equipment and industrial facilities	213,287	(174,417)	38,870	33,206	3.33%
Furniture and fixtures	3,034	(2,786)	248	255	10%
Vehicles	1,795	(1,325)	470	75	20%
Railway wagons	1,908	(867)	1,041	1,086	3.33%
Leasehold improvements	2,198	(1,940)	258	282	(*)
Uninstalled machinery and equipment	33,123	-	33,123	33,123	-
Other assets	7,205	(4,642)	2,563	4,911	20%
Work in progress	51,262	-	51,262	31,917	-
Advances to suppliers	18,034	-	18,034	2,094	-
Limestone mines	21,859	(49)	21,810	-	
	394,694	(203,956)	190,738	129,953	

(*) Depreciation in accordance with lease agreements.

For the nine month period ended September 30, 2011, depreciation in the amount of R$ 2,816 (R$ 5,319 for the period ended September 30, 2010) was recorded in cost of sales.

Limestone mines refer to assets resulted from the merger of CP Cimento e Participações S.A. into Cimento Tupi S.A., amounting to R$ 21,858 and is based on the added value of limestone mines, according to an appraisal report prepared by independent appraisal firm Sandel Projetos e Serviços Ltda., which has been amortized since 2000 over the expected depletion period of 46 years, recognized in proportion to the ore extracted.

Depletion of deposits is recognized to the extent that ore is mined, over the estimated period for mining the Company's deposits.

Uninstalled machinery and equipment are represented by items to be used in future projects for expansion of the Company's activities.

t and equipment (Continued)

operty, plant and equipment in the nine-month period ended September 30, 2011 are as follows:

Company												
Land	Buildings	Machinery, equipment and industrial facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Uninstalled machinery and equipment	Other	Work in progress	Advances to suppliers	Limestone mines	Total
4,245	30,335	204,830	2,930	1,256	1,908	2,198	33,123	4,796	31,917	2,094	-	319,632
551	-	7,140	24	369	-	-	-	20	26,080	16,919	21,858	72,961
-	-	-	-	-	-	-	-	-	(7,463)	-	-	(7,463)
4,796	30,335	211,970	2,954	1,625	1,908	2,198	33,123	4,816	50,534	19,013	21,858	385,130

Consolidated												
Land	Buildings	Machinery, equipment and industrial facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Uninstalled machinery and equipment	Other	Work in progress	Advances to suppliers	Limestone mines	Total
9,247	31,278	206,128	3,014	1,424	1,908	2,198	33,123	7,177	32,567	2,769	-	330,833
551	-	7,159	24	371	-	-	-	28	19,812	15,417	21,859	65,221
(87)	-	-	(4)	-	-	-	-	-	(1,117)	(152)	-	(1,360)
9,711	31,278	213,287	3,034	1,795	1,908	2,198	33,123	7,205	51,262	18,034	21,859	394,694

12. Intangible assets - Company and consolidated

	Company				Consolidated			
	Goodwill	Mining rights	Other	Total	Goodwill	Mining rights	Other	Total
Balance at December 31, 2010	-	1,174	52	1,226	-	20,378	781	21,159
Merger of CP Cimento e Participações S.A.	93,563	-	12	93,575	93,563	-	12	93,575
Additions	-	-	2	2	-	525	2	527
Amortization	-	-	-	-	-	-	(1)	(1)
Balance at September 30, 2011	93,563	1,174	66	94,803	93,563	20,903	794	115,260

13. Loans and financing - Company and consolidated

	Sep/2011		Dec/2010	
	Current	**Non-current**	**Current**	**Non-current**
Company				
Local currency				
BDMG and others - interest of 4.5% to 7% per year (4,5% to 7% in Dec/10) and monetary indexation based on official basket of rates, maturing up to 2015	**1,878**	**7,443**	1,027	6,153
Working capital				
Sofisa, Alfa, ABC Brasil, Fibra, other banks - with average charges of 17% per year (17% in Dec/10) maturing up to January/2013	**45,851**	**2,222**	34,980	13,000
	47,729	**9,665**	36,007	19,153
Foreign currency - US$ 100,000.				
Senior Unsecured Notes - interest of 9.75% a year with semi-annual payments. Principal matures in May 2018.	**7,115**	**185,440**	-	-
Debt issuance cost	**-**	**(10,970)**	-	-
	7,115	**174,470**	-	-
Subsidiaries				
Other	**1,500**	**-**	1,500	-
				-
Consolidated	**56,344**	**184,135**	37,507	19,153

13. Loans and financing - Company and consolidated (Continued)

a) Local currency

Financing is secured by mortgage of part of the assets of “Pedra do Sino” plant and by financed items in the case of FINAME (Special Industrial Finance Agency).

b) Foreign currency

On May 6, 2011, the Company issued unsecured debt securities (9.75% Senior Unsecured Notes) totaling US$100,000, equivalent to R$161,780, due on May 11, 2018 and subject to nominal interest of 9.75% per year (effective rate of 10.68% per year), payable semi-annually on November 11 and May 11 each year. The Company intends to use the resources to expand Pedra do Sino plant, and to prepay outstanding and general corporate debts.

At September 30, 2011, the debt issuance cost was R$ 10,970. This amount includes commissions paid to financing agents (underwriter), lawyers, external auditors, consultants, registration costs, expenses to prepare and prospectus and reports. This amount was recorded as a reduction of loans for the period, as debt issuance costs, being amortized over the life of the loan, according to accounting pronouncement CPC 8. Such costs will be amortized in the same period of its underlying debt.

The senior unsecured notes may be redeemed in whole or in part from the fourth year by paying a premium to the lenders.

13. Loans and financing - Company and consolidated (Continued)

c) Debt repayment schedule

Loans and financing recorded as non-current liabilities as of September 30, 2011 mature as follows:

2012	3,050
2013	1,865
2014	1,567
2015	1,168
After 2015	176,485
	184,135

d) Debt covenants

The Company is subject to certain restrictive financial covenants set forth inexisting loans and financing agreements. As of September 30, 2011, the Company was in compliance of their debt covenants.

14. Related parties

a) Company

Current assets and liabilities and transactions

	Mape Incorporação e Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Other	Sep/2011 Total	Dec/2010 Total
Non-current assets						
Current account	**-**	**-**	**15,815**	**4,207**	**20,022**	186,672
Current liabili ies						
Current account	**17,415**	**-**	**-**	**3,392**	**20,807**	18,586
Transactions						
Cost of sales	**-**	**(5,418)**	**-**	**-**	**(5,418)**	(4,271)
Financial income	**-**	**-**	**-**	**-**	**-**	12,944

Others transactions with related parties refer primarily to current accounts and the supply of services and input products intended for production and operation of the entities, in addition to administrative services rendered.

Cost of sales and services rendered correspond mainly to purchase of maintenance materials.

15. Lawsuit payable

Lawsuit payable refers to the balance payable under the agreement entered into the boundary suit filed by the estate of Fioravante Bargiona regarding a property acquired from Codemig - Companhia de Desenvolvimento de Minas Gerais. The total agreement amounting to R$15,000 is payable in 30 monthly installments of R$ 500, beginning on April 30, 2009 and ending on September 30, 2011.

16. Taxes and social contributions in installments - Consolidated

These refer to installment payments under PAES, ICMS and INSS and Law No. 11941/2009, obtained principally by the Company from Federal and State agencies since 2003.

	Sep/2011	**Dec/2010**
Current liabilities	**6,397**	8,770
Non-current liabilities	**33,466**	35,437

The current portion is included in taxes payable.

On November 30, 2009, the Company joined the debt reduction and installment payment program set forth by Law No. 11941/09 substantially to PIS and COFINS. This option led to a debt reduction of R$ 6,111, recognized in the income statement as other operating income and expenses.

Non-current balances as of September 30, 2011 mature as follows:

Maturity of payments	
2012	**1,554**
2013	**5,638**
2014	**4,831**
2015	**3,211**
2016 and thereafter	**18,232**
	33,466

17. Equity - Company

a) Capital stock

At September 30, 2011 and December 31, 2010, fully subscribed and paid-in capital was represented by 107,336,023 common shares and 107,336,023 preferred shares, with no par value. Preferred shareholders do not have voting rights and are not entitled to minimum or fixed dividends.

b) Capital reserves

The premium on share subscription reserve represents the excess paid in the shares issuance, in relation to the basic value of the shares issuance in 1996. The tax incentive reserve represents the investments in tax incentives related to prior years.

c) Legal reserve

The legal reserve is recorded based on the allocation of 5% of the net income for the year, up to the limit of 20% of capital, as provided for in the corporation law, and may be used to absorb accumulated losses.

d) Dividends

Shareholders are entitled to minimum mandatory dividends of 25% of annual net income, adjusted pursuant to legal provisions.

e) Interest on equity

In the year ended December 31, 2010, the Company's management approved a payment of interest on equity in the amount of R$ 12,870, calculated based on the long-term interest rate (TJLP) variation. Interest on equity capital was recognized as financial expenses in the income statement. For purposes of preparation of the financial information, these expenses were reversed and recorded as proposed dividends in equity. Interest on equity was subject to withholding income tax of R$ 1,930. The net amount of R$ 10,940 is accrued in current liabilities as at December 31, 2010.

17. Equity - Company (Continued)

e) Interest on equity (Continued)

On January 1, 2011, the Company decreased the liability against the loan receivable with the parent company CP Cimento e Participacoes S.A., which was merged into the Company on March 21, 2011.

In addition to interest on equity referred to above, at September 30, 2011, the Company has dividends payable of R$1,064 declared in prior years, not paid yet.

f) Treasury stock

The shareholders of CP Cimento e Participações S.A. dissenting from its merger into the Company, as approved at the Special Shareholders' Meeting held on March 21, 2011, exercised their withdrawal right. As a consequence of such withdrawal, the Company acquired 19,426,917 preferred shares from such shareholders for a total R$ 25,999. These shares are held in treasury.

g) Earnings per share

Pursuant to the requirements of CPC 41, the Company presents information on earnings per share for the nine-month periods ended September 30, 2011 and 2010.
Basic earnings per share amounts are calculated by dividing net income for the year attributable to holders of common and preferred shares of the Company by the weighted average number of common and preferred shares outstanding during the period.
Diluted earnings per share amounts are calculated by dividing the net income attributable to common and preferred shareholders of the Company by the weighted average number of common and preferred shares outstanding during the period plus the weighted average number of common and preferred shares that would be issued on conversion of all the dilutive potential common and preferred shares into the Company's shares.

g) Earnings per share (Continued)

The following table provides the net income and share data used in the basic and diluted earnings per share computations:

	Sep/2011			Sep/2010		
	Common shares	**Preferred shares**	**Total**	**Common shares**	**Preferred shares**	**Total**
Net income attributable to equity holders	**29,463**	**28,262**	**57,725**	15,594	17,153	32,747
Weighted average numer of shares (in thousand shares)	**107,336**	**93,602**	**200,938**	107,336	107,336	214,672
Basic and dilutive earnings per share	**0.2745**	**0.3019**		0.1453	0.1598	

The earnings per share calculation for the three and nine month periods ended September 30, 2011 excludes 19,426,917 preferred shares held in treasury. The earnings per share calculation for the three and nine month periods ended September 30, 2010 has been adjusted retroactively to reflect the shares grouping in 2010.
For the nine-month periods ended September 30, 2011 and 2010, there were no dilutive instruments, and accordingly, there was no difference between the computation of basic and diluted earnings per share.

18. Income and social contribution taxes - Consolidated

The reconciliation of income for the nine-month periods ended September 30, 2011 and 2010 and the income and social contribution tax bases recognized is shown below:

Company:

	Income Tax		Social contribution tax	
	Sep/2011	**Sep/2010**	**Sep/2011**	**Sep/2010**
Income before income and social contr bution taxes	**64,299**	44,209	**64,299**	44,209
Other additions and exclusions, net	**(52,685)**	5,034	**(52,396)**	6,392
Tax losses carryforward	**(3,570)**	(15,727)	**(3,570)**	(16,345)
Adjusted income	**8,044**	33,516	**8,333**	34,256
Statutory rates	**25%**	25%	**9%**	9%
Current income and social contribution taxes	**(2,011)**	(8,379)	**(750)**	(3,083)
Tax benefit on merged goodwill	**(2,804)**	-	**(1,009)**	-
Income and social contribution tax expenses	**(4,815)**	(8,379)	**(1,759)**	(3,083)

Consolidated:

	Income Tax		Social contribution tax	
	Sep/2011	**Sep/2010**	**Sep/2011**	**Sep/2010**
Income before income and social contr bution taxes	**65,783**	45,019	**65,783**	45,019
Other additions and exclusions, net	**(49,801)**	6,800	**(49,791)**	7,426
Tax losses carryforward	**(3,570)**	(15,727)	**(3,570)**	(16,345)
Adjusted income	**12,412**	36,092	**12,422**	36,100
Statutory rates	**25%**	25%	**9%**	9%
Current income and social contribution taxes	**(3,103)**	(9,023)	**(1,118)**	(3,249)
Tax benefit on merged goodwill	**(2,804)**	-	**(1,009)**	-
Income and social contribution tax expenses	**(5,907)**	(9,023)	**(2,127)**	(3,249)

Considering the generation of results and taxable profit during the past three years and the expectation of taxable profit in coming years, the Company recorded deferred income and social contribution tax assets on tax losses carry forward and temporary differences in the amount of R$ 26,572 as at September 30, 2011. Income and social contribution tax losses have no expiration dates, but the Company may only use up to 30% of the taxable income a year.

18. Income and social contribution taxes - Consolidated (Continued)

Total tax credits are expected to be realized as follows.

2011	**6,654**
2012	**5,120**
2013	**7,843**
2014	**6,955**
	26,572

Deferred income and social contribution tax liabilities, in the amount of R$ 9,822, were transferred from non-current liabilities to non-current assets, in accordance with CPC 32 - Income Taxes.

19. Provision for contingencies

At September 30, 2011, the Company recorded provision for contingencies arising from labor claims, with probability of losses considered probable, in the amount of R$ 2,608 (R$ 1,693 at December 31,2010).

The changes in the provision for contingencies for the period ended September 30, 2011 were as follows:

Balance at December 31, 2010	**1,693**
(+) Recognition of provision	**2,498**
(-) Payment or reversal of provision	**(1,583)**
Balance at September 30, 2011	**2,608**

At September 30, 2011, the Company had judicial deposits of R$3,265 (R$2,955 at December 31, 2010).

Additionally, the Company is a defendant in civil, labor, and tax-related suits involving risk of loss that was classified as possible by management and the Company's legal advisors. No provision has been recorded for these contingencies. The amount of such contingencies as of September 30, 2011 was R$41,750, as follows:

Nature	Sep/2011
Tax	**23,278**
Civil	**2,375**
Labor	**16,097**
	41,750

20. Insurance coverage

The Company and subsidiaries entered into insurance contracts to cover their inventories and property, plant and equipment against operational risks. When assessing the risks, the following factors are considered: (a) decentralization of the industrial plants (Minas Gerais, Rio de Janeiro and São Paulo); (b) nature of activities; and (c) preventive measures against accidents. The maximum limit is R$ 90,000 for industrial plants and up to R$ 10,000 for the other units. The sum insured takes into account the estimate made to cover losses in locations with high concentration of risk and the maximum claim possible in a single event. The risk assumptions adopted, given their nature, were not part of the scope of the audit/review engagement and, as such, were neither audited nor reviewed by our independent auditors.

21. Financial instruments and risk management

21.1. Analysis of financial instruments

The Company and its subsidiaries evaluated their financial assets and liabilities in relation to the market value through available information and appropriate valuation methodologies. However, the interpretation of market data and the selection of valuation methods require extensive judgment and estimates to calculate the most appropriate realization value. Consequently, the estimates presented do not necessarily represent the amounts that may be realized in the market. The use of different market assumptions and/or methods may have a material effect on the estimated realization values.

21.2. Classification of financial instruments by category

Financial assets of the Company and its subsidiaries are classified as follows:

	Sep/2011			Dec/2010		
Financial assets	Receivables	At fair value through profit or loss	Total	Receivables	At fair value through profit or loss	Total
Cash and cash equivalents		**55,198**	**55,198**	5,617	2,169	7,786
Marketable securities	**-**	**14,341**	**14,341**	-	-	-
Trade accounts receivable	**55,414**	**-**	**55,414**	27,341	-	27,341
Taxes recoverable	**9,091**	**-**	**9,091**	8,291	-	8,291
Notes receivable	**25,183**	**27,705**	**52,888**	23,342	-	23,342
Related parties	**-**	**-**	**-**	173,359	-	173,359
	89,618	**97,244**	**186,932**	237,950	2,169	240,119

21. Financial instruments and risk management (Continued)

21.2. Classification of financial instruments by category (Continued)

The major financial liabilities of the Company and its subsidiaries may be classified as loans and borrowings, as follows:

Financial liabilities	Sep/2011	Dec/2010
Suppliers	**13,179**	15,801
Loans and financing	**240,479**	56,660
Interest on equity and dividends	**1,064**	11,011
	254,722	83,472

At September 30, 2011 and December 31, 2010, the Company and its subsidiaries did not record financial assets held to maturity.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

- Cash and cash equivalents, trade accounts receivable, trade accounts payable and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of receivables does not significantly differ from their carrying amount, as the monetary indexation is consistent with market rates and/or they are adjusted by a provision for impairment losses.
- Loans and financing are subject to variable interest rates consistent with observable market rates; as such, the reported carrying amounts approximate the related fair values.

21. Financial instruments and risk management (Continued)

21.3. Fair value measurement

The table below shows an analysis of the financial instruments recognized at fair value after initial recognition. These instruments are grouped on three levels based on how their fair value is priced:

a) Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

c) Level 3: inputs for the asset or liability that are not based on observable market data.

