

INTERCEMENT ANNUAL REPORT 2010

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INTERCEMENT

INTERCEMENT PARTICIPAÇÕES S/A IS THE NEW HOLDING OF THE CAMARGO CORREA CEMENT BUSINESS GROUP

InterCement Brasil S/A is the new company name of Camargo Corrêa Cimentos S/A. This change was followed by the creation of InterCement Participações S/A, the holding company for the cement business, which will bring together InterCement Brasil S/A, the Argentinean Loma Negra and other international stakeholders. The aim of the changes is to meet the strategy of making the Company one of the 20 largest cement producers in the world by 2012.

IMPORTANT: Throughout this Report, information and results ascertained in 2010 by Camargo Corrêa Cimentos and its subsidiaries are presented, already under the new company name **InterCement**.

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OUR CORPORATE PROFILE

To meet the strategy of sustainable accelerated growth and become by 2012 one of the largest cement producers of the world, with strong international participation in emerging countries, the shareholders of Camargo Corrêa S/A and its parent company Camargo Corrêa S/A, promoted a partnership restructuring in December 2010, which culminated in the formation of a holding for the cement business, named InterCement Participações S/A. Furthermore, in deliberation of April 30, 2011, its company name was amended from Camargo Corrêa Cimentos S/A to InterCement Brasil S/A.

The new holding InterCement Participações S/A will have under its umbrella InterCement Brasil S/A, the Argentinean cement producer Loma Negra and strategic participations in other companies linked to the sector. InterCement Brasil S/A, the new name of Camargo Corrêa Cimentos S/A is a privately held domestic company, based in São Paulo and established in 1967, which has 99.9% of its shares owned by Camargo Corrêa S/A, the group's holding company.

IN BRAZIL, INTERCEMENT HAS SEVEN PLANTS, WHICH EMPLOY MORE THAN 2 THOUSAND PROFESSIONALS, AND NINE OTHER PLANTS IN ARGENTINA, WHERE MORE THAN 2,700 ASSOCIATES ARE IN ACTIVITY



IN BRAZIL, INTERCEMENT OWNS THE BRANDS CAUÊ & CIMENTO BRASIL

Dedicated to mineral extraction and production of cement, concrete and aggregates, InterCement currently controls one of the largest cement complexes of South America, with capacity to produce 16 million tons of cement per year. It has consolidated business units in Brazil and Argentina, trade operations in Bolivia and in Paraguay, and holds a concession for a railroad in Argentina, known as Ferrosur, more than 3000 km long, which transports raw materials, finished products and other goods.

InterCement has seven manufacturing plants in Brazil, which directly employ more than 2000 professionals, and nine other plants in Argentina, where they have more than 2,700 employees at work. The plants employ over 2,800 professionals in an outsourcing scheme. With the Cauê and Cimento Brasil brands, it ranks third in the Brazilian market and is the fifth largest concrete producer in Brazil. In Argentina, the subsidiary Loma Negra is the market leader. Among other businesses, InterCement also participates in the Palanca Cimentos project, which is constructing a plant in Angola.

With growing results in the cement market over the years and in line with the expansion of InterCement domestically and internationally, the parent company Camargo Corrêa S/A acquired in 2010 about 33% stake in the Portuguese cement company named Cimpor, which operates in 12 countries, including Brazil, whose transfer to the new holding InterCement Participações is in progress, becoming its largest individual shareholder.

The changes and results achieved in recent years prove the success of the strategic sustainable project, which seeks to generate value for its stakeholders in the short, medium and long term. Repeating the performance of previous years, InterCement closed the year with the expansion of its market share, volume and revenue.

Committed to the principles of sustainability, InterCement guides its actions based on the best interna-

tional practices and is a signatory of the Cement Sustainability Initiative (CSI), the cement production arm of the World Business Council for Sustainable Development (WBCSD). As a Benchmark in CO₂ emissions, InterCement invests in renewable energy and also participates in the Climate Agenda prepared by the Camargo Corrêa group, which lists nine commitments to the reduction and mitigation of the Greenhouse Effect Gases (GHGs).