	Level 1	Level 2	Level 3
Marketable securities	-	14,341	-

21.4. Risk management

The financial operations of the Company and its subsidiaries are conducted by the finance department using conservative strategies that seek to maximize security, profitability and liquidity, as previously approved by the Board of Directors and shareholders. According to the Company's policy, protection mechanisms must be adopted against financial risks arising from contractual obligations, whether in local or foreign currency, with a view to managing risk exposures associated with foreign exchange and interest rate fluctuations.

Following management's analysis of the risk involved in the contracted debt, derivative financial instruments against foreign exchange variations are simultaneously contracted.

21. Financial instruments and risk management (Continued)

21.4. Risk management (Continued)

The financial institutions' selection criteria follow parameters that consider the rating awarded by recognized risk analysis agencies, net equity and operation and resource concentration levels. The major market risk factors that could impact the Company's and its subsidiaries' business are as follows:

a) Currency risk due to foreign exchange variations

The currency variation risks consider to the possibility that the Company may suffer losses due to fluctuations in foreign exchange rates.

b) Credit risk

The financial instruments that subject to credit risks refer to cash and cash equivalents and accounts receivable. Operations are conducted with banks having acknowledged liquidity, thus minimizing risk.

The risk of incurring losses with uncollectable amounts billed to clients is minimized, since sales are spread across a large client base, and are conditioned to a defined individual credit limit per client. The allowance for doubtful account as at September 30, 2011 and December 31, 2010 is basically related to a specific client.

c) Interest rate risk

This risk arises from the possibility that the Company may incur losses due to interest rate fluctuations, increasing financial expenses, particularly from contracted loans.

21. Financial instruments and risk management (Continued)

21.4. Risk management (Continued)

d) Liquidity risk

Liquidity risk represents the risk of cash shortage and the difficulty in honoring debts. The Company and its subsidiaries seek to align maturity of its debts with the cash generating period, thus avoiding mismatching and the need for a higher leverage. The Company is currently negotiating its contracts aiming to align number of days of accounts receivable and accounts payable and, as such, improved the negative working capital position at December 31, 2010.

21.5. Table with sensitivity analysis - effect on fair value variation

The table below shows the sensitivity analysis based on hypothetical changes in risks considered significant by management that could adversely impact the financial information:

Sensitivity analysis (*)	Estimated effect on income before income taxes for the nine months ended September 30, 2011 R$
Interest rate sensitivity	
20% increase in the basic interest rate	**(2,457)**
20% decrease in the basic interest rate	**2,048**

(*) Based on the actual effects for year 2011, management performed the sensitivity analyses above with all other variables held constant.

21. Financial instruments and risk management (Continued)

21.6. Financial instruments

At September 30, 2011, the Company entered into hedge transactions, structured considering future US dollar maturities contracts and dollar futures negotiated on BM&FBOVESPA, as shown below:

Nature	Exercise price	Number of contracts	Notional	Premium (paid) received	Maturity
Call option	**1.8000**	**200**	**10,000**	**(132)**	**10/3/2011**
Put option	**1.9000**	**200**	**10,000**	**22**	**10/3/2011**
Call option	**1.7000**	**200**	**10,000**	**(340)**	**10/3/2011**
Call option	**1.8000**	**400**	**20,000**	**(1,530)**	**11/1//2011**
Put option	**2.0000**	**400**	**20,000**	**360**	**11/1//2011**
U.S. dollar futures	**1.8795**	**600**	**30,000**	**-**	**11/1//2011**
Total	**-**	**2,000**	**100,000**	**(1,620)**	

The net premium from call and put options, in the amount of R$ (1,620), is recorded as “Marketable securities”.

The Company deposited R$ 8,356 with investment fund FIC - BM&F Margem Garantia Referenciado DI, for its dollar futures operations.

The amount of R$ 2,245 was recorded as investment gains referring to the present value adjustment of call and put options, maturing on October 3, 2011 and November 1, 2011.

The amount of R$ 5,355 was recorded as investment gains referring to daily adjustments of dollar futures.

22. Management compensation

Fees paid to the Company's management for the nine-month period ended September 30, 2011 totaled R$ 3,723 (R$ 1,485 in the nine-month period ended September 2010). Related management compensation charges are recorded under general and administrative expenses in the amount of R$971 and R$417 the nine-month period ended September 30, 2011 and 2010, respectively.

At the Special Shareholders' Meeting held on September 28, 2011, the Company's shareholders approved a stock-based payment plan in accordance with Article 168, paragraph 3 of Law No. 6404/76 and Article 6 of the Company's bylaws. The Special Shareholders' Meeting has delegated to the Board of Directors the future implementation of stock option plans. No stock option has been granted until September 30, 2011.

23. Net operating revenue

	Company		Consolidated	
	Sep/2011	**Sep/2010**	**Sep/2011**	**Sep/2010**
Gross operating revenue				
Sale of products	**351,565**	358,648	**400,466**	361,512
Sales deductions				
Sales returns	**(182)**	(171)	**(182)**	(171)
ICMS on sales	**(61,640)**	(62,796)	**(62,380)**	(64,860)
PIS and COFINS on sales	**(26,132)**	(15,732)	**(28,527)**	(15,732)
IPI on sales	**(32)**	-	**(76)**	-
Net operating revenue	**263,579**	279,949	**309,301**	280,749

24. Other operating income (expenses), net

	Company		Consolidated	
	Sep/2011	**Sep/2010**	**Sep/2011**	**Sep/2010**
Other operating expenses				
Provision for contingencies	**(915)**	-	**(915)**	-
Divestiture	**-**	(2,844)	**-**	(7,180)
Other operating expenses	**(3,222)**	(1,319)	**(3,222)**	(2,175)
	(4,137)	(4,163)	**(4,137)**	(9,355)
Other operating income				
Insurance claims compensation	**-**	2,055	**-**	2,055
Other operating income	**1,707**	483	**3,651**	558
Slag received (*)	**7,104**	2,388	**7,104**	2,388 (*)
	8,811	4,926	**10,755**	5,001
	4,674	763	**6,618**	(4,354)

(*) Slag received from CSN as payment in kind pursuant to an existing agreement, as described in Note 7.

25. Financial income (expenses)

	Company		Consolidated	
	Sep/2011	**Sep/2010**	**Sep/2011**	**Sep/2010**
Financial expenses				
Interest on loans and financing	**(12,287)**	(3,074)	**(12,287)**	(3,074)
Foreign exchange fluctuations	**(11,101)**	0	**(11,101)**	0
Interest and penalties	**(7,939)**	(4,336)	**(7,939)**	(4,336)
Other financial expenses	**(2,680)**	(1,149)	**(2,731)**	(1,258)
	(34,007)	(8,559)	**(34,058)**	(8,668)
Financial income				
Interest income on intercompany loans	**-**	8,051	**-**	8,051
Income from monetary indexation of notes receivable-Cal Itaú	**1,841**	1,663	**1,841**	1,663
Income from cash equivalents and marketable securities	**5,873**	243	**5,873**	243
Present value adjustment	**2,517**	-	**2,517**	-
Other financial income	**555**	738	**556**	842
	10,786	10,695	**10,787**	10,799
	(23,221)	2,136	**(23,271)**	2,131

26. Receivables from third parties

These refer to amounts deposited at Bank of America, letters of credit issued in favor of the Company, in connection with the acquisition of imported equipment for the expansion of Pedra do Sino plant.

Financial Statements

Cimento Tupi S.A.

December 31, 2010 and 2009
with Independent Auditor’s Report on Financial Statements

A free translation from Portuguese into English of Independent Auditor's Report on financial statements in accordance with accounting practices adopted in Brazil

Independent auditor's report on financial statements

The Shareholders, Board of Directors and Officers
Cimento Tupi S.A.
Rio de Janeiro - RJ

We have audited the accompanying financial statements of Cimento Tupi S.A. ("Company"), which comprise the balance sheet as at December 31, 2010, and the related income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on the financial statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cimento Tupi S.A. as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Other matters

Financial statement restatement

We issued our unqualified audit report over the Company's financial statements related to the year ended December 31, 2010 on March 1, 2011. Subsequently, as described in Note 2.ii, the Company identified the need to recognize the raw material amount ("slag") resulted from the agreement entered into with a supplier. Accordingly, the Company's financial statements related to the year ended December 31, 2010 have been restated to reflect such adjustment, with which we agree. The referred adjustment does not require any modification in our previously issued audit report for the year ended December 31, 2010.

Statements of value added

We have also audited the statement of value added for the year ended December 31, 2010, the presentation of which is required by Brazilian corporation law for publicly held companies and as supplemental information for private companies. This statement has been subject to the same auditing procedures previously described and, in our opinion, is presented fairly, in all material respects, in relation to the overall financial statements prepared in accordance with the accounting practices adopted in Brazil.

Other matters (Continued)

Audit of prior year corresponding figures

The financial statements as of and for the year ended December 31, 2009 and as of December 31, 2008 (January 1, 2009), presented for comparison purposes, were audited by other independent auditors, who expressed an unmodified opinion on those statements on January 29, 2010.

Rio de Janeiro, January 11, 2012

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC - 2SP 015.199/O-6 - F - RJ

Claudio Camargo
Accountant CRC - 1PR 038.371/O-1 - S - RJ

A free translation from Portuguese into English of financial statements in accordance with accounting practices adopted in Brazil

CIMENTO TUPI S.A.

Balance sheets
December 31, 2010 and 2009 and January 1, 2009
(In thousands of reais)

	2010	**2009**	**01/01/2009**
Assets			
Current assets			
Cash and cash equivalents (Note 3)	**7,653**	16,252	30,440
Trade accounts receivable (Note 4)	**26,618**	24,187	21,974
Inventories (Note 5)	**49,534**	53,244	37,920
Notes receivable (Note 7)	**-**	-	23,053
Taxes recoverable (Note 6)	**4,538**	9,296	3,855
Advances to suppliers	**2,521**	1,068	1,612
Other	**488**	397	3,077
Total current assets	**91,352**	104,444	121,931
Non-current assets			
Taxes recoverable (Note 6)	**2,412**	-	-
Notes receivable (Note 7)	**23,342**	21,096	27,441
Inventories (Note 5)	**4,324**	18,684	32,310
Related parties (Note 11)	**186,672**	66,122	14,144
Deferred income and social contribution taxes (Note 15)	**27,034**	-	-
Judicial deposits (Note 16)	**2,955**	2,111	2,054
Investments			
Subsidiaries (Note 8)	**42,042**	47,788	39,608
Other investments	**2,082**	2,082	2,082
Property, plant and equipment (Note 9)	**121,129**	114,704	127,696
Intangible assets	**1,226**	4,517	10,250
Total non-current assets	**413,218**	277,104	255,555
Total assets	**504,570**	381,548	377,486

CIMENTO TUPI S.A.

Balance sheets
December 31, 2010 and 2009 and January 1, 2009
(In thousands of reais)

	2010	2009	01/01/2009
Liabilities and shareholders' equity			
Current liabilities			
Suppliers	**9,533**	10,067	10,214
Salaries and social charges	**4,493**	3,883	3,514
Loans and financing (Note 10)	**36,007**	1,527	10,017
Related parties (Note 11)	**18,586**	11,199	31,936
Taxes payable	**19,252**	19,625	22,325
Interest on shareholders' equity and dividends (Note 14)	**11,011**	71	71
Lawsuit payable (Note 12)	**4,500**	10,500	15,000
Other payables	**3,790**	3,746	5,044
Total current liabilities	**107,172**	60,618	98,121
Non-current liabilities			
Loans and financing (Note 10)	**19,153**	-	1,419
Taxes and social contr butions in installments (Note 13)	**35,307**	38,232	24,234
Provision for contingencies (Note 16)	**1,693**	1,433	38,182
Deferred income taxes	**-**	-	1,320
Total non-current liabilities	**56,153**	39,665	65,155
Shareholders' equity (Note 14)			
Capital stock	**279,891**	279,891	279,891
Capital reserves	**67,705**	67,705	67,705
Accumulated losses	**(6,351)**	(66,331)	(133,386)
Total shareholders' equity	**341,245**	281,265	214,210
Total liabilities and shareholders' equity	**504,570**	381,548	377,486

See accompanying notes.

CIMENTO TUPI S.A.

Income statements
December 31, 2010 and 2009
(In thousands of reais, except earnings per thousand shares, which are expressed in reais)

	2010 (As restated)	2009
Net operating revenue (Note 21)	**374,783**	348,342
Cost of sales	**(280,261)**	(252,250)
Gross profit	**94,522**	96,092
Operating expenses		
Selling expenses	**(6,883)**	(6,864)
General and administrative expenses	**(23,728)**	(23,656)
Management fees (Note 20)	**(3,395)**	(2,828)
Equity results (Note 8)	**3,646**	(2,865)
Other operating expenses, net (Note 22)	**(11,403)**	(8,394)
Operating income before financial income (expenses)	**52,759**	51,485
Financial income (expenses) (Note 23)		
Financial expenses	**(24,510)**	(1,595)
Financial income	**16,459**	13,518
	(8,051)	11,923
Income before income and social contribution taxes	**44,708**	63,408
Income and social contribution taxes (Note 15)	**15,272**	3,647
Reversal of interest on shareholders' equity	**12,870**	-
Net income for the year	**72,850**	67,055
Weighted-average shares (in thousands)	**214,672**	214,672
Common shares	**107,336**	107,336
Preferred shares	**107,336**	107,336
Earnings per thousand shares - R$		
Common shares	**323.20**	297.49
Preferred shares	**355.51**	327.23

See accompanying notes.

CIMENTO TUPI S.A.

Statements of changes in equity
Years ended December 31, 2010 and 2009
(In thousands of reais)

		Capital reserves			
	Capital stock	Premium on share subscription	Tax incentive reserve	Retained earnings (accumulated losses)	Total
Balances at December 31, 2008	279,891	65,325	2,380	(133,386)	214,210
Net income for the year	-	-	-	67,055	67,055
Balances at December 31, 2009	279,891	65,325	2,380	(66,331)	281,265
Net income for the year	**-**	**-**	**-**	**72,850**	**72,850**
Allocation of income:					
Interest on shareholders' equity	**-**	**-**	**-**	**(12,870)**	**(12,870)**
Balances at December 31, 2010	**279,891**	**65,325**	**2,380**	**(6,351)**	**341,245**

See accompanying notes.

CIMENTO TUPI S.A.

Cash flow statements
December 31, 2010 and 2009
(In thousands of reais)

	2010	2009
Operating activities		
Income before income and social contribution taxes	**44,708**	63,408
Adjustments to reconcile pretax income to cash from operating activities		
Depreciation, amortization and depletion	**3,684**	7,373
Results from the disposal of property, plant and equipment	**876**	3,509
Intangible assets written off	**3,290**	5,733
Provision for losses on property, plant and equipment	**11,055**	-
Gains (losses) on equity investments	**(3,646)**	2,865
Reduction of penalty/interest on installment payment - Law No. 11941/09	**-**	(6,111)
Provision for interest on shareholders’ equity	**12,870**	-
Tax contingencies	**260**	1,433
Foreign exchange variation on intercompany loans	**-**	(2,312)
Penalties and interest on assets and liabilities	**(5,557)**	(4,263)
	67,540	71,635
(Increase)/decrease in assets		
Trade accounts receivable	**(2,429)**	(2,213)
Notes receivable	**-**	33,172
Taxes recoverable	**(2,229)**	(5,143)
Inventories	**18,070**	(1,699)
Advances to suppliers	**(1,453)**	544
Other receivables	**517**	2,680
Judicial deposits	**(842)**	(57)
Increase/(decrease) in liabilities		
Suppliers	**82**	4
Taxes payable	**(17,320)**	(21,121)
Salaries and social charges	**610**	369
Interest on loans and financing	**(4,097)**	(1,798)
Other liabilities	**(5,954)**	(5,798)
Cash flow from operating activities	**52,495**	70,575
Investing activities		
Acquisition of property, plant and equipment	**(15,815)**	(11,661)
Proceeds from disposal of property, plant and equipment	**51**	2,560
Acquisition of investments	**(6,286)**	(245)
Sale of investments	**2,964**	-
Cash flow used in investing activities	**(19,086)**	(9,346)
Financing activities		
Payment to related parties	**(87,506)**	(66,329)
Repayment of loans and financing	**(1,527)**	(9,088)
Loans received	**47,025**	-
Cash flow used in financing activities	**(42,008)**	(75,417)
Net decrease in cash and cash equivalents	**(8,599)**	(14,188)
Cash and cash equivalents at beginning of year	**16,252**	30,440
Cash and cash equivalents at end of year	**7,653**	16,252
Supplementary information:		
Income tax and social contribution paid	**10,612**	13,635
Transactions not affecting cash and cash equivalents:		
Deferred income tax and social contribution	**27,035**	-

See accompanying notes.

CIMENTO TUPI S.A.

Statements of value added
December 31, 2010 and 2009
(In thousands of reais)

	2010 (As restated)	2009
Revenue		
Gross operating revenue	**480,611**	451,382
Sales returns	**(187)**	(267)
Allowance for doubtful accounts	**(325)**	(347)
Other operating expenses, net	**(7,045)**	(4,637)
	473,054	446,130
Input products acquired from third parties		
Cost of sales and services rendered	**(218,896)**	(198,886)
Materials, energy, third-party services and others	**(104,934)**	(95,896)
Impairment of property, plant and equipment	**(11,055)**	-
Gross value added	**142,237**	151,348
Retentions		
Depreciation, amortization and depletion	**(3,684)**	(7,373)
Value added, net	**142,621**	143,975
Value added received from transfer		
Equity results	**3,646**	(2,865)
Financial income	**16,459**	13,518
Deferred income and social contribution taxes	**27,035**	-
Total value added to be distributed	**189,761**	154,628
Distribution of value added		
Personnel and social charges	**35,854**	33,217
Taxes, charges and contributions	**66,048**	50,587
Interest and rentals	**14,009**	3,769
Retained earnings	**72,850**	67,055
	189,761	154,628

See accompanying notes.

1. Operations

Cimento Tupi S.A. (“Company”), located at Avenida Presidente Wilson, 231, 29 floor, Downtown, Rio de Janeiro, is engaged in the manufacturing of cement and mortar of all types at the plants located in Volta Redonda - Rio de Janeiro State, Pedra do Sino - Minas Gerais State and Mogi das Cruzes - São Paulo State; exploration of mineral deposits and use of extracted products for cement manufacturing; provision of concrete-paving services; and holding ownership interests in other companies.

2. Presentation of financial statements and significant accounting practices

The issuance of the financial statements was approved by Management at December 28, 2011.

The financial statements were prepared based on several assessment bases used in the accounting estimates. The accounting estimates involved in the preparation of the financial statements were based on objective and subjective factors, considering management’s judgment to determine the adequate value to be recorded in the financial statements. Significant items subject to estimates include: allowance for doubtful accounts; provision for obsolete inventory; selection of useful lives of property, plant and equipment; deferred income and social contribution taxes; provision for contingencies; and measurement of the fair value of financial instruments. Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the uncertainties inherent in the estimate process. The Company reviews its estimates and assumptions at least on an annual basis.

The Company’s financial statements were prepared in accordance with accounting practices adopted in Brazil, which comprise technical pronouncements from the Brazilian Accounting Standards Committee (*Comitê de Pronunciamentos Contábeis* - CPC) and rules from the Brazilian Securities Commission (*Comissão de Valores Mobiliários* - CVM).

2. Presentation of financial statements and significant accounting practices—(Continued)

Until December 31, 2009, the Company's financial statements were presented in accordance with accounting practices adopted in Brazil, considering accounting pronouncements issued by the CPC until December 31, 2008 and provisions contained in the Brazilian Corporate Law (BRGAAP). The Company prepared its financial statements with observance of rules set out in the CPCs for the periods beginning on or after January 1, 2010, as described in its accounting practices. The current financial statements considered the opening balances as of January 1, 2009, which is the transition date under the CPCs, which, however, have not presented any change to the December 31, 2008 balances. Accordingly, the Company is presenting balances for three years in the balance sheet, as required by CPC 26 – Financial Statements Presentation. The Company assessed the impacts of adopting the new standards, and no material effects on the opening balances as of January 1, 2009, December 31, 2009 and December 31, 2010 were identified. The Company does not have other comprehensive income. As such, the statements of comprehensive income for the years ended December 31, 2010 and 2009 are not presented.

The Company does not present consolidated financial statements, as required by CPC 36 - Consolidated Financial Statements, considering the following: i) the Company's parent company prepares consolidated financial statements based on the same accounting practices adopted by the Company; ii) the Company does not have at December 31, 2010 public debt instruments; and iii) the financial statements of the parent company are publicly released.

i) Summary of main accounting practices

The major accounting practices adopted in the preparation of these financial statements are described hereunder. Such practices are being consistently applied to all years presented, except where otherwise indicated.

a) Cash and cash equivalents

Cash and cash equivalents include cash, bank account balances and short-term investments redeemable up to three months or less from the date of the investments' acquisition, subject to insignificant risk of change in their market value. The short-term investments included as cash equivalents are mostly classified as financial assets at fair value through profit or loss. Such investments are valued at cost, plus interest accrued to the balance sheet date, and marked to market. Any gains or losses are recorded in the results for the year.

2. Presentation of financial statements and significant accounting practices (Continued)

b) Translation of foreign currency balances

The Company's functional currency is the Real, which is the same currency of preparation and presentation of the financial statements. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency (Real) at the exchange rate in force on the related balance sheet dates. Gains and losses arising from translation of these assets and liabilities between the rate of exchange in effect at the transaction date and the fiscal year closing dates are recognized as financial income or expenses in the results.

c) Revenue recognition

Revenue is recognized to the extent in which it is probable that economic benefits will be generated for the Company and it may be reliably measured. Revenue is measured based on the fair value of consideration received, excluding discounts, rebates and taxes or charges on sales. The Company evaluates revenue transactions in accordance with specific criteria to determine whether it is operating as agent or principal and has concluded that it is operating as the principal in all of its revenue contracts. The specific criteria below should also be met before recognizing revenue.

Revenue from sale of products is recognized when significant risks and rewards related to ownership of products are transferred to the buyer, which usually takes place upon product delivery.

d) Taxation

Income and social contribution taxes - current

Current tax assets and liabilities for the last year and prior years are measured at the expected amount recoverable from or payable to the tax authorities. The tax rates and tax legislation used to calculate the amount are those enacted at the balance sheet date.

2. Presentation of financial statements and significant accounting practices (Continued)

d) Taxation (Continued)

Deferred taxes

Deferred taxes are recognized for all deductible temporary differences and unused tax credits and losses, to the extent that it is probable that taxable income will be available to allow deductible temporary differences to be realized, and unused tax credits and losses to be used. Deferred tax liabilities are recognized for all temporary tax differences.

The book value of deferred tax assets is reviewed at the balance sheet date and written off to the extent that it is no longer probable that taxable income will be available to allow deferred tax assets to be used, whether in full or in part.

Deferred tax assets and liabilities are measured at the tax rate expected to be applied in the year in which the asset will be realized or the liability settled, based on the tax rates enacted at balance the sheet date.

Deferred tax assets and liabilities are presented net when there is a legal or constructive right to offset the tax asset against the tax liability, and deferred taxes relate to the same legal entity and are subject to the same tax authority.

Taxes on sales

Revenues, expenses and assets are recognized net of taxes on sales, except when:

- Sales taxes incurred on the purchase of goods or services are not recoverable from the tax authorities, in which case sales taxes are recognized as part of asset cost of acquisition or the expense item, as applicable;
- Amounts receivable and payable are presented together with the amount of sales taxes; and
- The net amount of sales taxes, whether recoverable or payable, is included as a component of amounts receivable or payable in the balance sheet.

2. Presentation of financial statements and significant accounting practices (Continued)

d) Taxation (Continued)

- Revenue from sales are subject to taxes and social contributions at the following rates:

  Social Contribution Tax on Gross Revenue for Social Integration Program - PIS: 1.65%.
  Social Contribution Tax on Gross Revenue for Social Security Financing - COFINS: 7.6%.
  VAT State - ICMS: 18%.

Revenues recorded in the income statements are net of the corresponding taxes.

e) Allowance for doubtful accounts

The allowance for doubtful accounts is recorded based on management's analysis of the client's portfolio, its operational experience and the economic scenario.

f) Inventories

Inventories are stated at the lower of cost or net realizable value. The cost is determined based on the average acquisition cost, not exceeding market value. Provisions for slow-moving or obsolete inventories are recorded when deemed necessary by management.

g) Investments

Investments in subsidiaries are stated by the equity method; other investments are recorded at cost.

h) Property, plant and equipment

The Company opted not to record its property, plant and equipment at fair value as deemed cost, considering that: (i) the cost method, less impairment, is the best method to value its property, plant and equipment items; (ii) the Company's property, plant and equipment are segregated in well defined classes related to its operating activities; (iii) management frequently reviews the recoverable amounts and estimates of the useful lives of its property, plant and equipment, consistent with prior years; and (iv) the Company has effective controls over its property, plant and equipment allowing identification of losses and changes in estimated useful lives of the assets.

2. Presentation of financial statements and significant accounting practices (Continued)

h) Property, plant and equipment (Continued)

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or impairment loss, when applicable. Such cost includes cost of replacing of property, plant and equipment parts. When significant parts of fixed assets are replaced, the Company recognizes such parts as individual assets, with useful life and specific depreciation. Likewise, when a significant inspection is conducted, the cost is recognized in the property, plant and equipment book value, if the recognition criteria are met. All other repair and maintenance costs are recorded in the income statement, when incurred. The present value of the expected cost of asset retirement after its use is included in the cost of the corresponding asset, if the criteria for recognition of a provision are met. The net book value and the estimated useful life of assets are reviewed and adjusted at year end, when necessary.

Depreciation is calculated on a straight-line basis, at the annual rates mentioned in Note 9, which take into consideration their estimated useful lives as follows (in years):

	Up to 2009	From 2010
Buildings	25	**50**
Machinery, equipment and industrial facilities	10	**30**
Furniture and fixtures	10	**10**
Vehicles	5	**5**
Railway wagons	10	**30**
Other assets	5	**5**

A property, plant and equipment item is written off when sold or when no future economic benefit is expected to arise from its use or sale. Any gain or loss resulting from the asset write-off (calculated as the difference between net sales value and book value of the asset) are included in the income statement for the year in which the asset is written-off.

The net book value and useful life of assets and the depreciation methods are reviewed at year end and adjusted on a prospective basis, when applicable.

2. Presentation of financial statements and significant accounting practices (Continued)

i) Intangible assets

These reflect the acquisition cost, less accumulated amortization and impairment losses, when applicable. Intangible assets are mainly comprised by mining rights, which are amortized on a straight line basis in accordance to the exploration contract, starting when the asset exploration begins.

j) Provision for impairment of non-financial assets

Management annually reviews the net book value of assets in order to evaluate events or changes in economic, operating or technological circumstances that may indicate deterioration or impairment. If such evidence is identified and the net book value exceeds recoverable value, a provision for impairment is recorded adjusting net book value to the recoverable value.

The recoverable value of an asset or a cash generating unit is defined as the higher of value in use or net sales price.

In estimating asset value in use, estimated future cash flows are discounted to present value, using a discount rate before taxes reflecting the weighted average cost of capital for the industry in which the cash generating unit operates. The net sales price is determined, whenever possible, based on firm sale contract in a transaction on an arm's length basis, between well informed and willing parties, adjusted by expenses attributable to the asset sale, or, when there is no firm sale contract, based on the market price in an active market, or the most recent transaction price with similar assets.

k) Loans and financing

Loans and financing include monetary and exchange rate variations, and include interest incurred to the balance sheet date, as provided for in contract.

2. Presentation of financial statements and significant accounting practices (Continued)

l) Provision for contingencies

The Company recognizes provisions for civil, tax and labor claims. Assessment of the likelihood of loss includes an analysis of available evidence, hierarchy of laws, available case law and recent court rulings and their relevance in the Brazilian legal system, in addition to an assessment by external legal counsels. The Company recognizes provision for contingencies for those proceedings whose likelihood of loss is assessed as probable. The proceedings for which the loss is assessed as possible are only disclosed when the amounts are material, and those considered remote are neither disclosed nor provisioned. The provisions are reviewed and adjusted to take into consideration changes in circumstances, such as applicable statute of limitation, conclusions of tax audits or additional exposures identified based on new matters or court decisions.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the uncertainties inherent in the estimate of the provision. The Company reviews its estimates and assumptions on an annual basis.

m) Other current and non-current assets and liabilities

An asset is recognized in the balance sheet when it is probable that its economic benefits will be generated in favor of the Company and its cost or value may be safely measured.

Liabilities are recognized in the balance sheet when the Company has a legal or constructive obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits. Provisions are recorded reflecting the best estimates of the risk involved.

Assets and liabilities are classified as current whenever their realization or settlement is likely to occur within the following twelve months. Otherwise, they are stated as non-current.

2. Presentation of financial statements and significant accounting practices (Continued)

n) Profit sharing

Profit sharing is accrued annually in the income statement, based on goals disclosed to employees and approved in collective agreements. Such amounts are recorded as personnel expenses under general and administrative expenses.

o) Cash flow and value added statements

The cash flow statements were prepared and are presented in accordance with Technical Pronouncement CPC 03 Cash Flow Statement, issued by the CPC. The value added statements were prepared and are presented in accordance with Technical Pronouncement CPC 09 Value Added Statement, issued by the CPC.

p) Financial instruments

The financial instruments are only recognized as from the date the Company and its subsidiaries become part of the financial instruments contracts. After being contracted they are initially recorded at fair value plus the transaction costs directly attributable to acquisition, except for the case of financial assets and liabilities classified as financial assets at fair value through profit and loss recorded in the income statements. Subsequently, they are measured at each balance sheet date, in accordance with the guidance applicable to each classification of financial assets and liabilities.

p.1) Financial assets: The main financial assets recognized by the Company are: cash and cash equivalents. These assets are classified under the following categories, according to the purpose for which they were acquired or issued:

(i) Financial assets at fair value through profit and loss: in this category are financial assets held for trading and those initially designated at fair value through profit and loss. If their original purpose is sale or repurchase in the short term, they are classified as items held for trading. At each balance sheet date they are measured at fair value. The interest, monetary indexation, foreign exchange variation and variations arising from determination at fair value are recognized in the income statement, as incurred, as financial income or expense.

2. Presentation of financial statements and significant accounting practices (Continued)

(ii) Loans and receivables: these are non-derivative instruments with fixed or determinable payments, though not quoted in an active market. After the initial recognition, they are measured at the amortized cost, using the effective interest rate method. The interest rate, monetary indexation and foreign exchange variation, when applicable, losses on the recoverable value, are recognized in the income statement, as incurred, as financial income or expense.

(iii) Investments held to maturity date: these are financial, non-derivative assets with fixed or determinable payments and defined maturity for which the Company has a positive intention and ability to hold until the maturity date. After the initial recognition, they are measured at the amortized cost, using the effective interest rate method. The interest rate, monetary indexation and foreign exchange variation, when applicable, losses on the recoverable value, are recognized in the income statement, as incurred, as financial income or expense.

p.2) Financial liabilities: The main financial liabilities recognized by the Company are: suppliers and loans and financing. They are classified under the following categories, according to the nature of the contracted financial instruments:

(i) Financial liabilities at fair value through profit and loss: these include financial liabilities usually traded before maturity, liabilities recorded, upon the initial recognition, at fair value through profit and loss, and derivative instruments. At each balance sheet date, they are measured at fair value. The interest rate, monetary indexation, foreign exchange variation and variations arising from determination at fair value, when applicable, are recognized in the income statement, as incurred, as financial income or expense.

(ii) Financial liabilities not measured at fair value: these are financial, non-derivative liabilities which are not usually traded before the maturity date. After the initial recognition, they are measured at the amortized cost, using the effective interest rate method. The interest rate, monetary indexation, foreign exchange variation and variations arising from determination at fair value, when applicable, are recognized in the income statement, as incurred, as financial income or expense.

2. Presentation of financial statements and significant accounting practices (Continued)

ii) Financial statements restatement

During the year ending December 31, 2011, the Company changed the procedure to recognize the raw material (“slag”) received in accordance with the agreement entered into with Companhia Siderúrgica Nacional – CSN, as described in Note 5. Previously, such raw material was recognized with no cost and after the change it started to be recognized based on its fair value. Accordingly, the Company changed the amounts previously presented as cost of sales and other operating expenses, net related to the year ended December 31, 2010, as follows:

	December 31, 2010		
	As previously presented	Adjustment	As restated
Income statement			
Cost of sales	**(276,193)**	**(4,068)**	**(280,261)**
Other operating expenses, net	**(15,471)**	**4.068**	**(11,403)**

The statement of value added related to the year ended December 31, 2010 was also restated to reflect the adjustments in cost of sales and other operating expenses, net.

3. Cash and cash equivalents

	2010	2009	1/1/2009
Cash and banks	**5,484**	6,331	2,816
Investment funds – DI	**-**	9,921	27,624
Credit instruments - CDB DI 1	**2,169**	-	-
	7,653	16,252	30,440

Investments funds (DI) are held with Credit Suisse, represented by short-term investments bearing interest that approximate the Interbank Deposit Certificate (CDI) variation and with daily liquidity.

4. Trade accounts receivable

	2010	2009	1/1/2009
Trade notes receivable	**35,993**	34,152	31,321
Allowance for doubtful accounts	**(9,375)**	(9,965)	(9,347)
	26,618	24,187	21,974

The changes in allowance for doubtful accounts in the years ended December 31, 2010 and 2009, as follows:

Balance at January 1, 2009	9,347
(+) Additions	348
(-) Write-offs	-
Balance at December 31, 2009	9,695
(+) Additions	**325**
(-) Write-offs	**(645)**
Balance at December 31, 2010	**9,375**

The allowance for doubtful accounts includes the provision for losses with a specific client in the amount of R$8,665, related to a foreign transaction entered in the past.

	2010	2009	1/1/2009
To be due	**26,012**	23,695	21,820
Due between 31 and 90 days	**549**	482	76
Due between 91 and 180 days	**57**	10	78
Due over 181 days	**9,375**	9,965	9,347
	35,993	34,152	31,321

5. Inventories

	2010	2009	1/1/2009
Current			
Finished products	**1,961**	2,425	2,283
Products in process	**1,922**	6,177	4,110
Raw materials - slag	**20,385**	30,952	17,071
Other raw materials	**16,219**	6,552	8,009
Maintenance and consumption materials	**8,342**	6,466	4,909
Inventories in transit	**705**	672	1,538
	49,534	53,244	37,920

	2010	2009	1/1/2009
Non-current			
Raw materials - slag	**4,324**	18,684	32,310
	4,324	18,684	32,310

The Company entered into an agreement with Companhia Siderúrgica Nacional - CSN, whereby the latter agrees to provide the Company with payment in kind of 850,000 tons of damp coarsely granulated slag (“new slag”). The quantities of new slag to be supplied by CSN are projected as follows: 400,000 tons in 2010, 300,000 tons in 2011 and 150,000 tons in 2012. This new slag is recognized as inventory based on fair value as received, against other operating expenses, net (see Note 22). As this new slag is consumed, it is transferred to production cost, and as the finished good is sold it is recognized as cost of sales.

6. Taxes recoverable

	2010	2009	1/1/2009
Current assets			
State Value Added Tax - VAT (ICMS)	**1,486**	3,751	3,250
Income Tax (IRPJ) - monthly payment	**2,198**	2,974	-
Social Contribution on Net Income (CSLL) - monthly payment	**811**	2,280	-
Other	**43**	291	605
	4,538	9,296	3,855
Non-current assets			
State VAT (ICMS)	**2,412**	-	-

The State VAT recoverable, classified as non-current assets, is related to acquisitions of property, plant and equipment, and shall be recovered after the next 12-month period.