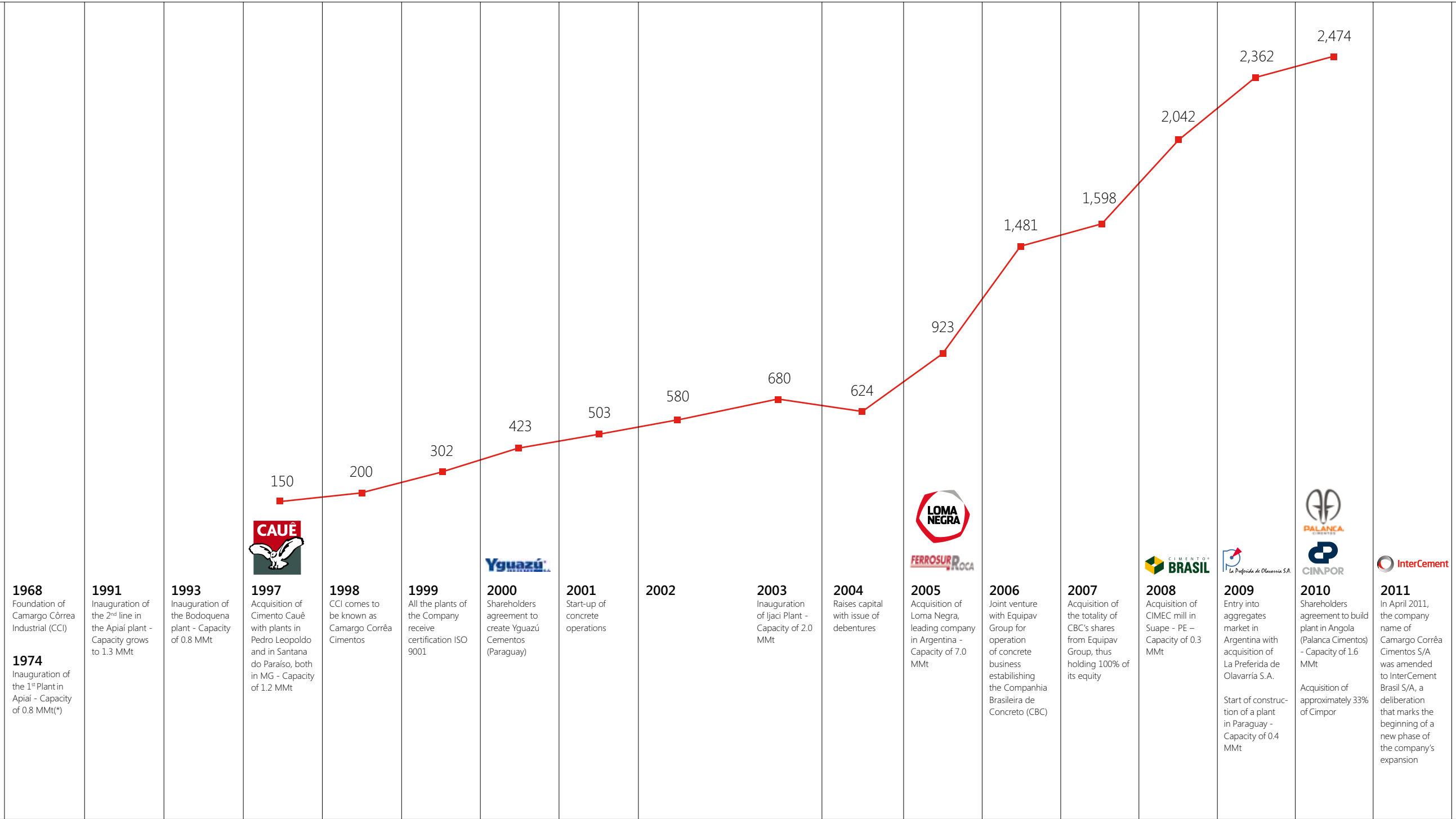
INTERCEMENT'S HOLDING COMPANY - CAMARGO CORRÊA S/A - ACQUIRED IN 2010, NEARLY 33% OF THE STOCK SHARES OF PORTUGUESE CEMENT PRODUCER CIMPOR, WHICH OPERATES IN 12 COUNTRIES AND BECAME ITS LARGEST INDIVIDUAL SHAREHOLDER



TRUCKS TAKE THE ORE EXTRACTED FROM THE MINES UP TO THE PRODUCTION UNITS

OUR BACKGROUND

NET REVENUE (R\$ MILLION)



(*) MMt (millions of tons)



VIEW OF THE CEMENT PRODUCTION PLANT IN IJACI/MG

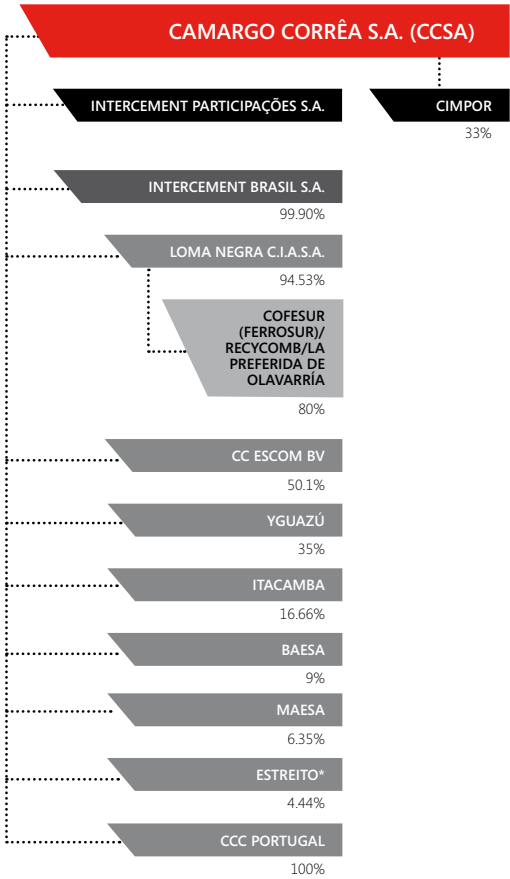
OUR CORPORATE STRUCTURE

The cement business is comprised of a holding, named InterCement Participações S/A, created by the Camargo Corrêa Group, which owns 99.9% of its preferred shares and common shares. InterCement Participações controls InterCement Brasil S/A is a publicly held company that owns direct participation in three cement companies in Latin America, three Brazilian power dams and a holding company.

WHERE WE WORK

The cement production plants of the Company in Brazil are located in the cities of Apiaí and Jacareí and in the State of São Paulo; Bodoquena in the State of Mato Grosso do Sul; Pedro Leopoldo, Santana do Paraíso and Ijaci in the State of Minas Gerais, and in Suape, State of Pernambuco. In Argentina, there are nine plants located in the provinces of Neuquén, San Juan, Catamarca and Buenos Aires - which concentrates six of the nine plants.

The Company also owns 29 concrete plants, of which 18 are located in Brazil and 11 are in Argentina, besides three aggregate mines, being two in Brazil (metropolitan area of São Paulo) and one in the province of Buenos Aires.



*participation as from 2011

MISSION Act in the cement industry's value chain in a sustainable way, with innovation and excellence in management committed to customer needs and fulfillment of people, generating value for shareholder and respecting the environment and the communities that directly or indirectly have to do with our company.

VISION Be one of the 20 largest cement companies in the world by 2012.

VALUES

Respect for people and the environment

Always act in a correct and fair way towards its shareholders, professionals, customers, vendors, governments, communities and society in general. Act responsibly toward the environment.

Responsible action

Comply with established laws of the countries and regions where it operates; match the values defined herein; act uprightly and according to the universal standards of human coexistence, without prejudice to race, sex, creed, religion, position, function or other .

Transparency

Provide clear and comprehensive information about activities, achievements, policies and performance in a systematic and accessible manner.