7. Notes receivable

	2010	2009	01/01/2009
Polimix Concreto Ltda.	**-**	-	31,429
CAL Itaú Participações S.A.	**23,342**	21,096	19,065
	23,342	21,096	50,494
Current assets	**-**	-	23,053
Non-current assets.	**23,342**	21,096	27,441

The balance with Polimix Concreto Ltda. (“Polimix”) at January 1, 2009 was related to an asset sales/acquisition contract entered into by the Company and Polimix for the sale of the Company’s ready mix concrete assets and operations of R$53,000, which was completely realized as of December 31, 2009.

On September 30, 2008, the Company received from its parent company credits held against CAL Itaú Participações S.A., for amortization of intercompany loan maturing on December 1, 2012. The balance bears interest of 10.65% per year.

A.

ments (Continued)
d 2009
except when otherwise stated)

subsidiaries

the main subsidiaries

	2010				2009		1/1/2009	
	Mape Incorporação e Empreendimento s Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Cimento Tupi do Nordeste Ltda.	Agropecuária Tupi Ltda.	Cimento Tupi Overseas, Inc.	Agropecuária Tupi Ltda.	Cimento Tupi Overseas, Inc.
)								
%	**99.94**	**99.99**	**98.15**	**99.93**	99.99	100.00	99.99	100.00
	31,927	**1,984**	**6,350**	**(4,278)**	25,730	22,451	28,267	22,451
ear	**18,317**	**(1,329)**	**-**	**(3,641)**	(2,537)	-	24,826	-

vestments

	Mape Incorporação e Empreendimentos Ltda.	Agropecuária Tupi Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Cimento Tupi do Nordeste Ltda.	Outros	2010 Total	2009 Total	01/01/2009 Total
ar	**11,045**	**25.730**	**3.313**	**-**	**-**	**7,700**	**47,788**	39,608	15,387
	-	**-**	**-**	**6,300**	**-**	**-**	**6,300**	-	-
nt	**19,714**	**-**	**-**	**-**	**-**	**-**	**19,714**	11,045	-
	-	**-**	**-**	**-**	**-**	**(2,964)**	**(2.964)**	-	-
-	**-**	**(19,728)**	**-**	**-**	**-**	**-**	**(19,728)**	-	-
	(16,989)	**-**	**-**	**-**	**-**	**-**	**(16,989)**	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	-	(550)
	18,139	**(6,002)**	**(1,329)**	**-**	**(4,275)**	**(2,887)**	**3,646**	(2,865)	24,557
ee equity due to write-off of panies	**-**	**-**	**-**	**-**	**4,275**	**-**	**4,275**	-	-
	31,909	**-**	**1,984**	**6,300**	**-**	**1,849**	**42,042**	47,788	39,608
	31,909	**-**	**1,984**	**6,300**	**-**	**1,849**	**42,042**	47,788	39,608

8. Investments in subsidiaries (Continued)

b) Changes in investments (Continued)

Agropecuária Tupi Ltda.

Agropecuária Tupi Ltda., located in Ipiranga do Norte, Mato Grosso State, and a total area of 15,282 hectares, is engaged in soybean and rice farming and beef cattle raising.

At December 31, 2009, Agropecuária Tupi Ltda. subscribed and paid in capital of R$ 8,795 in Sociedade Mape Incorporação e Empreendimentos Ltda., through assignment and transfer of property.

In September 2010, Agropecuária Tupi Ltda. was merged into Mape Incorporação e Empreendimentos Ltda., located in Rio de Janeiro and engaged in real estate activities.

Mape Incorporação e Empreendimentos Ltda.

In 2009, the Company became part of Mape Incorporação e Empreendimentos Ltda, together with Agropecuária Tupi, as mentioned above, with subscription and payment of capital in the amount of R$ 11,045, through assignment and transfer of property and payment in cash. Mape is engaged in real estate activities.

Tupimec Indústria Mecânica Ltda.

Tupimec was incorporated on July 6, 1982, and produces, sells and exports parts and mechanical equipment, as well as provides services related to assembling and commercial representation, naval, port, and ferry maintenance services, as well as investing in other companies.

Tupi Mineradora de Calcário Ltda.

Tupi Mineradora was incorporated on June 26, 2007 and explores mining in all Brazil territory. The company can also invest in other companies. The company did not have activities in 2010. During the year, the Company capitalized R$6,300 in Tupi Mineradora, which acquired a mine in the South of Brazil.

8. Investments in subsidiaries (Continued)

b) Changes in investments (Continued)

Cimento Tupi do Nordeste Ltda.

Cimento Tupi do Nordeste was incorporated on February 3, 1989. It produces cement, and sells, transports and exports cement products. The company can also invest in other companies.

nts (Continued)
2009
cept when otherwise stated)

nd equipment

	2010			2009	1/1/2009	
	Cost	Accumulated depreciation	Net	Net	Net	Annual depreciation rates
	4,245	**-**	**4,245**	3,863	20,140	-
	30,335	**(16,578)**	**13,757**	14,571	15,722	2% (2009 - 4%)
dustrial						
	204,831	**(171,625)**	**33,206**	38,767	40,056	3,33% (2009 - 10%)
	2,930	**(2,675)**	**255**	183	170	10%
	1,256	**(1,181)**	**75**	113	87	20%
	1,908	**(822)**	**1,086**	1,146	1,011	3,33% (2009 - 10%)
	2,198	**(1,916)**	**282**	239	490	(*)
uipment	**33,123**	**-**	**33,123**	33,123	33,384	-
	4,796	**(3,707)**	**1,089**	882	734	20%
	31,917	**-**	**31,917**	20,971	15,902	-
	2,094	**-**	**2,094**	846	-	-
	319,633	**(198,504)**	**121,129**	114,704	127,696	

vith lease agreements.

9. **Property, plant and equipment** (Continued)

For the year ended December 31, 2010, depreciation in the amount of R$ 3,340 (R$ 6,555 in 2009) was recorded under cost of sales.

In compliance with CPC 27 and ICPC 10, during 2010, the Company conducted an assessment of the estimated useful life of its property, plant and equipment and related net book values. Such analyses were conducted by qualified experts, using well-grounded assumptions. Based on these analyses, the Company assessed the accounting estimates related to the depreciation rates of buildings, machinery, equipment and industrial installations and railway wagons, generating an effect on the results in 2010 of R$ 3,818 (less depreciation, in comparison with previous years), representing a gain per thousands of shares of R$ 17.79 (amount in Reais).

In 2010, based on an appraisal report issued by specialists, the Company recognized an impairment allowance for a group of machines and equipment which were not in use in the amount of R$ 11,055.

Uninstalled machinery and equipment is represented by items to be used in future projects for expansion of the Company's activities.

A.

ments (Continued)
d 2009
except when otherwise stated)

and equipment (Continued)

pperty, plant and equipment in the years ended December 31, 2010 and 2009 are as follows:

Land	Buildings	Machinery, equipment and industrial facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Uninstalled machinery and equipment	Other	Work in progress	Advances to suppliers	Total
20,139	30,268	204,414	2,760	1,291	1,490	2,091	33,384	3,834	15,902	-	315,573
-	62	3,745	53	73	418	229	-	425	6,306	846	12,157
(16,276)	(6)	-	-	(108)	-	-	(261)	-	(1,237)	-	(17,888)
3,863	30,324	208,159	2,813	1,256	1,908	2,320	33,123	4,259	20,971	846	309,842

Land	Buildings	Machinery, equipment and industrial facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Uninstalled machinery and equipment	Other	Work in progress	Advances to suppliers	Total
3,863	30,324	208,159	2,813	1,256	1,908	2,320	33,123	4,259	20,971	846	309,842
382	**11**	**8,156**	**117**	**-**	**-**	**87**	**-**	**537**	**11,423**	**2,605**	**23,318**
-	**-**	**(11,485)**	**-**	**-**	**-**	**(209)**	**-**	**-**	**(477)**	**(1,356)**	**(15,527)**
4,245	**30,335**	**204,831**	**2,930**	**1,256**	**1,908**	**2,198**	**33,123**	**4,796**	**31,917**	**2,094**	**319,633**

10. Loans and financing

	2010		2009	1/1/2009	
	Current	Non Current	Current	Current	Non Current
Local currency					
FINAME - Bancos Fibra e Safra - interest of 13% per year and monetary indexation based on official indexes, maturing up to 2010	**-**	**-**	991	2,100	991
BDMG and others - interest of 4.5% to 7% per year (13% in Dec/09) and monetary indexation based on official basket of rates, maturing up to 2015	**1,027**	**6,153**	536	642	428
Working capital					
Banrisul/Sofisa, Alfa, ABC Brasil and other banks, with average charges of 14.67% per year (19% in Dec/09) maturing up to March/2012	**34,980**	**13,000**	-	7,275	-
	36,007	**19,153**	1,527	10,017	1,419

Financing agreements are secured by a mortgage of part of the assets of the plant of Pedra do Sino - MG - and by financed items in the case of FINAME (Special Industrial Finance Agency).

There were no covenants in the loans and financing agreements at December 31, 2010.

Loans and financing recorded as non-current liabilities as of December 31, 2010 mature as follows:

2012	**15,344**
2013	**1,783**
2014	**1,218**
2015	**808**
	19,153

11. Related parties

a) Current assets and liabilities and transactions

Balances and transactions with related parties refers primarily to current accounts maintained for supply of services and input products intended for production and operation of the entities, in addition to administrative services rendered, as follows:

CIMENTO TUPI S.A.

Notes to financial statements (Continued)
December 31, 2010 and 2009
(In thousands of reais, except when otherwise stated)

11. **Related parties** (Continued)

a) Current assets and liabilities and transactions (Continued)

	Mape Incorporação e Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Cimento Tupi do Nordeste Ltda.	Tupi Mineradora de Calcário Ltda.	CP Cimento e Participações S.A.	Other	2010 Total	2009 Total	1/1/2009 Total
Non-current assets									
Current account	-	-	801	9,280	173,359	3,232	186,672	66,122	14,114
Current liabilities									
Current account	17,705	-	-		-	881	18,586	11,199	31,936
Transactions									
Cost of sales	-	(4,271)	-		-	-	(4,271)	(4,911)	(3,691)
Financial income (expenses)	-	-	-		12,944	-	12,944	4,104	(3,422)

The balance receivable from CP Cimento e Participações S.A. matures two years from July 2009, bearing interest based on the CDI variation plus 1.60% interest per year.

Cost of sales and services rendered correspond mainly to purchase of maintenance materials.

b) Other information

In addition to the above related parties, the Company is also related to the following companies, with which it did not conduct any transactions in 2010 and 2009:

Direct subsidiaries

- Sandra Mineração Ltda.
- Tupi Rio Transportes S.A.
- Cimento Tupi Overseas Inc.

12. Lawsuit payable

"Lawsuit payable" refers to the balance payable under the agreement entered into relating to the boundary suit filed by the estate of Fioravante Bargiona regarding a property acquired from Codemig - Companhia de Desenvolvimento de Minas Gerais. The total agreement amount of R$15,000 is payable in 30 monthly installments of R$ 500, beginning April 30, 2009. At December 31, 2010, the remaining balance of R$ 4,500 (R$ 10,500 at December 31, 2009) refers to nine remaining installments (twenty-one at December 31, 2009), the last of which matures on September 30, 2011.

13. Taxes and social contributions in installments

These refer to installment payments under PAES, ICMS and INSS and Law No. 11941/2009, obtained from Federal and State agencies since 2003.

	2010	**2009**	**01/01/2009**
Current liabilities	**8,770**	12,431	10,660
Non-current liabilities	**35,307**	38,232	24,234

The current portion is included in taxes payable.

On November 30, 2009, the Company joined the debt reduction and installment payment program set forth by Law No. 11941/09 substantially to PIS and COFINS. This option led to a debt reduction of R$ 6,111, recognized as other operating income and expenses.

Non-current balances as of December 31, 2010 mature as follows:

Maturity of payments	
2012	**6,127**
2013	**5,405**
2014	**4,483**
2015	**2,937**
2016 and after	**16,355**
	35,307

14. Shareholders' equity

a) Capital stock

At December 31, 2010, the fully subscribed and paid-in capital is represented by 107,336,023 common shares and 107,336,023 preferred shares, with no par value. Preferred shareholders do not have voting rights and are not entitled to minimum or fixed dividends. At December 31, 2009, the fully subscribed and paid-in capital is represented by 507,064,565 common shares and 172,482,732 preferred shares.

During 2010, the Company performed a grouping of common and preferred shares, without changing the capital. For the earnings per share calculation, the shares grouping mentioned above was considered as having occurred as of January 1, 2009, as required by CPC 41.

b) Capital reserve

The premium share subscription reserve represents the excess paid in the shares issuance, in relation to the basic value of the shares issuance in 1996. The tax incentive reserve represents the investments in tax incentives related to prior years.

c) Legal reserve

The legal reserve is recorded based on the allocation of 5% of the net income for the year, up to the limit of 20% of capital, as provided for in the corporation law, and may be used to absorb accumulated losses.

d) Dividends

Shareholders are entitled to minimum mandatory dividends of 25% of annual net income, adjusted pursuant to legal provisions.

e) Interest on shareholders' equity

In the year ended December 31, 2010, the Company's management approved a payment of interest on shareholders' equity in the amount of R$ 12,870, calculated based on the long-term interest rate (TJLP) variation. Interest on shareholders' equity capital was recognized as financial expenses. For purposes of preparation of the financial statements, these expenses were reversed and recorded as dividends in the shareholders' equity. Interest on shareholders' equity was subject to withholding income tax of R$ 1,930. The net amount of R$ 10,940 is accrued for in current liabilities.

In addition to interest on shareholders' equity accrued at December 31, 2010, the Company records proposed dividends of R$71 from prior years, not yet paid.

CIMENTO TUPI S.A.

Notes to financial statements (Continued)
December 31, 2010 and 2009
(In thousands of reais, except when otherwise stated)

15. Income and social contribution taxes

The reconciliation of income for the years ended December 31, 2010 and 2009 and the income and social contribution tax bases recognized in accounting is shown below:

	Income tax		Social contribution tax	
	2010	**2009**	**2010**	**2009**
Income before income taxes	**44,708**	63,408	**44,708**	63,408
Equity results	**(3,646)**	2,865	**(3,646)**	2,865
Other additions and exclusions, net	**9,474**	(27,789)	**11,567**	(27,413)
Compensation of tax losses carryforward	**(15,132)**	(11,660)	**(15,751)**	(11,660)
Adjusted income before income and social contribution taxes	**34,204**	26,824	**35,678**	27,200
Statutory rate	**25%**	25%	**9%**	9%
Current income and social contribution taxes	**(8,551)**	(6,706)	**(3,211)**	(2,448)
Income and social contribution tax credits not recorded on income and social contribution tax losses for the year	**-**	4,144	**-**	1,397
Credit on social contribution tax loss carryforward used to offset penalty and interest on taxes paid in installments, as per Law No. 11941/09.	**-**	-	**-**	7,260
Deferred income and social contribution tax credits recorded on income and social contribu ion tax losses	**24,933**	-	**2,101**	-
Income (expense) of income and social contribution taxes	**16,382**	(2,562)	**(1,110)**	6,209

Considering the generation of results and taxable profit during the past three years and the expectation of taxable profit in coming years, the Company recorded deferred income and social contribution tax assets on tax losses carryforward and temporary differences in the amount of R$27,034, with the expected realization shown below. Income and social contribution tax losses have no expiration dates, but the Company may only use up to 30% of the taxable income a year.

2011	**7,116**
2012	**5,120**
2013	**7,843**
2014	**6,955**
	27,034

CIMENTO TUPI S.A.

Notes to financial statements (Continued)
December 31, 2010 and 2009
(In thousands of reais, except when otherwise stated)

16. Contingencies

At December 31, 2010, the Company recorded provision for contingencies arising from labor claims, with probability of losses considered probable, in the amount of R$ 1,693 (R$ 1,433 and R$38,182 as of December 31, 2009 and 2008, respectively).

The changes in the provision for contingencies during the years ended December 31, 2010 and 2009 were as follows:

Balance at January 1, 2009	38,182
(+) Additional provision	1,433
(-) Payment or reversal of provision	(38,182)
Balance at December 31, 2009	1,433
(+) Additional provision	**260**
(-) Payment or reversal of provision	**-**
Balance at December, 2010	**1,693**

The reduction in the provision during 2009 was due to the tax installment process related to PIS and COFINS, as disclosed on Note 13.

At December 31, 2010, the Company had judicial deposits of R$2,955 (R$2,111 in 2009).

Additionally, the Company has civil, labor, and tax-related actions that have been filed against the Company involving risk of loss that is classified as possible by management and the Company's legal advisors. No provision has been recorded for these contingencies. The amount of such contingencies as of December 31, 2010 was R$41,750, as follows:

Nature	**2010**
Tax	**23,278**
Civil	**2,375**
Labor	**16,097**
	41,750

17. Insurance coverage

It is the Company's practice to enter into insurance contracts to cover its inventories and property, plant and equipment against operational risks. When assessing the risks, the following factors are considered: (a) decentralization of the industrial plants (Minas Gerais, Rio de Janeiro and São Paulo); (b) nature of activities; and (c) preventive measures against accidents. The maximum limit is R$ 90,000 for industrial plants and up to R$ 10,000 for the other units. The contracted coverage takes into account the estimate made to cover losses in locations with high concentration of risk and the maximum claim possible in a single event. The risk assumptions adopted, given their nature, were not part of the scope of the audit engagement and, as such, were not audited by our independent auditors.

18. Financial instruments and risk management

18.1. Financial instruments analysis

The Company evaluated its financial assets and liabilities relative to the market value through the information available and the appropriate evaluation methodologies. However, the interpretation of market data and the selection of evaluation methods require extensive judgment and estimates to calculate the most appropriate realization value. Consequently, the estimates presented do not necessarily represent the amounts that may be realized in the market. The use of different market assumptions and/or methods may have a material effect on the estimated realization values.

A.

ments (Continued)
d 2009
except when otherwise stated)

uments and risk management (Continued)

on of financial instruments by category

sets are classified as follows:

	2010			2009			01/01/2009		
assets	Receivables	At fair value through profit and loss	Total	Receivables	At fair value through profit and loss	Total	Receivables	At fair value through profit and loss	Total
valents	**-**	**7,653**	**7,653**	-	16,252	16,252	-	30,440	30,440
eivable	**26,618**	**-**	**26,618**	24,187	-	24,187	21,974	-	21,974
	6,950	**-**	**6,950**	9,296	-	9,296	3,855	-	3,855
	23,342	**-**	**23,342**	21,096	-	21,096	50,494	-	50,494
	186,672	**-**	**186,672**	66,122	-	66,122	14,114	-	14,114
	243,582	**7,653**	**251,235**	120,701	16,252	136,953	90,437	30,440	120,877

18. Financial instruments and risk management (Continued)

18.2. Classification of financial instruments by category (Continued)

The Company's major financial liabilities are measured at amortized cost, as follows:

Financial liabilities	2010	2009	01/01/2009
Suppliers	**9,533**	10,067	10,214
Loans and financing	**55,160**	1,527	11,436
Payables to related parties	**29,596**	11,270	31,936
Interest on shareholder's equity and dividends	**11,011**	71	71
	105,300	22,935	53,657

In 2010 and 2009, the Company did not record investments held to maturity or financial assets available for sale.

The fair value of financial assets and liabilities is included in the amount for which the instrument could be exchanged in a transaction where the parties are willing to negotiate and not in a forced sale or settlement. The following methods and assumptions were used to estimate the fair value:

- ► Cash and cash equivalents, trade accounts receivable, trade accounts payable and other short-term liabilities close to their respective book value to the short-term maturity of these instruments.
- ► The fair value of receivables does not differ significantly from book balances, as the monetary indexation is consistent with market and/or they are adjusted by provision for impairment.
- ► Loans and financing are not actively negotiated, and fixed interest rates are consistent with observable market rates. As such, the reported book balances approximate the related fair values.

18. Financial instruments and risk management (Continued)

18.3. Fair value measurement

The table below shows an analysis of the financial instruments recognized at their fair value after the initial recognition. These instruments are grouped on three levels based on how their fair value is priced:

a) Level 1: the measurement of fair value derives from prices (not adjusted with monetary indexation) on active markets based on identical assets and liabilities;

b) Level 2: the measurement of fair value derives from other priced inputs included on Level 1 through an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

c) Level 3: the measurement of fair value derives from evaluation techniques that include asset or liability not traded on an active market.

	Level 1	Level 2	Level 3
Cash and cash equivalents	-	7,653	-

18.4. Risk management

The Company's financial operations are conducted by the finance department, following a conservative strategy that seeks to maximize security, profitability and liquidity, previously approved by the Board of Directors and shareholders. According to the Company's policy, protection mechanisms must be adopted against financial risks arising from contracted obligations, whether in local or foreign currency, with a view to managing risk exposures tied to foreign exchange variations.

Following management's analysis of the risk involved in the contracted debt, derivative financial instruments against foreign exchange variations are simultaneously contracted.

18. Financial instruments and risk management (Continued)

18.4. Risk management (Continued)

The financial institutions' selection criteria follow parameters that consider the rating awarded by recognized risk analysis agencies, net equity and operation and resource concentration levels. The major market risk factors that could impact the Company's business are as follows:

a) Currency risk due to foreign exchange variations

The currency variation risks consider to the possibility that the Company may suffer losses due to fluctuations in foreign exchange rates. As of December 31, 2010 and 2009, the Company did not have material balances in foreign currency.

b) Credit risk

The financial instruments that subject the Company to credit risks refer to cash and cash equivalents and accounts receivable. The Company's operations are conducted with banks having acknowledged liquidity, thus minimizing risk.

The risk of incurring losses with uncollectable amounts billed to clients is minimized, since sales are spread across a large client base, and are conditioned to a defined individual credit limit per client. The allowance for doubtful account as at December 31, 2010 and 2009 is basically related to a specific client.

c) Interest rate risk

This risk arises from the possibility that the Company may incurr losses due to interest rate fluctuations, increasing financial expenses, particularly from contracted loans.

18. Financial instruments and risk management (Continued)

18.4. Risk management (Continued)

d) Liquidity risk

“Liquidity risk” represents the risk of cash shortage and the difficulty in honoring debts. The Company seeks to align maturity of its debts with the cash generating period, thus avoiding mismatching and the need for a higher leverage. The Company is currently negotiating its contracts aiming to align number of days of accounts receivable and accounts payable and, as such, improve the net working capital position, which was negative at December 31, 2010.

18.5. Table with sensitivity analysis – effect on fair value variation

The table below shows the sensitivity analysis based on hypothetical changes in risk considered significant by management that could adversely impact the financial statements

Sensitivity analysis (*)	Estimated effect on income before income taxes for 2010
	R$
Interest rate sensitivity	
20% increase in the basic interest rate	**1,185**
20% decrease in the basic interest rate	**(1,140)**

(*) Based on the actual effects in 2010, management made the sensitivity analyses above maintaining all the other variables.

At December 31, 2010 and 2009, the Company did not operate with derivatives.

19. Employee profit sharing program

The Company annually enters into profit-sharing agreements with its employees. The amounts paid and the provision of R$ 2,969 (R$ 3,347 in December 2009) were recorded as "General and administrative expenses" in the income statement.

20. Management fees

Fees paid to the Company's management for the year ended December 31, 2010 totaled R$ 3,395 (R$ 2,828 in December 2009).

The Company does not pay other benefits to its management.

21. Net operating revenue

Based on CPC 26, the Company presented the income statement based on net operating revenue. Up to December 31, 2009, the income statement was presented starting from gross revenues. Below is the reconciliation between gross revenue and net operating revenue for the years ended December 31, 2010 and 2009:

	2010	2009
Gross revenues		
Sale of products	**480,611**	451,382
	480,611	451,382
Sales deductions	**(105,828)**	(103,040)
Sales returns	**(187)**	(267)
VAT State on sales	**(84,151)**	(78,948)
PIS and COFINS on sales	**(21,490)**	(19,597)
Other deductions	**-**	(4,228)
Net operating revenue	**374,783**	348,342

22. Other operating expenses, net

	2010 (As restated)	2009
Other operating expenses		
Provision for impairment of property, plant and equipment	**(11,055)**	-
Disposal of property, plant and equipment	**(6,441)**	(4,640)
Assessment notice	**-**	(3,296)
Other operating expenses	**(1,108)**	(5,619)
	(18,604)	(14,539)
Other operating income		
Compensatory damages	**2,055**	-
Reduction in contingency related to PIS and COFINS (Law 11,941)	**-**	6,111
Slag received (*)	**4,068**	-
Other operating income	**1,078**	34
	7,201	6,145
	(11,403)	(8,394)

(*) Slag received from CSN as part of the agreement described in Note 5.

CIMENTO TUPI S.A.

Notes to financial statements (Continued)
December 31, 2010 and 2009
(In thousands of reais, except when otherwise stated)

23. Financial income (expenses)

	2010	**2009**
Financial expenses		
Interest on loans and financing	**(4,245)**	(1,276)
Interest on shareholders' equity	**(12,870)**	-
Other financial expenses	**(7,395)**	(319)
	(24,510)	(1,595)
Financial income		
Intercompany loan interest income	**12,944**	4,104
Income from monetary indexation of notes receivable-Cal Itaú	**2,247**	2,030
Short-term investments interest income	**297**	4,523
Other financial income	**971**	2,861
	16,459	13,518
	(8,051)	11,923

24. Other information

The Company does not operate in different business segments and the result of operations is managed based on the structure of the income statement. As such, the information by segment is not presented.

There were no subsequent events after December 31, 2010 that might materially impact the Company's financial statements for the year then ended.

25. Merger process

On March 21, 2011, the Board of Directors approved the downstream merger of the parent company, CP Cimento e Participações S.A., into the Company.

Directa
Auditores

CIMENTO TUPI S.A.

FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2010 AND 2009
AND THE INDEPENDENT
AUDITORS' REPORT

Directa Auditores
Rua Vergueiro, 2016, 8 e 9 andares - Vila Mariana
04102-000 - São Paulo - SP
Tel.: 11 2141-6300 - Fax: 11 2141-6323
www.directapkf.com.br

INDEPENDENT AUDITORS' REPORT

To Directors and Shareholders of
CIMENTO TUPI S.A.
Rio de Janeiro - RJ

1. We have examined the balance sheets of **CIMENTO TUPI S.A.**, as of September 30, 2010 and the related statements of income, of changes in shareholders´ equity, of cash flows and of value added for the nine-month period then ended, all prepared under the responsibility of the Management. Our responsibility is to issue an opinion on these financial statements.

2. We conducted our examination in accordance with auditing standards applicable in Brazil, which included: **a)** work planning, taking into consideration the Company's relevant balances, volume of transactions and accounting and internal control systems; **b)** verification, on a test-basis, of evidences and records supporting the amounts and accounting information disclosed; and **c)** evaluation of the most significant accounting practices used, and estimates made, by Management, as well as the overall financial statements presentation.

3. In our opinion, the financial statements referred to in paragraph 1 above present fairly, in all material respects, the financial position of **CIMENTO TUPI S.A.** as of September 30, 2010, the results of its operations, the changes in its shareholders' equity, its cash flows and value added for the nine-month period then ended, in accordance with accounting practices adopted in Brazil.

4. As mentioned in Note 2, in 2009, CVM approved many Pronouncements, Interpretations and Technical Guidance issued by CPC, which altered the accounting practices adopted in Brazil, with application for the financial statements of the year ended in December 31, 2010. As provided for in CVM's Deliberation 603/09, regarding the presentation of the quarterly information (ITR), the Company's Management opted to prepare the financial statements in September 30, 2010, using the accounting practices adopted in Brazil until December 31, 2009, that is, the Company did not apply the normative in effect for 2010. The Company disclosed this information on Note 2, describing the main changes that could have an impact on the financial statements for the year and the reasons why it prevents the estimative presentation of the possible effects on shareholders' equity and income.

5. The financial statements of **CIMENTO TUPI S.A.**, related to the nine-month period ended September 30, 2009, presented solely for comparative purposes, were submitted to us for a special review according to the specific standards of IBRACON – Brazilian Independent Auditors Institute and CFC (Accounting Federal Council), to the same extension to the exams applicable to the quarterly information required by CVM, as part of the special review work of the quarterly information of its subsidiary, CP CIMENTO E PARTICIPAÇÕES S.A.. Our special review did not reveal any relevant change that should be referred to in the financial statements.

Rio de Janeiro, November 19, 2010.

Directa Auditores

CRC Nº SP-013002/O-3F-RJ

Clóvis Ailton Madeira
CTCRC Nº SP-106895/O-1S-RJ

CIMENTO TUPI S.A.

BALANCE SHEETS AS OF SEPTEMBER 30, 2010 AND 2009
(In Thousands of Reais)

Assets	Sept/2010	Sept/2009
Current Assets		
Cash and Cash Equivalents (Note 4)	9.484	11.811
Accounts Receivable from clients	31.941	28.182
Bonds Receivable	-	4.868
Inventories (Note 5)	48.595	37.999
Taxes recoverable (Note 6)	4.166	4.111
Advances to suppliers	2.014	1.281
Other current assets	972	648
Total current assets	**97.172**	**88.900**
Non Current Assets		
Bonds Receivable (Note 7)	22.759	20.569
Inventories (Note 5)	6.654	28.766
Related-party transactions (Nota 11)	171.217	64.534
Escrow deposits	2.861	2.090
	203.491	**115.959**
Permanent assets		
Investments (Note 8)		
Subsidiaries	44.863	36.269
Other investments	2.082	2.082
Property, Plant and Equipment (Note 9)	125.800	127.285
Intangibles	4.517	4.517
	177.262	**170.153**
Total non current assets	**380.753**	**286.112**
Total assets	**477.925**	**375.012**

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

CIMENTO TUPI S.A.

BALANCE SHEETS AS OF SEPTEMBER 30, 2010 AND 2009
(In Thousands of Reais)

Liabilities and Shareholders´ Equity	Sept/2010	Sept/2009
Current Liabilities		
Suppliers – Trade payables	9.173	9.793
Salaries and payroll taxes	4.951	4.490
Loans and financing (Note 10)	28.783	2.584
Related-party transactions (Note 11)	35.444	12.746
Other taxes payable	17.552	24.546
Interest on own capital and dividends payable	71	71
Payables on legal suit (Note 12)	6.013	12.000
Other accounts payable	1.173	954
Total current liabilities	**103.160**	**67.184**
Non current liabilities		
Loans and financing (Note 10)	22.547	-
Refinanced taxes and contributions (Note 13)	36.773	17.554
Provision for contingencies (Note 16)	1.433	40.571
Total non current liabilities	**60.753**	**58.125**
Shareholders' Equity (Note 14)		
Capital	279.891	279.891
Capital reserves	65.325	65.325
Revenue reserve	2.380	2.380
Accumulated losses	(33.584)	(97.893)
Total Shareholders' Equity	**314.012**	**249.703**
Total liabilities and shareholders' equity	**477.925**	**375.012**

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

CIMENTO TUPI S.A.

STATEMENTS OF INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2010 AND 2009
(In Thousands of Reais, Unless Otherwise Indicated)

	Sept/2010	Sept/2009
Gross sales and service revenue		
Products sold	358.477	343.809
	358.477	**343.809**
Taxes and contributions on sales and services	(78.528)	(79.420)
Net Operating Revenue	279.949	264.389
Cost of products sold	(209.568)	(191.387)
Gross Income	70.381	73.002
Operating Expenses		
Selling	(5.215)	(5.179)
General and administrative	(13.736)	(14.675)
Management´s fees (Note 20)	(1.485)	(1.411)
Other operating expenses – net	(1.625)	(9.050)
Operating Income before participation and financial income	**48.320**	**42.687**
Resultado de Participações Societárias		
Equity result	(6.247)	(3.339)
	42.073	**39.348**
Financial Income		
Financial expenses	(8.559)	(4.305)
Financial revenues	10.695	11.397
	2.136	**7.092**
Operating Income	**44.209**	**46.440**
Pretax and social contribution income	**44.209**	**46.440**
Income tax and social contribution (Note 15)	(11.462)	(10.947)
Income for the Year	**32.747**	**35.493**
Shares outstanding at year-end (in thousands)	679.547	679.547
Earnings per thousand-share lot at year-end - R$	**48,19**	**52,23**

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

STATEMENT OF CHANGES IN SHAREHOLDERS´ EQUITY
FOR THE PERIODS ENDED IN SEPTEMBER 30, 2010 AND 2009
(In Thousands of Reais)

	Capital	Capital Reserves	Revenue Reserves		
	Capital	Premium on Share Subscription	Reserve for Fiscal Incentives	Retained Earnings (Accumul. Losses)	Total
At December 31, 2008	**279.891**	**65.325**	**2.380**	**(133.386)**	**214.210**
Income for the period	-	-	-	35.493	35.493
At September 30, 2009	**279.891**	**65.325**	**2.380**	**(97.893)**	**249.703**
Income for the period	-	-	-	31.562	31.562
At December 31, 2009	**279.891**	**65.325**	**2.380**	**(66.331)**	**281.265**
Income for the year	-	-	-	32.747	32.747
At September 30, 2010	**279.891**	**65.325**	**2.380**	**(33.584)**	**314.012**

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

CIMENTO TUPI S.A.

STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED
SEPTEMBER 30, 2010 AND 2009
(In Thousand of Reais)

OPERATING ACTIVITY	Sept/2010	Sept/2009
Pretax Income	44.209	46.440
Deductions from Income		
Depreciation/amortization	5.575	5.507
Property, Plant and Equipment written off	694	590
Loss(Gain) on evaluation on the equity method	6.247	3.339
Fines and interest on liabilities	(2.727)	(2.647)
Income tax and social contribution	(11.462)	(10.947)
Adjusted net income	**42.536**	**42.282**
(Increase)/Decrease in assets accounts		
Trade bills receivable	(7.498)	(5.964)
Bills and bonds receivable	-	24.402
Allowance for doubtful accounts	(255)	(243)
Taxes recoverable	(373)	(232)
Inventories	16.679	3.465
Advances	(946)	331
Other credits	33	2.689
Escrow deposits	(750)	(36)
Increase/(Decrease) in liabilities accounts		
Suppliers – Trade payables	(278)	(270)
Tax obligations	(2.062)	(8.302)
Labor and social obligations	1.067	976
Interest on loans	(2.286)	2.542
Other obligations	(7.058)	(4.701)
CASH FLOW GENERATED BY(USED IN) OPERATING ACTIVITIES	**38.812**	**56.939**
INVESTING ACTIVITIES	(11.143)	(2.924)
Acquisition of Property, Plant and Equipment	51	2.560
Disposal of Property, Plant and Equipment	(3.323)	-
Acquisition of investments	**(14.415)**	**(364)**
CASH FLOW GENERATED BY(USED IN) INVESTING ACTIVITIES		
FINANCING ACTIVITIES	(72.799)	(67.025)
Payment to related parties	41.634	(8.180)
Loans repaid	**(31.165)**	**(75.205)**
CASH FLOW GENERATED BY FINANCING ACTIVITIES	**(6.768)**	**(18.630)**
Net increase (decrease) in cash and cash equivalents	16.252	30.441
Cash and cash equivalents at the beginning of period	**9.484**	**11.811**

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

CIMENTO TUPI S.A.