Focus on results

Always seek to maximize performance in order to ensure its survival, its investments, returns to shareholders and appropriate conditions for professionals.

Quality and innovation

Assure customers of the best possible quality in the execution of services or provide products and continually invest in the enhancement of their activities and their professionals.

OUR PERFORMANCE

| RESULT INDICATORS | 2004 | 2005 ⁽²⁾ | 2006 | 2007 | 2008 | 2009 | 2010 | % 2009/2010 |
|-------------------------------------|------|---------------------|-------|-------|-------|-------|-------|-------------|
| Gross income (R\$ million) | 898 | 1,187 | 1,901 | 1,946 | 2,660 | 3,036 | 3,132 | 3.0% |
| Net income (R\$ million) | 624 | 923 | 1,481 | 1,598 | 2,042 | 2,362 | 2,474 | 4.7% |
| EBITDA (%) | 245 | 305 | 456 | 400 | 420 | 641 | 616 | -3.8% |
| Margin EBITDA (%) | 39 | 33 | 31 | 25 | 21 | 27 | 25 | -2 p.p. |
| Liquid profits / loss (R\$ million) | 618 | 123 | 193 | 211 | 186 | 541 | 226 | -58.0% |
| Investments (R\$ million) | 55 | 41 | 59 | 177 | 270 | 263 | 302 | 15.0% |

| OPERATIONAL INDICATORS | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | % 2009/2010 |
|--|-------|--------------------|-------|-------|-------|-------|-------|-------------|
| Sales of cement and derivatives (million tons) | 2.7 | 7.0 ⁽³⁾ | 8.0 | 8.8 | 10.2 | 10.1 | 11.5 | 12.7% |
| Sales of concrete (million m³) | 0.2 | 0.9 ⁽³⁾ | 1.6 | 2.2 | 2.4 | 2.5 | 2.3 | -8.0% |
| Aggregates volume (million tons) | - | - | - | - | - | - | 1.3 | - |
| Tons carried (million tons) ⁽¹⁾ | 4.8 | 5.1 ⁽³⁾ | 5.6 | 5.5 | 5.6 | 5.1 | 5.2 | 2.0% |
| Employees (at the end of the period) | 676 | 2,761 | 2,671 | 4,000 | 4,808 | 4,751 | 4,787 | 0.7% |
| Income per employee (R\$ thousands) | 1,328 | 430 | 712 | 487 | 553 | 639 | 654 | 2.3% |
| EBITDA per employee | 363 | 110 | 171 | 100 | 87 | 135 | 129 | -4.5% |

The data for fiscal years 2009 and 2010 are in line with the international accounting standards (IfRS).

⁽¹⁾ Figures for the railway concession

⁽²⁾ Pro Forma Income for 2005 in Argentina since date of acquisition, in July 2005

⁽³⁾ This includes annual operating values in Argentina

MESSAGE FROM MANAGEMENT

DEAR READER,

I am pleased to present the major changes in corporate structure of the cement business: the constitution of a holding named InterCement Participações S/A, from its previous name Camargo Corrêa Cimentos S/A and it is underway the transfer to the new holding InterCement Participações S/A a participation in the in the cemente Portuguese Cimpor (about 33%). The changes and acquisition of major equity interest in Cimpor are part of our ambitious business project, mentioned in the 2009 Report. The mention of the previous Report has one purpose: to demonstrate that this expansion project has been carefully elaborated and consistently implemented. We programmed each step toward this goal safely and responsibly in order to build a strong and stable enterprise group, recognized for creating value within and outside the country, which seeks results and to multiply value on a sustainable basis.

The changes reflect the growth process and underpin InterCement's position as an essentially multicultural group, present in several countries, which values diversity, sponsors the convergence of ideas and values, participates in the socioeconomic development of countries where it operates and builds the future significantly and sustainably. With the new structure and brand, we have changed the role of the company that holds control over the companies in its sector to become a cement company with international outreach, as the name itself suggests. Our goal is to achieve regional leadership, particularly in Latin America and Africa, considering that as a Brazilian company, we can better understand the peculiarities of these regions.

An important step in this direction is the already mentioned acquisition of about 33% of Cimpor's stock by Camargo Corrêa S/A. Cimpor has 67% of its assets concentrated in emerging markets - in line with our focused growth strategy - as well as significant market share in Brazil. The most important thing is that this operation allows InterCement to place its focus on the cement sector and demonstrates the Company's willingness to grow in strategic markets in a sustainable way.

To sustain the new brand's strength, there were many positive results in 2010. Our production reached a record of 11.5 million tons of cement in the year, with a 12.74% evolution in the year's accumulation of Brazil and Argentina. This performance reflects the continued investments in expansion of the industrial park and improvement of the operational efficiency with special heed to projects toward reducing emission levels of CO₂, which maintain InterCement among the companies with the lowest emissions of greenhouse gases in the world.

Our consolidated gross revenue totaled R\$ 3.13 billion, up 3% from 2009. The consolidated EBITDA, however, decreased by 3.8%, reflecting the appreciation of the Real against the Argentinean Peso. This impact has affected the net income, which totaled R\$ 226 million within the year, a positive performance, but less achieved in 2009. If the valuation reduced profits in Real this year, on the other hand it signaled the positive outlook of the domestic market, justifying our investments. In 2010, also fully implemented were the new international accounting

OUR PRODUCTION
REACHED A RECORD OF
11.5 MILLION TONS OF
CEMENT IN THE YEAR,
WITH A **12.74%** IN THE
YEAR'S ACCUMULATION
OF BRAZIL AND
ARGENTINA

practices (IfRS), an important step in our internationalization process.

Among InterCement's investments throughout the year, the capacitation of our human capital and organizational structure review are important to ensure the Company's focus on income, stimulate continuous improvement and prepare our teams for the challenges of growing. This led to improve the levels of corporate governance, to provide greater flexibility in the decision-making and to generate more value for the stakeholders.

We invest in the search for energy self-sufficiency through the acquisition of power plants, which reduces the impact of our activities on the environment as a vital condition for InterCement, which aims to constantly evolve at all levels of sustainability.