ADDED VALUE STATEMENT
FOR THE PERIODS ENDED SEPTEMBER 30, 2010 AND 2009
(In Thousands of Reais)

	Sept/2010	Sept/2009
Revenues		
Gross operating revenue	358.477	343.809
Allowance for doubtful accounts	(255)	(243)
Other operating expenses net	(2.840)	-
	355.382	**343.566**
Input acquired from third parties		
Costs of products sold	(160.256)	(150.590)
Materials, energy, third parties´ and other services	(74.746)	(79.842)
Gross value added	**120.380**	**113.134**
Amounts withheld		
Depreciation and amortization	(5.575)	(5.507)
Net added value generated	**114.805**	**107.627**
Added value received through transfer		
Equity pickup	(6.247)	(3.339)
Financial revenues	10.695	11.397
Total value added to be distributed	**119.253**	**115.685**
Distribution of value added		
Personnel and payroll taxes	22.567	20.987
Taxes, rates and contributions	53.588	53.379
Interest and rentals	10.351	5.826
Withheld income	32.747	35.493
	119.253	**115.685**

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

1. OPERATIONS

Cimento Tupi S.A.´s activities comprise the manufacturing of cement and mortar of all types at its plants located in Volta Redonda – RJ, Pedra do Sino – MG and Mogi das Cruzes – SP; exploration of mineral reserves, use of cement manufacturing by-products, provision of concrete-paving services, and participation in other companies.

A Global Debt Restructuring Agreement was signed on March 5, 2007, by Cimento Tupi S.A., its parent company and relevant creditors of both of them, aiming at restructuring and extend their debts, under certain conditions implemented on March 15, 2007.

2. PRESENTATION OF THE FINANCIAL STATEMENTS

Preparation of the Financial Statements

The financial statements were prepared in accordance with accounting practices adopted in Brazil, in line with the Corporate Law, the Federal Accounting Council – CFC, and the Brazilian Independent Auditors Institute – IBRACON´s guidance , as well as the Brazilian Securities Commission – CVM ´s resolutions and regulations and the amendments introduced by Laws 11.638/07 and 11.941/09. Such accounting practices are consistent with those adopted in the financial statements for the period ended in September 30, 2009.

At the Board of Directors´ Meeting held on November 19, 2010, the completion of the financial statements and subsequent submission to the Administrative council were authorized.

The Law 11,638 promulgated on December 28, 2007 changed, revoked and introduced new provisions to the Corporate Law (Law 6,404 of December 15, 1976), seeking for harmonization of accounting practices adopted in Brazil with the international accounting standards (IFRS) arising from the pronouncements of the International Accounting Standards Board (IASB).

For the year of 2009, new technical pronouncements were issued by CPC and approved by CVM, for mandatory application in 2010, The CVM Deliberation 603/09, approved on November 10, 2009, allowed companies to present their quarterly information for 2010 according to the accounting standards in effect until December 31, 2009.

The Company has opted to present the financial statements for the period ended in September 30, 2009 according to the standards in effect until December 31, 2009. Below, the CPCs which can be applied to the Company, considering its operations are presented:

CPC	Deliberation CVM	Title
15	580	Business Combinations
16	575	Inventories
18	605	Investment in Associates
20	577	Borrowing Costs
21	581	Interim Financial Reporting
23	592	Accounting Policies, Changes in Accounting Estimates and Errors
24	593	Subsequent Events
25	594	Provisions, Contingent Liabilities and Contingent Assets
26	595	Presentation of Financial Statements
27	583	Property, Plant and Equipment
28	584	Investment Property
30	597	Revenues
31	598	Non Current Assets Held for Sale and Discontinued Operations
32	599	Income Taxes
33	600	Employee Benefits
36	608	Consolidated Financial Statements
37	609	First-time Adoption of International Accounting Standards
38	604	Financial Instruments: Recognition and Measurement
39	604	Financial Instruments: Presentation
40	604	Financial Instruments: Disclosures
ICPC 08	601	Accounting of Dividend Payment Proposal
ICPC 09	618	Individual Financial Statements, Separated Financial Statements, Consolidated Statements and Application of Equity Equivalence Method
ICPC 10	619	Interpretation on Initial Application to Property, Plant and Equipment and Investment Property of Technical Pronouncements CPCs 27, 28, 37 and 43
ICPC 12	621	Changes in Existing Decommissioning, Restoration and Similar Liabilities

Considering the complexity of the pronouncements and the need of changes in the operational process and information systems which are in progress/implementation to contemplate these normative, the Company cannot evaluate and estimate without risks the reflections/impacts.

The financial statements were prepared at an intermediate date in order to attend the incorporation of its subsidiary CP Cimento e Participações S.A..

3. SUMMARY OF THE MAIN ACCOUNTING PRACTICES

The operations are accounted for and the financial statements are prepared in accordance with accounting practices adopted in Brazil.

a. Cash and Cash Equivalents

These comprise cash, checking account balances and short-term investments in the Money market redeemable in 90 days from the balance sheet date, with negligible risk of change in market value and classified as financial assets valued at fair value against the income. These investments are valued at cost plus interest through the balance sheet date and marked at market, with the related gains or losses recorded as income for the year.

b. Income Determination

The sales of products and related costs, as well as the other revenues and expenses are recorded on the accrual basis. The income and costs arising from Sales of products are recognized when all the risks and benefits inherent to the product are transferred to the buyer.

c. Allowance for Doubtful Accounts

This is recorded based on an analysis of the client portfolio, past experience with operations and the economic conditions.

d. Inventories

Inventories are stated at the average acquisition or production cost, which is lower than the replacement or realizable value, and if necessary, adjusted through a provision for devaluation.

e. Other Current and Non Current Assets

These other assets are stated at cost or realizable value including, where applicable, the related earnings.

f. Investments

The investments in subsidiaries are valued on the equity method, including goodwill. The other investments are stated at cost.

g. Property, Plant and Equipment

Property, Plant and Equipment is represented mainly by lands, buildings, machinery, equipment, industrial facilities and railway wagons.

Depreciation is calculated on the straight-line method, at the annual rates mentioned in Note 9, which take into consideration the estimated useful life of assets.

h. Intangibles

These reflect acquisition costs net of accumulated amortization and where applicable, losses on impairment of assets. The intangible assets are mainly composed of trademarks, patents and mining rights.

i. Current and Non Current Liabilities

Current and non current liabilities are stated at known or estimated amounts plus, where applicable, the related charges incurred up to the balance sheet date.

A provision for income tax was set up at 15% on the taxable income plus 10% surtax. The provision for social contribution was set up at 9% of the adjusted pretax income.

j. Provision for Contingencies

This is set up based on both internal and external legal counselors' and the Management's opinion, in an amount deemed sufficient to cover probable losses and risks. Any possible losses are disclosed and the remote ones are not.

k. Use of Estimates

In preparing the financial statements, estimates are required as a basis for recording certain transactions affecting assets, liabilities, revenues and expenses, as well as for disclosing some information in the financial statements. The final results of these transactions and information, upon their subsequent realization, may differ from the estimates. The main estimates relating to the financial statements of the Company are reviewed on a quarterly and yearly basis and refer to: allowance for doubtful accounts, deferred income tax assets, provision for contingencies, provision for losses on inventories, useful life of equipment and provision for losses on investments.

4. CASH AND CASH EQUIVALENTS

	Sept/2010	Sept/2009
Cash and banks	7.369	6.008
DI – Investment Funds	-	5.803
CDB DI I – Credit Instruments	2.115	-
	9.484	**11.811**

The investments in DI investment funds refer to short-term, variable income investment fund quotas held in Credit Suisse, with yield approximating that of Interbank Deposit Certificate - CDI, with daily availability.

5. INVENTORIES

	Sept/2010	Sept/2009
Current		
Finished products	925	2.730
Products in process	1.898	2.150
Raw material – slag	23.507	19.127
Other raw materials	13.265	7.711
Maintenance and consumption materials	8.286	5.807
Inventories in transit	714	474
	48.595	**37.999**

	Sept/2010	Sept/2009
Non current		
Raw material – slag	6.654	28.766
	6.654	**28.766**

On December 17, 2009, a Term of Agreement was signed by Cimento Tupi and CSN, whereby the parties agreed upon the supply of by CSN to Cimento Tupi, by payment in kind of 850,000 tons of granulated slag and the return by Cimento Tupi to CSN, of the slag currently held by Cimento Tupi. This Term of Agreement supersedes all the other contracts and agreements previously signed by the parties.

6. TAXES RECOVERABLE

	Sept/2010	Sept/2009
ICMS	4.123	3.866
Others (IRRF)	43	245
	4.166	**4.111**

7. BILLS AND BONDS RECEIVABLE

	Sept/2010	Sept/2009
CAL Itaú Participações S.A.	22.759	20.569
Non current	**22.759**	**20.569**

8. INVESTMENTS IN SUBSIDIARIES

a. Information on the Main Subsidiaries

	Sept/2010			Sept/2009
	Mape Incorporação e Empreendimentos Ltda	Cimento Tupi Overseas, Inc.	Agropecuária Tupi Ltda.	Cimento Tupi Overseas, Inc.
At September 30, 2010				
Participation in capital - %	99,94	100,00	99,99	100,00
Shareholders´ Equity	30.524	22.451	25.123	22.451
Income (loss) for the year	**(85)**		**(3.144)**	

b. Changes in Investments

					Sept/2010	Sept/2009
	Mape Incorporação e Empreendimentos Ltda	Agropecuária Tupi Ltda.	Tupimec Indústria Mecânica Ltda	Others	Total	Total
At the beginning of year	**-**	**25.123**	**3.398**	**7.748**	**36.269**	**39.608**
Payments				6.300	6.300	
Acquisition of investments	30.759				30.759	
Investment write-off				(2.964)	(2.964)	
Merger write-off		(19.728)			(19.728)	
Equity result	(253)	(5.395)	(99)	26	(5.773)	(3.339)
Total investment	**30.506**	**-**	**3.299**	**11.058**	**44.863**	**36.269**
Participation in shareholders´ equity	**30.506**	**-**	**3.299**	**11.058**	**44.863**	**36.269**

In 2009, the Company became part of Mape Incorporação e Empreendimentos Ltda, by subscribing and paying capital in the amount of R$ 11.045, through assignment and transfer of a property and payment in cash.

Agropecuária Tupi Ltda. is headquartered in Ipiranga do Norte – MT it on a 15.282 ha area. Its activities comprise soybean and rice farming and beef cattle raising.

On December 31, 2009, Agropecuária Tupi Ltda., became part of Sociedade Mape, by subscribing and paying capital in the amount of R$ 8.795, through assignment and transfer of a property.

On September, 2010 Agropecuária Tupi Ltda. became part of Mape Incorporação e Empreendimentos Ltda., headquertered in Rio de Janeiro and explores real estate.

Cimento Tupi Overseas, Inc. - a foreign subsidiary formerly used for carrying out integrated cement and ground slag export activities, formed subsidiaries in the USA, among which is Cimento Tupi Americas, Inc.. Because its activities were discontinued, a provision for total loss on investment was recorded.

9. PROPERTY, PLANT AND EQUIPMENT

			Sept/2010	Sept/2009	
Accounts	**Cost**	**Accumulated Depreciation**	**Net**	**Net**	**Annual Depreciation Rates**
Plots of land	4.085	-	4.085	17.580	-
Buildings	30.324	(16.663)	13.661	14.814	4%
Machines, equipment and industrial facilities	215.631	(173.385)	42.246	39.707	10%
Furniture and fixtures	2.914	(2.663)	251	191	10%
Vehicles	1.256	(1.172)	84	124	20%
Railway cars	1.908	(986)	922	1.220	10%
Leasehold improvements	2.198	(1.908)	290	309	(*)
Uninstalled machines and equipment	33.123	-	33.123	33.123	-
Other assets	4.778	(3.619)	1.159	934	20%
Construction work in progress	29.190	-	29.190	19.047	-
Advances to suppliers	789	-	789	236	-
	326.196	**(200.396)**	**125.800**	**127.285**	

(*)Depreciation as stipulated under rental contracts

On September 30, 2010, the amount of R$ 5.575 (sept/2009 - R$ 5.507) related to depreciation was accouted for as cost of product sold.

The uninstalled machines and equipment pieces consist of assets to be used in the Subsidiaries´ future expansion projects.

10. LOANS AND FINANCING

	Sept/2010		Sept/2009	
		Non		Non
	Current	Current	Current	Current
Subsidiaries				
National currency				
FINAME – BDMG and others – interest at 4.5% to 7% per year (2009 – 13%) and monetary adjustment based on official indexes, due up to 2015.	713	6.714	2.292	-
National financial institutions				
Working capital - Banrisul/Sofisa, Alfa, ABC Brasil, with average of 14.67% per year (2009 – 19%) due up to March/2012.	28.070	15.833	292	-
	28.783	**22.547**	**2.584**	**-**

The loans are guaranteed by mortgage of part of the Pedra do Sino - MG plant´s assets and those financed by Government Agency for Machinery and Equipment Financing - FINAME

Debt Restructuring

On March 5, 2007, a Global Debt Restructuring Agreement (the "Agreement") was signed between the Company and its parent company CP Cimento Participações S.A. and their main creditors in the amount of R$ 319.570 plus US$ 32,421thousand of Fixed Rate Notes, aiming at restructuring the respective debts, which was fully paid in June 08, 2010.

11. RELATED-PARTY TRANSACTIONS

a. Current Assets and Liabilities and Transactions

The related-party balances and transactions basically comprise current accounts, provision of services and supply of input for production and business operations, as well as collection of fees for administrative services rendered, all of which can be thus shown:

	Mape Incorporaçãoe Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Cimento Tupi do Nordeste Ltda.	Other	CP Cimento e Participações S.A.	Sept/2010 Total	Sept/2009 Total
Non current assets							
Current accounts	-	-	4.874	8.526	157.817	171.217	64.534
Current liabilities							
Current accounts	34.545	-	-	899	-	35.444	12.746
Transactions							
Cost of products sold and services rendered	-	(3.097)	-	-	-	(3.097)	(970)
Financial revenues (expenses)					8.051	8.051	2.148

The receivables from CP Cimento e Participações S.A. mature in up to two years, as from July 2009, and bear interest at 1.60% p.a. plus the CDI variation.

The cost of products sold and services rendered mainly represent the purchase of maintenance materials.

b. Additional Information

In compliance with CVM Deliberation 560 of December 11, 2008, besides the Related Parties referred to above, the Company has connections with the following companies with which it did not have transactions in 2010 and 2009:

Direct Subsidiaries:

- Sandra Mineração Ltda.
- Cimento Touro Ltda.
- Tupi Rio Transportes S.A.
- Suape Granéis do Nordeste Ltda.
- Cimento Tupi Overseas Inc.
- Tupi Mineradora de Calcário Ltda.

12. ACCOUNTS PAYABLE UNDER LEGAL SUITS

These refer to payables under the suit filed by “Fioravante Bargiona Estate” in connection with a property acquired from Codemig – Companhia de Desenvolvimento de Minas Gerais.

13. REFINANCED TAXES AND CONTRIBUTIONS

These refer to PAES, ICMS, INSS and Law 11.941/2009 refinancing granted to Cimento Tupi S.A. by federal and state taxing agencies as from 2003.

	Sept/2010	Sept/2009
Current Liabilities	9.452	10.909
Non Current Liabilities	36.773	17.554

The current liabilities portion were disclosed under the heading "Other Taxes Payable".

On November 2009, the Company adhered to the debt reduction and refinancing program instituted by Law 11.941/09, and now await the ratification of their adherence by the "Secretaria da Receita Federal do Brasil" (Federal Income Tax Authority). The refinancing covers basically PIS and COFINS. The adherence to this program resulted in R$ 6.111 reduction of the Company´s tax debt, recorded under "Other Operating Expenses and Revenues".

14. SHAREHOLDERS' EQUITY

a. Capital

Capital, fully subscribed and paid up, comprises 507.064.565 common shares and 172.482.732 preferred shares (of which 152.482.732 are preferred Class A, 17.471.840 are preferred Class B and 2.528.160 are Class C preferred) without nominal value. The preferred shares are non-voting but are entitled to a minimum global, cumulative dividend in the equivalent to 7% of the income for the year.

b. Legal Reserve

This is recorded out of appropriation of 5% of the net income for the year, up to 20% of capital, limit prescribed at the corporate law, and can be used to absorb accumulated loss.

c. Dividends

Shareholders are entitled to minimum statutory dividends in the equivalent to 25% of the net income for the year, as legally stipulated.

15. INCOME TAX AND SOCIAL CONTRIBUTION

Below, the reconciliation of the income for the periods ended September 30, 2010 and 2009 with recognition of the income tax and social contribution basis of calculation:

	Income Tax		Social Contribution	
	Sept/2010	**Sept/2009**	**Sept/2010**	**Sept/2009**
Pre-tax profit (loss)	44.209	46.440	44.209	46.440
Equity result	6.247	3.339	6.247	3.339
Compensation of tax loss	(15.727)	(19.144)	(16.345)	(19.144)
Other additions and exclusions net	(1.213)	1.265	144	2.387
Adjusted profit	33.516	31.900	34.255	33.022
Applicable rates	25%	25%	9%	9%
Current income tax and social contribution	(8.379)	(7.975)	(3.083)	(2.972)

The Company has not recorded the accumulated credits of Income Tax and Social Contribution Deferred on Tax Losses of R$ 25.865 and the negative base of R$ 2.437, because it does not have the record of profitability required by the accounting practices, although the Company has a taxable profit projection, which indicates the perspective of realization of such credits.

16. CONTINGENCIES

The Company has reverted the tax and contribution provision subject to tax review due to the adhesion to the debt refinancing program according to Law 11.941/09.

On September 30, 2010, the Company keeps a provision for a contingency deriving from labor discussions, with remote possibility of success at R$ 1.433.

The other lawsuits of tax and non tax nature are evaluated by the management and its legal consultants and do not present significant amounts and have no expectation of probable and possible loss.

17. INSURANCE COVERAGE

The Company adopts the practice of hiring an insurance coverage for its inventories and property, plant and equipment as Operating Risk Insurance. On risk assessment, the following aspects are considered: (a) location of plants (Minas Gerais, Rio de Janeiro and São Paulo); b) nature of activities; and c) preventing measures against accidents. The maximum limit of compensation – LMI – is R$ 90.000 for industrial plants and up to R$ 10.000 for the other units. The amounts of coverage take into consideration the estimates to cover eventual losses in places where the risk concentration is higher and the maximum possible loss in one event.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In compliance with CVM Instruction 475 of December 17, 2008, the Company states that the following are the main derivative instrument risks to which they are exposed:

a. Currency and Exchange Variation Risk

The exchange variation risks to which the Company and its subsidiaries are exposed involve the possibility of losses on exchange rate fluctuation. To control the exposure to risks arising from obligations in foreign currency, the company and its subsidiaries use derivative instruments under contracts with financial institutions and/or via the BM&F – Commodities and Futures Exchange.

b. Fair value of financial instruments

As of September 30, 2010, the Company has no outstanding operations involving derivative instruments.

c. The Company's safeguard policy against financial risks – A summary

The Company's policy establishes that protection mechanisms against financial risks arising from obligations must be adopted, whether in foreign or domestic currency, aiming at managing the exposure of risks associated to exchange variation.

Derivative financial instruments against exchange variation must take place after the risk analysis made by the Company's management, simultaneously with the debt that originated such exposure.

The selection criteria of financial institutions follow parameters which take into consideration the rating disclosed solely by known risk analysis, shareholders' equity and operating concentration levels agencies.

d. Illustrating Chart of Sensitivity Analysis – Effect on fair value variation

On September 30, 2010, the Company does not own any applications on derivative financial instruments, as prescribed by Deliberation 550 of October 17, 2008.

19. EMPLOYEES INCOME PARTICIPATION PROGRAM

The Company annually signs an agreement for the employees' participation on the income. The participation paid and the provision composed of R$ 2.514 (2009 - R$ 3.347) were recorded at "General and management expenses" on the income of the year.

20. MANAGEMENT FEES

The management fees of the Company and its subsidiaries of the period ended September 30, 2010 were R$ 1.485 (sept/2009 - R$ 1.411).

The Company does not pay other benefits to the management.

*****

Directa
Auditores

CIMENTO TUPI S.A.

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2009 AND 2008
AND THE INDEPENDENT
AUDITORS´ REPORT

Directa Auditores
Directa Auditores
Rua Vergueiro, 2016, 8 e 9 andares - Vila Mariana
04102-000 - São Paulo - SP
Tel.: 11 2141-6300 - Fax: 11 2141-6323
www.directapkf.com.br

INDEPENDENT AUDITORS´ REPORT

The Directors and Shareholders
CIMENTO TUPI S.A.
Rio de Janeiro - RJ

1. We have examined the balance sheets of **CIMENTO TUPI S.A.** , as of December 31, 2009 and 2008 and the related statements of income, of changes in shareholders´ equity, of cash flows and of value added for the years then ended, all prepared under the responsibility of the Management. Our responsibility is to issue an opinion on these financial statements.

2. We conducted our examination in accordance with auditing standards applicable in Brazil, which included: **a)** work planning, taking into consideration the Company's relevant balances, volume of transactions and accounting and internal control systems; **b)** verification, on a test-basis, of evidences and records supporting the amounts and accounting information disclosed; and **c)** evaluation of the most significant accounting practices used, and estimates made, by Management, as well as the overall financial statements presentation.

3. In our opinion, the financial statements referred to in paragraph 1 above present fairly, in all material respects, the financial position of **CIMENTO TUPI S.A.** as of December 31, 2009 and 2008, the results of its operations, the changes in its shareholders´ equity, its cash flows and value added for the years then ended, in accordance with accounting practices adopted in Brazil.

Rio de Janeiro, January 29, 2010.

Directa Auditores

CTCRC Nº SP-013002/O-3F-RJ

Clóvis Ailton Madeira
CTCRC Nº SP-106895/O-1S-RJ

CIMENTO TUPI S.A.

BALANCE SHEETS AS OF DECEMBER 31
(In Thousands of Reais)

Assets	**2009**	**2008**
Current Assets		
Cash and Banks(Note 4)	16.252	30.440
Trade receivables	24.187	21.974
Bills and bonds receivable (Note 7)	-	23.053
Inventories (Note 5)	53.244	37.920
Taxes recoverable (Note 6)	9.296	3.855
Advances to suppliers	1.068	1.612
Other current assets	397	3.077
Total current assets	**104.444**	**121.931**
Non Current Assets		
Bills and bonds receivable (Note 7)	21.096	27.441
Inventories (Note 5)	18.684	32.310
Related-party transactions (Nota 11)	66.122	14.114
Escrow deposits	2.111	2.054
	108.013	**75.919**
Permanent assets		
Investments (Note 8)		
Subsidiaries	47.788	39.608
Other investments	2.082	2.082
Fixed assets (Note 9)	114.704	127.696
Intangibles	4.517	10.250
	169.091	**179.636**
Total non current assets	**277.104**	**255.555**
Total assets	**381.548**	**377.486**

The accompanying notes are an integral part of these financial statements

CIMENTO TUPI S.A.

BALANCE SHEETS AS OF DECEMBER 31
(In Thousands of Reais)

Liabilities and Shareholders´ Equity	2009	2008
Current Liabilities		
Suppliers – Trade payables	10.067	10.214
Salaries and payroll taxes	3.883	3.514
Loans and financing (Note 10)	1.527	10.017
Related-party transactions (Note 11)	11.199	31.936
Other taxes payable	19.625	22.325
Interest on own capital and dividends payable	71	71
Payables on legal suit (Note 12)	10.514	15.000
Other accounts payable	3.732	5.044
Total current liabilities	**60.618**	**98.121**
Non current liabilities		
Loans and financing (Note 10)	-	1.419
Refinanced taxes and contributions (Note 13)	38.232	24.234
Income tax and social contribution on assets sold	-	1.320
Provision for contingencies (Note 16)	1.433	38.182
Total non current liabilities	**39.665**	**65.155**
Shareholders´ Equity (Note 14)		
Capital	279.891	279.891
Capital reserves	65.325	65.325
Revenue reserve	2.380	2.380
Accumulated losses	(66.331)	(133.386)
Total Shareholders´ Equity	**281.265**	**214.210**
Total liabilities and shareholders´ equity	**381.548**	**377.486**

The accompanying notes are an integral part of these financial statements

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31
(In Thousands of Reais, Unless Otherwise Indicated)

	2009	2008
Gross sales and service revenue		
Products sold	451.115	398.410
Services sold	-	19.299
	451.115	**417.709**
Taxes and contributions on sales and services	(102.773)	(94.353)
Net Operating Revenue	**348.342**	**323.356**
Cost of products sold	(252.250)	(230.370)
Cost of services rendered	-	(18.453)
Gross Income	96.092	74.533
Operating Expenses		
Selling	(6.864)	(7.168)
General and administrative	(23.656)	(22.879)
Management´s fees (Note 20)	(2.828)	(1.759)
Provision for tax contingencies	-	(9.262)
Other operating expenses – net	(8.394)	(1.502)
Operating Income before participation and financial income	**54.350**	**31.963**
Participation in Subsidiaries		
Equity Pickup	(2.865)	24.557
Goodwill amortization	-	(704)
	(2.865)	**23.853**
Financial Income		
Financial expenses	(1.595)	(14.937)
Financial revenues	13.518	6.899
	11.923	**(8.038)**
Operating Income	**63.408**	**47.778**
Pretax income	**63.408**	**47.778**
Income tax and social contribution (Note 15)	3.647	509
Income for the Year	**67.055**	**48.287**
Shares outstanding at year-end (in thousands)	679.547	679.547
Earnings per thousand-share lot at year-end - R$	**98,68**	**71,06**

The accompanying notes are an integral part of these financial statements

CIMENTO TUPI S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS´ EQUITY
(In Thousands of Reais)

		Capital Reserves	Revenue Reserves		
	Capital	Premium on Share Subscription	Reserve for Fiscal Incentives	Retained Earnings (Accumulated Losses)	Total
At December 31, 2007	**279.891**	**65.325**	**2.380**	**(181.673)**	**165.923**
Income for the year	-	-	-	48.287	48.287
At December 31, 2008	**279.891**	**65.325**	**2.380**	**(133.386)**	**214.210**
Income for the year	-	-	-	67.055	67.055
At December 31, 2009	**279.891**	**65.325**	**2.380**	**(66.331)**	**281.265**

The accompanying notes are an integral part of these financial statements

CIMENTO TUPI S.A.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED
DECEMBER 31, 2009 AND 2008
(In Thousand of Reais)

OPERATING ACTIVITY	**2009**	**2008**
Pretax Income	**63.408**	**47.778**
Deductions from Income		
Depreciation/amortization	7.373	8.540
Fixed Assets written off	3.509	4.254
Loss(Gain) on evaluation on the equity method	2.865	(24.557)
Intangibles written off	5.733	704
Decrease in fine and interest on tax debt refinancing (Law 11.941/09)	(6.111)	-
Tax contingencies	1.433	9.262
Exchange variation on loan agreement	(2.312)	3.394
Fines and interest on liabilities	(4.263)	21.789
Income tax and social contribution	3.647	509
Adjusted net income	**75.282**	**71.673**
(Increase)/Decrease in assets accounts		
Trade bills receivable	(2.567)	5.052
Bills and bonds receivable	33.172	(50.233)
Allowance for doubtful accounts	354	(853)
Taxes recoverable	(5.143)	259
Inventories	(1.699)	8.381
Advances	544	(1.534)
Other credits	2.680	(166)
Prepaid expenses	-	(311)
Escrow deposits	(57)	(15)
Increase/(Decrease) in liabilities accounts		-
Suppliers – Trade payables	4	(796)
Tax obligations	(24.768)	(4.763)
Labor and social obligations	369	(713)
Interest on loans	(1.798)	(1.208)
Legal suits	-	15.000
Other obligations	(5.798)	(1.711)
CASH FLOW GENERATED BY(USED IN) OPERATING ACTIVITIES	**70.575**	**38.062**
INVESTING ACTIVITIES		
Acquisition of Fixed Assets	(11.661)	(11.591)
Disposal of Fixed Assets	2.560	16.590
Acquisition of investments	(245)	(214)
CASH FLOW GENERATED BY(USED IN) INVESTING ACTIVITIES	**(9.346)**	**4.785**
FINANCING ACTIVITIES		
Payment to related parties	(66.329)	(7.038)
Loans repaid	(9.088)	(16.080)
CASH FLOW GENERATED BY FINANCING ACTIVITIES	**(75.417)**	**(23.118)**
Net increase (decrease) in cash and cash equivalents	**(14.188)**	**19.729**
Cash and cash equivalents at the beginning of period	30.440	10.711
Cash and cash equivalents at the end of period	**16.252**	**30.440**

The accompanying notes are an integral part of these financial statements

CIMENTO TUPI S.A.

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED
DECEMBER 31, 2009 AND 2008
(In Thousands of Reais)

	2009	2008
Revenues		
Gross operating revenue	451.115	417.709
Allowance for doubtful accounts	(347)	(491)
Other operating revenues (expenses) net	(4.638)	24.856
	446.130	**442.074**
Input acquired from third parties		
Costs of services rendered and goods sold	(219.220)	(190.323)
Materials, energy, third parties´ and other services	(95.896)	(122.708)
Assets loss/recovery		
Gross value added	**131.014**	**129.043**
Amounts withheld		
Depreciation and amortization	(7.373)	(8.540)
Net added value generated	**123.641**	**120.503**
Added value received through transfer		
Equity pickup	(2.865)	24.557
Financial revenues	13.518	6.899
Total value added to be distributed	**134.294**	**151.959**
Distribution of value added		
Personnel and payroll taxes	33.217	33.080
Taxes, rates and contributions	30.253	50.653
Interest and rentals	3.769	19.939
Withheld income (loss)	67.055	48.287
	134.294	**151.959**

The accompanying notes are an integral part of these financial statements

1. OPERATIONS

Cimento Tupi S.A.´s activities comprise the manufacturing of cement and mortar of all types at its plants located in Volta Redonda – RJ, Pedra do Sino – MG and Mogi das Cruzes – SP; exploration of mineral reserves, use of cement manufacturing by-products, provision of concrete-paving services, and participation in other companies.

A Global Debt Restructuring Agreement was signed on March 5, 2007, by Cimento Tupi S.A., its parent company and the relevant creditors of both Companies, aiming the restructuring and lengthening of their debts, under certain conditions implemented on March 15, 2007.

2. PRESENTATION OF THE FINANCIAL STATEMENTS

Preparation of the Financial Statements

The financial statements were prepared in accordance with accounting practices adopted in Brazil, in line with the Corporate Law, the Federal Accounting Council – CFC, and the Brazilian Independent Auditors Institute – IBRACON´s guidance, as well as the Brazilian Securities Commission – CVM ´s resolutions and regulations and the amendments introduced by Laws 11.638/07 and 11.941/09.

At the Board of Directors´ Meeting held on February 12, 2010, the completion of the financial statements and subsequent submission to the Administrative council were authorized.

The accounting practices followed by the Company in recording its operations and preparing the financial statements comply with the Corporate Law and the CVM standards.

The Law 11.638 promulgated on December 28, 2007 changed, revoked and introduced new provisions to the Corporate Law (Law 6.404 of December 15, 1976), seeking for harmonization of accounting practices adopted in Brazil with the international accounting standards (IFRS) arising from the pronouncements of the International Accounting Standards Board (IASB).

The changes introduced by Law 11.638/07 are characterized as changes in accounting practices, although, as authorized by the Technical Pronouncement - CPC 13 – First-Time Adoption of Law 11.638/07 and Provisional Measure 449/08, and approved by CVM Deliberation 565 of December 17, 2008, every adjustment affecting the income can be recorded against retained earnings on the date of the transaction (art. 186 of Law nº 6.404/76) without retroactive effects on the financial statements. The Company opted for complying with NPC 12 and CVM Deliberation 506/06 – Accounting practices, Changes in Accounting Estimates and Correction of Errors, upon the first-time adoption of Law 11.638/07 and PM 449/08.

According to the changes introduced in the Accounting Pronouncements Committee – CPC and the Technical Pronouncement CPC 13, approved by the CFC Resolution 1.152 of January 23, 2009, by Law 11.638/07 and Provisional Measure 449/08, subsequently passed into Law 11.941 of May 27, 2009, the Company adopted January 1, 2007 as the transition date.

3. SUMMARY OF THE MAIN ACCOUNTING PRACTICES

The operations are accounted for and the financial statements are prepared in accordance with accounting practices adopted in Brazil.

a. Cash and Cash Equivalents

These comprise cash, checking account balances and short-term investments in the money market redeemable in 90 days from the balance sheet date, with negligible risk of change in market value and classified as financial assets valued at fair value against the income. These investments are valued at cost plus interest through the balance sheet date and marked at market, with the related gains or losses recorded as income for the year.

b. Income Determination

The sales of products and related costs, as well as the other revenues and expenses are recorded on the accrual basis.

c. Allowance for Doubtful Accounts

The allowance for doubtful accounts is recorded based on an analysis of the client portfolio, past experience with operations and the economic conditions.

d. Inventories

Inventories are stated at the average acquisition or production cost, which is lower than the replacement or realizable value, and if necessary, adjusted through a provision for devaluation.

e. Other Current and Non Current Assets

These other assets are stated at cost or realizable value including, where applicable, the related earnings.

f. Investments

The investments in subsidiaries are valued on the equity method, including goodwill. The other investments are stated at cost.

g. Fixed Assets

The fixed assets are shown at the acquisition cost.

Depreciation is calculated on the straight-line method, at the annual rates mentioned in Note 9, which take into consideration the estimated useful life of assets.

h. Intangibles

These reflect acquisition costs net of accumulated amortization and where applicable, losses on impairment of assets. The intangible assets are mainly composed of trademarks, patents and mining rights.

i. Current and Non Current Liabilities

Current and non current liabilities are stated at known or estimated amounts plus, where applicable, the related charges incurred up to the balance sheet date.

A provision for income tax was set up at 15% on the taxable income plus a 10% surtax. The provision for social contribution was set up at 9% of the adjusted pretax income.

Income tax and social contribution classified as non current liabilities refer to the levying of these taxes on sales of fixed assets items.

j. Provision for Contingencies

This is set up based on both internal and external legal counselors' and the Management's opinion, in an amount deemed sufficient to cover probable losses and risks. Any possible losses are disclosed and the remote ones are not.

k. Use of Estimates

In preparing the financial statements, estimates are required as a basis for recording certain transactions affecting assets, liabilities, revenues and expenses, as well as for disclosing some information in the financial statements. The final results of these transactions and information, upon their subsequent realization, may differ from the estimates. The main estimates relating to the financial statements of the Company are reviewed on quarterly and yearly basis in connection with the allowance for doubtful accounts, the deferred income tax assets, the provision for contingencies, the provision for losses on inventories, the useful life of equipment and the provision for losses on investments.

4. CASH AND CASH EQUIVALENTS

	2009	2008
Cash and banks	6.331	2.816
DI – Investment Funds	9.921	27.624
	16.252	**30.440**

The investments in DI investment funds refer to short-term, variable income investment fund quotas held in Credit Suisse, with yield approximating that of Interbank Deposit Certificate - CDI, with daily availability.