Through the subsidiary Ferrosur, we signed up a contract to sell the railway section between the cities of General Cerri (in the province of Buenos Aires) and Zapala (in Neuquén) with the Argentina's vale Logística, an operation that does not affect Ferrosur's activities as a service provider for third parties, nor modifies the logistics infrastructure of Loma Negra. Ferrosur still continues connecting the main cement plants meeting the needs of its parent company in Argentina.

For us, it is important to stress that we are effectively in line with our values, a stance which we are sure will allow us to achieve our vision and fully comply with our mission.

In the social field, we computerized the target control system related to the major individual indicators of sustainability, which allows access to all associates, and elaborated the Corporate Social Responsibility Policy, with the firm determination of disseminating the principles of sustainability and expanding actions that promote positive transformation and create the adequate conditions for communities to achieve self-reliance and to grow as we do at InterCement.

We would like to thank our shareholders, associates, customers and other stakeholders who have always trusted and supported our work. We are ready for a new cycle of expansion and we are confident that the new stage will prove that InterCement was born to be a reference of quality and sustainable growth.

José Édison Barros Franco
Chairman of the Board of Directors

HOW THE CEMENT MARKET WORKS

CEMENT: OUR MAIN PRODUCT

Cement is a commodity produced from limestone. The limestone mines must be located relatively close to consumer centers to make production viable. With limited range, specifications and similar manufacturing processes worldwide, the cost of imported cement may be considered low, but the operating expenses make the final price 50% more costly. This follows from the cost of fuel, freight, manpower, the dependence on transport (logistics) and the electric power used in the operational process.



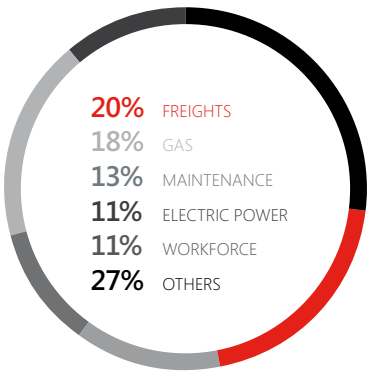
BRAZILIAN CONSUMPTION REACHED 59.1 MILLION TONS OF CEMENT IN 2010

CEMENT INDUSTRY IN THE WORLD

The cement industry exists in almost every country and requires long-term and intensive capital (on average between 200 and 300 US\$/ton of turnover). Brazil, where the 12 groups work, is one of the countries with the greatest competition, according to the National Association of Cement Industry (known as SNIC) - only the United States beats this figure.

According to data from International Cement Review, the world production of cement reached about 3.3 billion tons in 2010. The five largest con-

APPROXIMATE COMPOSITION OF THE COST OF CEMENT



BRAZIL ACCOUNTS FOR 1.6% OF GLOBAL CEMENT CONSUMPTION AND RELIES ON CAPACITY TO PRODUCE **67 MILLION TONS PER YEAR**

sumers are China, India, U.S.A., Brazil and Russia. The global statistics reveal that in recent years, the cement consumption has been increasing substantially in developing countries, a fact that avows InterCement's strategy of concentrating its efforts in South America and Africa.

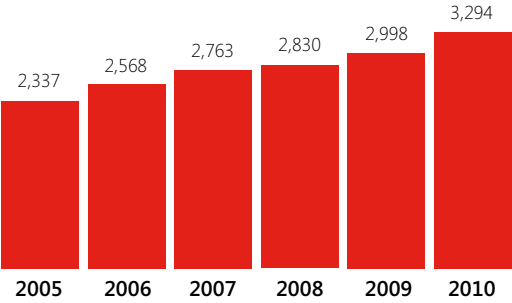
CEMENT IN BRAZIL

Brazil, the fourth largest cement market in the world, according to the Global Cement Report, leads the production and consumption in Latin America. Coherent with the profile of this segment and the dynamics of international market, the country has global players, and sees the dealers as the main buyers.

Responsible for 1.8% of world consumption, Brazil's cement park has about 70 plants, 12 domestic and foreign industrial groups, with installed capacity of 67 million tons/year.

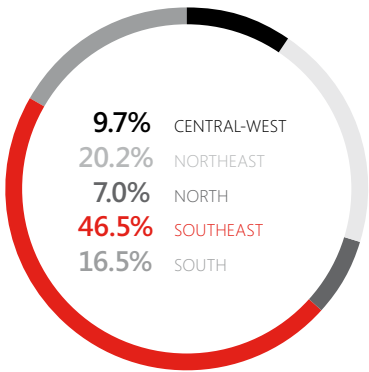
Estimates of the National Association of Cement Industry (SNIC) show that the Brazilian consumer has reached 59.1 million tons in 2010, representing an increase of 14.8% compared to the previous year. This means that the country maintained its growth pace that started in 2005 - reflecting the growth of the economy, housing programs and investments in infrastructure - and is able to meet the current demand, but will need new investments soon - in line with the InterCement's growth plan.

GLOBAL CEMENT CONSUMPTION



Source: Global Cement Report 8th edition 2009 and International Cement Review

CEMENT IN BRAZIL



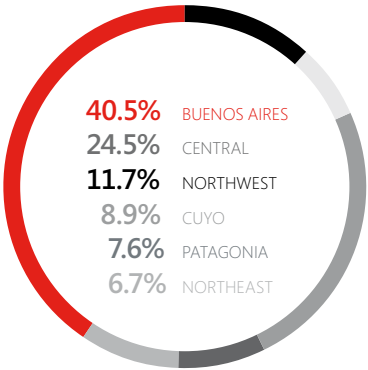
Source: SNIC - Official until November - Preliminar SNIC Dec/10 with imports

CEMENT IN ARGENTINA

In a market where international players are present, InterCement is the leader with the Loma Negra brand, which accounted for almost half of the sales in a market that consumed 10.2 million tons of cement in 2010, a record volume in the cement industry and 10.1% over the 2009 production of 9.3 million tons, according to data released by the Association of Portland Cement Manufacturers. A survey by the entity shows that the Argentinean consumption increased significantly in a decade, going from an average of 150 kg per capita in 2001 (with annual production of 5.45 million tons) to 254 kg per capita in 2010.

This increase is the result of the good performance of the agricultural sector and a recovery in the Argentinean consumption, both by the private sector and by infrastructure projects. After growing for six consecutive years, interrupted by the financial crisis in the international markets that extended throughout 2009, the market again showed positive outlook for the coming years, which favor cement industry. As evidence of this, Brazil's month-

CEMENT IN ARGENTINA



IN THE ARGENTINE MARKET, THE LOMA NEGRA BRAND IS THE LEADER

ly estimated economic activity showed 9.4% in 2010's accumulation.

Despite the demand for infrastructure works, the Argentinean cement sector focuses its business on distributors and resellers that serve the small works and repairs. Together, they account for more than half of consumption, followed by concrete companies and constructors.



PROFESSIONALS RELY ON A FRAMEWORK OF ENHANCEMENT COURSES AND BUSINESS OPPORTUNITIES FOR GROWTH IN THE COMPANY



RAW MATERIALS FOR CEMENT COMPOSITION

OUR POSITION IN THE SECTOR

InterCement currently ranks third in the cement market sharing position in Brazil and is the leader in Argentina, with traditional brands of renowned quality. It is also the fifth largest concrete producer in Brazil, with 18 concrete plants, most of which located in the state of São Paulo, which consumed nearly 500 thousand tons of cement from its plants in 2010. It also has two quarries in the state of São Paulo, recently acquired. In Argentina, with the Lomax brand, the company holds 24% of the market share of concrete in Buenos Aires. It also includes the La Preferida de Olavarría for the production of aggregates.

The Company's growth targets are ambitious. It focuses its efforts on measures streamlined with the

principles of sustainability and excellence in corporate management. While always paying close heed to opportunities for improvement, it invests in innovation, improvement of processes and in the capacitation of its talents to generate value for all its stakeholders and thereby contribute to the sustainability of the business.

In its operations, InterCement adopts an ethical, transparent and respectful attitude toward its peers as well as in contact with vendors, customers and other stakeholders, based on the principles of its Code of Conduct. To guide relationship of its professionals with stakeholders, the Company has a policy of its own that prevents abusive actions in commercial agreements (formal or informal) with competitors, customers or distributors, mitigates risks associated with the anti-competitive behavior and ensures that managers make decisions regardless of its partners or competitors. The Company also provides a channel to receive complaints, called the ethics Line, with full confidentiality and independence, since it is managed by an outside consulting firm.

INTERCEMENT CURRENTLY RANKS **THIRD** IN ITS CEMENT MARKET SHARE IN BRAZIL AND IS A **LEADER** IN ARGENTINA

OUR BUSINESS

WHAT WE PRODUCE

InterCement produces cement, concrete and aggregates, and has the third largest cement complex in South America. Today, it has 16 units of cement companies - seven in Brazil and nine in Argentina - which together produced 11.5 million tons in 2010, representing a 12.74% increase compared to previous performance.

The evolution of cement production recorded by the Company both in Brazil and in Argentina, even before the completion of numerous projects to expand the industrial park that are underway, reflects the frequent investments in processes to improve operational efficiency, the researches aimed at improving on a daily basis the quality of products and efforts to improve business management. The record production of 2010 outdid the average growth of the sector and enabled historical operating brands in several plants.

PRODUCTION IN BRAZIL

In Brazil, InterCement works with the Cauê and Cimento Brasil. Recognized for its quality, the Company produces cement, concrete and aggregates in seven plants - four integrated cement plants and three mills - 18 units of concrete and two quarries. It

holds almost 10% market share and its industrial produced 6 million tons in 2010.

The cement plants are located in cities Apiaí and Jacaréi (São Paulo), Bodoquena (Mato Grosso do Sul), Pedro Leopoldo, Ijaci and Santana do Paraíso (Minas Gerais) and in Suape (Pernambuco), where is represented by the mark Cement Brazil - the first plant in Northeastern Brazil to produce cement with the addition of slag.

PRODUCTION IN ARGENTINA

The Company began operating in Argentina in 2005 by acquiring a controlling stake in Loma Negra and its subsidiaries. Traditional and with high reliability and reputation in the local market, Loma Negra is the market leader and its industry produced 5.5 million tons in 2010.

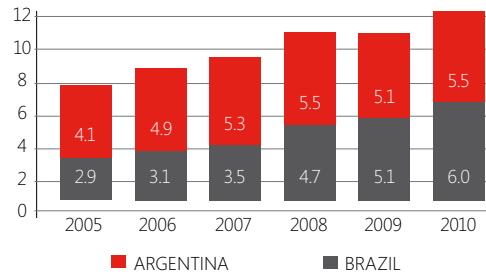
Loma Negra is the only company with a presence in all regions of the country. It has nine units for manufacturing cement and 11 concrete production facilities, located in the provinces of Neuquén, San Juan, Catamarca and Buenos Aires, which concentrates six of the nine plants. Loma Negra sells cement, lime and special mortar with its brand, concrete with Lomax brand and aggregates for civil construction, through the subsidiary La Preferida de Olavarría.

To meet its sustainable guidelines and environmental conservation, InterCement relies on Recycomb, a plant that uses fuel blending technology, to eliminate industrial waste, which cooperates to reducing emissions of greenhouse effect gases.

FERROSUR: A COMPETITIVE EDGE

In Argentina, InterCement has a competitive edge: through Cofesur S/A, it holds 80% stake in Ferrosur Roca SA (Ferrosur), with 3,181 km railway, which operates in central Argentina. The railway connects

SALES VOLUME OF CEMENT (millions of tons)



PRODUCTIVE UNITS



N.B. Only cement operations

seven of nine units of Loma Negra and connects the Argentinean cement to major consuming centers.