5. INVENTORIES

	2009	2008
Current		
Finished products	2.425	2.283
Products in process	6.177	4.110
Raw material – slag	30.952	17.071
Other raw materials	6.552	8.009
Maintenance and consumption materials	6.466	4.909
Inventories in transit	672	1.538
	53.244	**37.920**
Non current		
Raw material – slag	18.684	32.310
	18.684	**32.310**

In 1979, Cimento Tupi and Companhia Siderúrgica Nacional (CSN) signed an agreement for acquisition of steel slag (cement raw material) produced by the latter. However, due to disagreement about pricing, several legal suits were filed by the parties in previous years.

On August 15, 2007, Cimento Tupi signed a transaction instrument with CSN calling all legal suits to a halt and establishing that CSN will deliver 850.000 tons of granulated slag to this subsidiary.

Since July 19, 2007, CSN has delivered slag on its own account to the Company. As a consequence, as of December 31, 2009 the Company was in possession of 850.000 tons of CSN slag inventories (2008 - 850.000 tons).

On December 17, 2009, a Term of Agreement was signed by Cimento Tupi and CSN, whereby the parties agreed upon the supply of by CSN to Cimento Tupi, by payment in kind of 850,000 tons of granulated slag and the return by Ciment Tupi to CSN, of the slag currently held by Cimento Tupi. This Term of Agreement supersedes all the other contracts and agreements previously signed by the parties.

6. TAXES RECOVERABLE

	2009	2008
ICMS	3.751	3.250
IRPJ – prepayment	2.974	-
CSSL – prepayment	2.280	-
Other (IRRF)	291	605
	9.296	**3.855**

7. BILLS AND BONDS RECEIVABLE

	2009	2008
Polimix Concreto Ltda.	-	31.429
CAL Itaú Participações S.A.	21.096	19.065
	21.096	**50.494**
Current	**-**	**23.053**
Non current	**21.096**	**27.441**

On January 15, 2008, an Assets Sale Agreement was signed by Cimento Tupy S.A. and Polimix Concreto Ltda., for purchase and sale of assets and rights relating to Cimento Tupy S.A.´s concrete operations, in the amount of R$ 53.000, of which R$ 47.368 had been received by December 31, 2009.

The results of this assets sale can be thus shown:

Assets sold	53.000
Assets written off	(25.625)
	27.375

- On June 30, 2009, there was the payment in kind of remaining credits held by Cimento Tupi S.A. against Polimix Concreto Ltda., consisting of 4 promissory notes issued on January 15, 2008, and maturing on 11/15/2009, 01/15/2010, 02/15/2010 and 03/15/2010, all endorsed to Lafarge Brasil, for loan settlement.

- On September 30, 2008, the Company received from CP Cimento e Participações S.A., credits held against Cal Itaú Participações S.A., for amortization of a loan agreement maturing on December 1, 2012, and restated at the rate of 10.65% p.a..

8. INVESTMENTS IN SUBSIDIARIES

a. Information on the Main Subsidiaries

		2009		**2008**
	Agropecuária Tupi Ltda.	**Cimento Tupi Overseas, Inc.**	**Agropecuária Tupi Ltda.**	**Cimento Tupi Overseas, Inc.**
At December 31, 2009				
Participation in capital (%)	99,99	100,00	99,99	100,00
Shareholders´ Equity	25.730	22.451	28.267	22.451
Income (loss) for the year	**(2.537)**	**-**	**24.826**	**-**

b. Changes in Investments

					2009	**2008**
	Mape Incorporação e Empreendimentos Ltda	**Agropecuária Tupi Ltda.**	**Tupimec Indústria Mecânica Ltda**	**Others**	**Total**	**Total**
At the beginning of year	**-**	**28.267**	**3.475**	**7.866**	**39.608**	**15.387**
Payments	-	-	-	-	-	214
Acquisition of investments	11.045	-	-	-	11.045	-
Goodwill amortization	-	-	-	-	-	(550)
Equity accounting	-	(2.537)	(162)	(166)	(2.865)	24.557
Total investment	**11.045**	**25.730**	**3.313**	**7.700**	**47.788**	**39.608**
Participation in shareholders´ equity	**11.045**	**25.730**	**3.313**	**7.700**	**47.788**	**39.608**

In 2009, the Company became part of Mape Incorporação e Empreendimentos Ltda., by subscribing and paying capital in the amount of R$ 11.045, through assignment and transfer of a property and payment in cash.

Agropecuária Tupi Ltda. – is headquartered in Ipiranga do Norte – MT, on a 15.282 ha. área. Its activities comprise soybean and rice farming and beef cattle raising.

On September 12, 2008, Agropecuária Tupi Ltda. rented its property for R$ 7.000 for a 24-month period, with purchase option and other agreements amounting to R$ 6.500. Also, a Rural Assets Sale Agreement in the amount of R$ 19.500 was signed in connection with farming activities carried out at that property.

The results of the assets sale can be summarized as follows:

Assets sold	19.500
Assets written off	(2.141)
	17.359

On December 31, 2009, Agropecuária Tupi Ltda., became part of Mape Incorporação e Empreendimentos Ltda., by subscribing and paying capital in the amount of R$ 8.795, through assignment and transfer of a property.

Cimento Tupi Overseas, Inc. – a foreign subsidiary formerly used for carrying out integrated cement and ground slag export activities, formed subsidiaries in the USA, among which is Cimento Tupi Américas, Inc.. Because its activities were discontinued, a provision for total loss on investment was recorded.

Mape Incorporação e Empreendimentos Ltda. – headquartered in the city of Rio de Janeiro, operates in the real estate field.

9. FIXED ASSETS

			2009	2008	
Accounts	**Cost**	**Accumulated Depreciation**	**Net**	**Net**	**Annual Depreciation Rates**
Plots of land	3.863	-	3.863	20.140	-
Buildings	30.324	(15.753)	14.571	15.722	4%
Machines, equipment and industrial facilities	208.159	(169.392)	38.767	40.056	10%
Furniture and fixtures	2.813	(2.630)	183	170	10%
Vehicles	1.255	(1.142)	113	87	20%
Railway cars	1.908	(762)	1.146	1.011	10%
Leasehold improvements	2.320	(2.081)	239	490	(*)
Uninstalled machines and equipment	33.123	-	33.123	33.384	-
Other assets	4.260	(3.378)	882	734	20%
Construction work in progress	20.971	-	20.971	15.902	-
Advances to suppliers	846	-	846	-	-
	309.842	**(195.138)**	**114.704**	**127.696**	

(*) Depreciation as stipulated under rental contracts

The uninstalled machines and equipment pieces consist of assets to be used in the Subsidiaries´ future expansion projects.

10. LOANS AND FINANCING

	2009		2008	
	Current	Non Current	Current	Non Current
Local currency				
BDMG – interest at 10% p.a., and monetary restatement at official índices, maturing through 2010.	536	-	642	428
FINAME – Banks - Fibra e Safra – interest at 13% p.a., and monetary restatement at official indices, maturing through 2010.	991	-	2.100	991
Other local financial institutions Working capital – average charges of 19.% p.a. (2008 - 19% p.a.) maturing through November 2009	-	-	7.275	-
	1.527		**10.017**	**1.419**

The loans are guaranteed by mortgage of part of the Pedra do Sino - MG plant´s assets and those financed by Government Agency for Machinery and Equipment Financing - FINAME.

Debt Restructuring

On March 5, 2007, a Global Debt Restructuring Agreement (the "Agreement") was signed based on the Memorandum of Intent signed on December 28, 2006 by the Company, its parent company CP Cimento Participações S.A. and their main creditors, aimed at restructuring the respective debts, in the amount of R$ 319.570 plus US$ 32.421 thousand of Fixed Rate Notes. The agreement has been complied with by the parties, there remaining R$ 59.760 payable in 24 monthly installments, guaranteed by reservation of title to Cimento Tupi´s receivables from sales in the equivalent to 130% of the following monthly installment.

11. RELATED-PARTY TRANSACTIONS

a. Current Assets and Liabilities and Transactions

The related-party balances and transactions basically comprise current accounts, provision of services and supply of input for production and business operations, as well as collection of fees for administrative services rendered, all of which can be thus shown:

						2009	2008
	Agropecuária Tupi Ltda.	Tupimec Indústria Mecânica Ltda.	Cimento Tupi do Nordeste Ltda.	Other	CP Cimento e Participações S.A.	Total	Total
Non current assets							
Current accounts	-	-	4.680	2.980	58.462	66.122	14.114
Current liabilities							
Current accounts	10.300	-	-	899	-	11.199	31.936 (*)
Transactions							
Cost of products sold and services rendered	-	(4.911)	-	-	-	(4.911)	(3.691)
Financial revenues (expenses)	-	-	-	-	4.104	4.104	(3.422)

The receivables from CP Cimento e Participações S.A. mature in up to two years, as from July 2009, and bear interest at 1.60% p.a. plus the CDI variation.

The cost of products sold and services rendered mainly represent the purchase of maintenance materials.

(*) The obligations with related parties shown under current liabilities include the financing described in (b) below.

b. Financing

	2009	2008
Lafarge S.A. (US$ 6,000 thousand) – half-yearly interest at the LIBOR rate plus 2.5% p.a.	-	14.022
Current	**-**	**14.022**

c. Additional Information

In compliance with CVM Deliberation 560 of December 11, 2008, besides the related parties referred to above, the Company has connections with the following companies with which it did not have transactions in 2009 and 2008:

Direct Subsidiaries:

- Sandra Mineração Ltda.
- Cimento Touro S.A.
- Tupi Rio Transportes Ltda.
- S.A. Suape Granéis do Nordeste
- Cimento Tupi Overseas, Inc.

12. ACCOUNTS PAYABLE UNDER LEGAL SUITS

These refer to payables under the suit filed by Fioravante Bargiona Estate, in connection with a property acquired from Codemig – Companhia de Desenvolvimento de Minas Gerais.

13. REFINANCED TAXES AND CONTRIBUTIONS

These refer to PAES, ICMS, INSS and FGTS and Law 11.94/09 refinancing granted to Cimento Tupi S.A. by federal and state taxing agencies as from 2003.

	Dec/2009	Dec/2008
Current Liabilities	12.431	10.660
Non Current Liabilities	38.232	24.234

The current liabilities portion were disclosed under the heading "Other Taxes Payable".

On November 2009, the Company adhered to the debt reduction and refinancing program instituted by Law 11.941/09, and now await the ratification of their adherence by the "Secretaria da Receita Federal do Brasil" (Federal Income Tax Authority). The refinancing covers basically PIS and COFINS. The adherence to this program resulted in a R$ 6.111 reduction of the Company´s tax debt, recorded under "Other Operating Expenses and Revenues".

14. SHAREHOLDERS´ EQUITY

a. Capital

Capital, fully subscribed and paid up, comprises 507.064.565 common shares and 172.482.732 preferred shares (of which 152.482.732 are preferred Class A, 17.471.840 are preferred Class B and 2.528.160 are Class C preferred) without nominal value. The preferred shares are non-voting but are entitled to a minimum global, cumulative dividend in the equivalent to 7% of the income for the year.

Shareholders domiciled abroad own 14.259.992 common shares and 4.852.513 preferred shares.

b. Legal Reserve

The legal reserve is recorded out of appropriation of 5% of the net income for the year, up to 20% of capital.

c. Dividends

Shareholders are entitled to minimum statutory dividends in the equivalent to 25% of the net income for the year, as legally stipulated.

15. INCOME TAX AND SOCIAL CONTRIBUTION

Below, the reconciliation of the income for the years ended December 31, 2009 and 2008 with recognition of the income tax and social contribution basis of calculation:

	Income Tax		Social Contribution	
	2009	**2008**	**2009**	**2008**
Pretax income (loss)	63.408	47.778	63.408	47.778
Equity pickup	2.865	(24.557)	2.865	(24.557)
Other add-backs and deductions – net	(39.449)	(11.705)	(39.073)	(12.101)
Adjusted income	26.824	11.516	27.200	11.120
Applicable tax rates	25%	25%	9%	9%
Current income tax and social contribution	(6.706)	(2.879)	(2.448)	(1.001)
Income tax and social contribution credits not taken on tax loss and negative social contribution basis for the year	4.144	3.172	1.397	1.217
Credit on negative accumulated social contribution basis used for offsetting against fine and interest on refinanced tax debt (Law 11.941/09.	-	-	7.260	-
Provision (reversal) of deferred income tax and social contribution	**(2.562)**	**293**	**6.209**	**216**

The Company did not record deferred income tax and social contribution credits on tax losses amounting to R$ 33.761 and negative basis of R$ 3.916, because it does not have the past records of profitability required by pertinent practices, although its taxable income projections point to possible realization of these credits.

16. CONTINGENCIES

Because it adhered to the tax debt refinancing program (Law 11.941/09), the Company reversed the provision for taxes and contributions subject to assessment by the taxing authorities.

On December 31, 2009, the Company set up a R$ 1.433 provision for contingencies arising from labor litigations with remote possibility of a favorable outcome.

According to the Management and its legal counselors, the other tax- and non-tax-related suits do not involve relevant amounts nor the possibility of losses.

17. INSURANCE COVERAGE

It is the Company´s practice to insure their assets and Fixed Assets items under the "Seguros de Riscos Operacionais" type of insurance. In evaluating risks, the following aspects are considered: (a) decentralization of the industrial plants (states of Minas Gerais, Rio de Janeiro and São Paulo); (b) nature of activities and (c) preventive measures against accidents. The upper indemnification limit – LMI – is up to R$ 90.000 for the industrial plants and up to R$ 10.000 for the other units. In determining the insurance coverage amounts the estimated losses on events at the places with greater concentration of risks is taken into account, and so is the maximum possible loss on a single disaster.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In compliance with CVM Instruction 475 of December 17, 2008, the Company and its subsidiaries state that the following are the main derivative instrument risks to which they are exposed:

a. Currency and Exchange Variation Risk

The exchange variation risks to which the Company and its subsidiaries are exposed involve the possibility of losses on exchange rate fluctuation. To control the exposure to risks arising from obligations in foreign currency, the company and its subsidiaries use derivative instruments under contracts with financial institutions and/or via the BM&F – Commodities and Futures Exchange.

b. Fair value of financial instruments

As of December 31, 2009, the Company and its subsidiaries had no outstanding operations involving derivative instruments.

Below, the sales option contracts maturing on July 1, 2009 and traded at the BM&F, which the Company had as of June 30, 2009:

			Amounts in Thousands of	
	Type of Option	Quantity of Contracts	US Dollars	Nominal Value in Reais
Derivative operations	Purchase	200	10.000	23.000

The fair value of the derivative instruments were determined as contracted.

As of the operation maturity date the U.S. dollar exchange rate was R$ 1,9516 per U.S.$ 1,00. The Company´s gains on derivative instruments maturing on July 1, 2009 amounted to R$ 2.990, which was recorded as "Revenue from Short-Term Investments in the Money Market".

c. The Company´s safeguard policy against financial risks – A summary

It is the Company´s policy, to adopt protective mechanisms against financial risks involved in contracted obligations, whether in foreign or in local currency, so the exposure to exchange variation risks can be controlled.

The use of derivative instruments as a safeguard against exchange variation is expected to occur after an analysis of the risk by the Company´s management, which is to be made concurrently with the assumption of debt.

The criteria for selecting financial institutions take into consideration the rating provided only by reputed risk-analysis agencies, the shareholders´ equity and the degree of concentration of operations and resources.

d. Sensitivy Analysis Table – Effect on the fair value variation

Pursuant to CVM Deliberation 550 of 10.17.2008, as of December 31, 2009, the Company does not have investments in derivative instruments.

19. EMPLOYEES´ PROFIT-SHARING PROGRAM

The Company has entered into annual collective profit-shareing agreements with its employees. The amounts paid thereunder and the related R$ 3.347 provision set up (2008 - R$ 3.509) are recorded as "General and Administrative Expenses" under the "Income for the Year".

20. MANAGEMENT´S FEES

The fees paid to the Company´s and its subsidiaries´ management in 2009 amounted to R$ 2.828 (R$ 1.759 in 2008).

The Company does not give the management other benefits.

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THE ISSUER

Cimento Tupi S.A.
Av. Presidente Wilson,
231 – 29º andar
2003-905 – Rio de Janeiro – RJ
Brazil

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

The Bank of New York Mellon
101 Barclay Street – Floor 4E
New York, New York 10286
United States of America

LUXEMBOURG LISTING AGENT

**The Bank of New York Mellon
(Luxembourg) S.A.**
Vertigo Building - Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

LEGAL ADVISERS

To the issuer as to US law
Clifford Chance LLP
Rua Funchal 418 - 15º andar
04551- 060 – São Paulo – SP
Brazil

To the issuer as to Brazilian law
Barbosa, Müssnich e Aragão
Av. Almirante Barroso 52 - 31º andar
20031-000 – Rio de Janeiro – RJ
Brazil

To the Initial purchaser as to US law
Milbank, Tweed, Hadley & McCloy LLP
Rua Colômbia, 325
01438-000 – São Paulo – SP
Brazil

To the Initial Purchaser as to Brazilian law
**Machado, Meyer, Sendacz e Opice
Advogados**
Avenida Brigadeiro Faria Lima,
3144 - 10º andar
01451-000 – São Paulo – SP
Brazil

INDEPENDENT ACCOUNTANTS

*For the 2010 financial statements and the
interim financial information as of and for
the nine months ended September 30, 2011*
Ernst & Young Terco Auditores
Independentes S.S.
Praia de Botafogo, 370 – 5th-8th floors,
22250-040 – Rio de Janeiro – RJ
Brazil

*For the 2009 and 2008 financial statements
and the financial statements as of and for the
nine months ended September 30, 2010*
Directa Auditores
Rua Vergueiro, 2016 – 8th and 9th floor,
04102-000 – São Paulo – SP
Brazil

U.S.$50,000,000

Cimento Tupi S.A.

9.75% Senior Unsecured Notes due 2018

OFFERING MEMORANDUM

BofA Merrill Lynch

January 31, 2012