Currently, services for Loma Negra represent about 45% of the products carried by Ferrosur. For other customers, the railroad carries chemicals, fuels, raw materials, among others, mainly for the construction sector. In 2010, it transported 5,2 million tons, up 2% achieved in 2009 in volume, with an average rate of US\$ 10.86 per ton (+14%).

For its strategic location, on August 24, 2010 Ferrosur signed a contract for the transfer of rights and obligations of its assets to Vale Logística de Argentina S/A. The agreement guarantees Vale the right to

use 756 km infrastructure, in the stretch between the cities of General Cerri (in the province of Buenos Aires) and Zapala (in Neuquén), preserving the right of the Loma Negra to carry their products. The operation also provides for the transfer of certain contracts of employment, and certain assets owned by Ferrosur and will be implemented after approval by the National Commission of Argentina's Economy Defense (Comisión Nacional de defensa de La Competencia). The transfer price will be US\$ 60 million.

OTHER INVESTMENTS

InterCement still owns a stake in Yguazú Cementos, a business unit located in Paraguay, at Itacambira Cementos, in Bolivia, at the Palanca Cement project to set up a cement factory in Angola - initiatives that demonstrate the Company's commitment to grow in key markets in a sustainable manner, creating value for its stakeholders.

PRODUCTION (%)



PERFORMANCE



SUPPLY CHAIN

Called by the ancient Romans as caementum, the Portland type cement comes from a mixture of at least 70% limestone (abundant in nature), clay and iron ore, where other additional ingredients are possible in lesser content to obtain specific properties. Its chain of production requires high technical knowhow and the latest technology to produce a higher quality cement. InterCement has one of the most modern industrial parks of South America, delivering high profitability with regard to the environment.

1

THE ORE IS EXTRACTED THROUGH DETONATION, AND THEN CARRIED TO THE PRODUCTION UNIT.

2

UPON ARRIVAL, THE GREAT BOULDERS GO THROUGH CRUSHING, A PROCESS FOR REDUCING THE LIMESTONE INTO UNIFORM SIZED PEBBLES.

3

WITH UNIFORM SIZE, THE LIMESTONE DEPOSITS ARE DRIVEN TO PRE-HOMENIZATION DEPOSITS. AS THE QUALITY OF CEMENT MATERIALS DEPENDS ON CHEMICALLY HOMOGENEOUS MATERIALS, THE LIMESTONE PASSES THROUGH A SYSTEM STACKING LAYERS THAT UNIFY THE LAYERS ACCORDING TO THE BATCH THEY CAME IN.



4

THEN, IT IS SENT TO THE DOSAGE STAGE, WHICH PREPARES THE MIXTURE OF LIMESTONE, CLAY AND IRON ORE IN IDEAL PROPORTIONS FOR THE QUALITY AND TYPE OF CEMENT TO BE MADE. WORK IS DONE BY DIGITAL DOSING SCALES AND CONTROLLED BY THE CENTRAL LABORATORY.

5

THE GRINDING OF THE IDEAL MIXTURE PRODUCES A FINE POWDER KNOWN AS RAW MEAL. THE MATTER PASSES THROUGH CYCLONES WHERE THE AIR IS SEPARATED FROM THE PRE-HEATED MEAL. AT THIS POINT, THE RELEASE OF CO₂ TAKES PLACE, ACCELERATING THE DECARBONATION.

6

THEREAFTER, THE MEAL GOES TO CALCINER AND IS HEATED UP TO ITS MELTING POINT AT TEMPERATURES THAT REACH 1,400 ° C. THE MATERIAL BECOMES A KIND OF LIQUID STATE MAGMA AND IS THEN COOLED QUICKLY. THE MATERIAL RETURNS TO ITS SOLID STATE, FORMING THE CLINKER, BASED ON THE CEMENT.

7

THE CLINKER, PLUS THE GYPSUM, PLUS THE LIMESTONE OR ANY OTHER ADDED SUBSTANCE IS GROUND MIXED, THUS GENERATING THE CEMENT. THE CEMENT IS THEN READY TO BE SHIPPED EITHER IN BAGS OR IN BULK.

HOW WE PRODUCE

The InterCement has one of the most modern industrial parks in South America, delivering high profitability with respect towards the environment. Its units have a different operating model, which combines cutting-edge technology, automated processes, scanned and tracked in a central laboratory and experienced professionals, which allows ensuring the quality of the final product and multiplying sustainable results.

To supply its production, the Company holds reserves of limestone mineral - which accounts for about 90% of the cement composition - with extraction guaranteed for several decades, in Brazil and Argentina. Easy to find in nature, the limestone mines need to be relatively close to major consumption centers in order to be viable, since the cost of logistics has a significant weight in the composition of prices - transport and energy together account for about 50 % of the cost of cement production.

Strategically located, the limestone mines run by InterCement are within a radius of up to 20 km from operational plants and close to major consumer markets. The Company adopts means of reducing the impact of their activities on the environment and communities near reserves and production units, since the early stage of production. It is important to stress that the accounting books have specific provisions for dealing with the recovery of the mines after the exploration period.

THE COMPANY ADOPTS THE MEANS OF **REDUCING THE IMPACT** OF THEIR ACTIVITIES IN THE ENVIRONMENT AND IN COMMUNITIES CLOSE TO THE RESERVES AND PRODUCTION UNITS, **SINCE START** OF THE PRODUCTION PHASE

The main environmental impact of cement production is the emission of CO₂, which occurs mainly (about 98% of emissions) during two phases: in the calcination (burning) process of the raw materials (particularly limestone and clay) to generate clinker (cement base), when 'decarbonization' occurs and the burning of fuels that feed the clinker furnace. Specialized agencies estimate that the global cement industry is responsible for about 5% of CO₂ emissions deriving from human activity.

In Brazil, however, the production of cement industry accounts for less than 2% of the country's total emissions, according to 1st National Inventory of Greenhouse Gases, concluded by the Ministry of Science and Technology. Within its management model, InterCement provides constant monitoring of its emissions through annual inventories, used to monitor the progress of the actions prescribed in its mitigation plan.

The emission inventories of greenhouse gases (GHGs), covering the years 2007, 2008, 2009 and 2010 were conducted according to the CSI protocol and the green house gases Protocol (GHG Proto-

col), and subject to verification of independent external consulting. The results show that the Company has the lowest worldwide rates and became a benchmark in the control of GHG emissions. InterCement currently has emission 535 kg CO₂ per ton of cement produced, well below the annual average of 653 kg.

REDUCTION OF IMPACTS

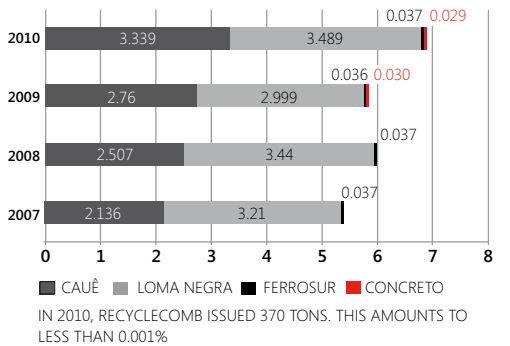
InterCement uses cleaner fuels to generate power necessary for the furnace and reduce CO₂ emissions. The technique, called co-processing, consists of burning industrial waste or municipal solid waste (tires, waste oils, plastics and paints, among others) to replace traditional fuels, without creating new waste nor jeopardizing the environment

To ensure supply of these products long-term contracts were entered into with the generating industries at favorable cost, which has become a competitive advantage for the Company and supply guarantee for both Brazilian and Argentinean plants. Over the next two years, R\$ 40 million will

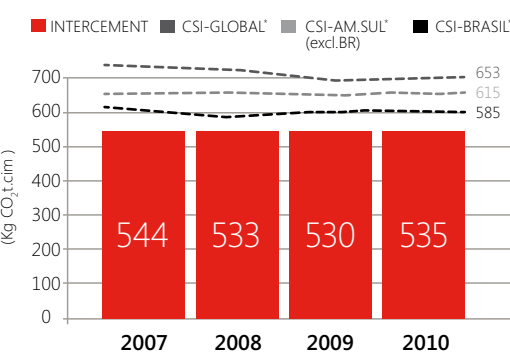
COVERED BELTS CONVEY LIMESTONE FOR DOSAGE



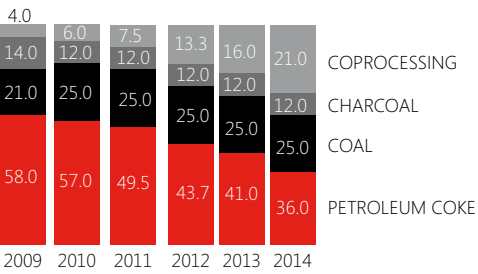
EVOLUCION OF ABSOLUT EMISSIONS (MM ton. de CO₂)



EVOLUCION OF ABSOLUTE EMISSIONS (MM ton. of CO₂)



THERMAL MATRIX (%)



be invested in co-processing facilities, which will use 174,000 tons of waste annually and replace 21% of the thermal array.

CLEAN ENERGY

As cement production requires high consumption of thermal and electrical energy, InterCement invests in renewable energy produced by hydroelectric plants. The self production warrants lower emissions of CO₂, provides a supply hedging and allows a lower production cost. Aware of this, since 1997 it holds 9% stake in Maesa-Machadinho Energia S/A and since 2001, holds 5.3% of Baesa-Energética Barra Grande S/A.

In 2011, it became responsible for 4.4% of the consortium that owns the hydroelectric plant of Estreito, located on the border between the states of Maranhão and Tocantins. The consumption of “clean energy” (not produced from petroleum by-products) accounted for 15.7% of the total energy consumed by the Company in the year.

INVESTMENT IN CITIZENSHIP

InterCement’s investments in growth are not limited to the new technologies, the latest generation equipment or strategic stake in other companies. First of all, the Company believes these acquisitions will only provide the expected return if it has a team

that is qualified and committed to the achievement of strategic objectives.

Knowing this, the Company devotes significant portion of its annual investments in training their employees, with the aim of providing professional and personal growth. In all units, InterCement favors the hiring of local employees as a way of retaining talent, fostering career development, accelerating the process of adaptation to corporate culture and ensures that its professionals are interested in partaking of social initiatives to support local communities. The Company believes that with such policy, it helps to keep young people in their home town. Hence, this cooperates with the growth of local economies, producing a virtuous cycle that contributes to citizenship.

In partnership with Instituto Camargo Corrêa, InterCement encourages its workers to participate in the Ideal Volunteer Program. The intention is to enhance, recognize and support the volunteer work of associates and their families that contribute to the community development of the municipalities involved. The highlight of the program was the implementation of the “Good-Doing Day”, an initiative created in 2009 to commemorate 70 years of the Camargo Corrêa group. In 2010, the event has mobilized 1,897 volunteers in Brazil and over 925 people in Argentina and Paraguay, among employees, families, vendors, customers and local communities, benefiting hundreds of families in over 70 actions.

THE COMPANY BELIEVES THAT RETAINING YOUNG PEOPLE IN THEIR HOMETOWN CORROBORATES THE GROWTH OF LOCAL ECONOMIES, PRODUCING A VIRTUOUS CYCLE

CONSISTENT WITH ITS STRATEGIC VISION, THE COMPANY’S SOCIAL ACTIONS SEEK TO **BALANCE THE ECONOMIC, SOCIAL AND ENVIRONMENTAL ASPECTS,** WITHOUT LOSING FOCUS ON THE PROPOSAL OF OFFERING OPPORTUNITIES TO THE YOUTH

Consistent with its strategic vision, the Company’s social actions seek to balance the economic, social and environmental impact without losing focus on the proposal to provide opportunities for young people. These initiatives are divided into three projects, in addition to the volunteer program, all coordinated by Instituto Camargo Corrêa:

Ideal Childhood Program

Aimed at children aged zero to six, the program aims to protect the rights of early childhood and is present in the municipalities of Ijaci, Apiaí, Bodoquena, Santana do Paraíso, Pedro Leopoldo and Cabo de Santo Agostinho. Coordinated by a representative committee of stakeholders of the community, the Community development Councils (known as CdC)

The program has 22 projects seeking to supplement and strengthen the actions of government and communities. Originally chosen to house the Ideal Childhood program, InterCement is the first company of the Camargo Corrêa group since 2010 to undergo the experience of simultaneously implementing the Institute’s two other structural programs: Ideal School and Ideal future.



COMPANY CONSTANTLY INVESTS IN EQUIPMENT FOR THE SAFETY OF ITS PROFESSIONALS

Ideal school program

You are guided to improve the management of public schools, seeking the enhancement of education quality. The quality program in the management of public school serves children and adolescents aged 6 to 16 years and was first deployed in the city of Apiaí (SP).

Ideal Future Program

Its goal is to encourage entrepreneurship and generate employment as well as income for youths between 16 and 29 years. The program is conducted in partnership with several entities, such as SESI, SENAC, SENAI, SEBRAE, among others. The program invests in local potentials and opportunities for interaction with group companies and its network of relationships.

The strategy for promoting community development is also being implemented in Argentina with the support of Loma Negra foundation. There, the proposal is to promote interaction between different generations to improve the situation of youths in five cities - Olavarría, Cañuelas, Zapala, Ramallo and Barker.

HOW WE MARKET

InterCement seeks to be present in markets with great potential for consumption, which values its differences and the quality of its services. In Brazil, sales are concentrated in the Southeast, which accounts for 48% of domestic consumption of cement. Since 2006, the Company has been steadily increasing its market share in the region and in 2010 reached the mark of 14.4%, surpassing 13.7% recorded in 2009.

In four years, InterCement’s market share in Brazil grew 2.1 percentage points, signaling that the efforts to achieve constant improvements in products and services are recognized by customers. The Company has shown an average growth around 60% higher than the market’s, which led to a gain of 30% market share in the period and enabled InterCement to shift from the fifth to the third place within the ranking of the largest manufacturers.

THE COMPANY HAS SHOWN AN AVERAGE EXPANSION OF ABOUT **60% HIGHER THAN THE MARKET’S**

Customer satisfaction surveys confirm these findings; conducted in July 2010, the survey found 31% of delighted customers and 55% of customers very satisfied with the products and services of the Company. InterCement also grew in the industrial sector: it is already the second player, with 16% participation.

To provide fast service, quality and efficiency, the company has a logistics division in Brazil, which transported 11 million tons in 2010. Of this total, 12% were transported by rail (and 88% through roads), double the market average, which carried only 6% of its products by rail. In Argentina, more than 5 million tons was transported by Ferrosur, with



AFTER GOING THROUGH THE BAGGING MACHINES, THE CEMENT GOES THROUGH CONVEYOR BELTS FOR STORAGE AND DISTRIBUTION AT POINTS OF SALE

more than 50% over Loma Negra’s corresponding production.

InterCement seeks to maintain a balanced portfolio of customers. Retail represents its main distribution channel, although its share has fallen 10% over the past ten years. Just as the concrete businesses have been recording a steady growth rate, the strong industrialization observed in the last five years has boosted the expansion of industrial channels.

ARGENTINA

In the Argentinean market, Loma Negra is the brand leader in the cement segment, with demand concentrated in sales for small works and repairs. Because of this profile, the company has a highly dispersed portfolio (no customers hold more than 5% of total volume).

The high market share reflects the quality, the technical differentiation of its products and a business strategy that combines specialized care, training and promotional events that encourage customer loyalty.

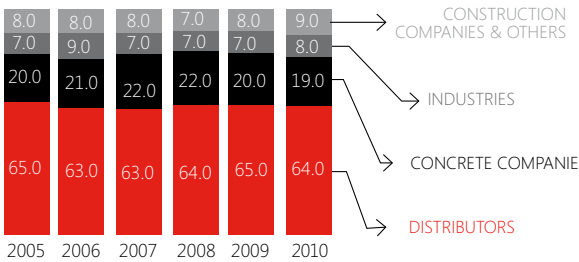
DIFFERENTIATED SERVICE

Aiming to ensure differentiated service, InterCement has consultants in specialized sales, promo-



THE PLANT REQUIRES INTENSIVE INVESTMENTS

LOMA NEGRA (% channel mix)



tions to increase the turnover of sales points and technical consulting services that help customers take greater advantage of the products. Moreover, in order to strengthen the relationship with industrial customers, a technical consulting area has been created, prepared to assist in the optimization of industrial processes and thus contribute to reducing costs and improving products and services.

The differentiated consultancy service is also offered in the Argentinean market. Loma Negra has complete teams of sales representatives, expert analysts and a contact center, with the background on relationship with each customer. The Company also has technical assistance services, with mobile units, and even offers theoretical measurement services to indicate the optimal dosage each material should have to make up the best mix according to customer needs - being the only company in the Argentinean market to have a technical center with infrastructure and equipment to carry out detailed studies on concrete. Loma Negra also offers customized relationship for client retention, which include specialized training for professionals in construction, such as architects, engineers and technicians.



PROFESSIONALS, WHO ARE TAILORED TO CATER TO CUSTOMERS' NEEDS

TO BUILD UP CLOSER RELATIONSHIPS WITH CUSTOMERS, THE COMPANY IS PREPARED TO PROVIDE TECHNICAL CONSULTING TO ASSIST IN OPTIMIZING INDUSTRIAL PROCESSES

“ON THE RIGHT TRACK” PROGRAM

Aware of the importance of road transport in its business and in line with its corporate social responsibility, InterCement allied its business operations to social initiatives while actively participating in the “On the Right Track” Program, created by World Child Foundation, in order to combat the sexual exploitation of children. In 2010, awareness campaigns were conducted in the units at Jacareí (São Paulo), Santana do Paraíso, Ijaci and Pedro Leopoldo (Minas Gerais) and Bodoquena (Mato Grosso do Sul), which reached about 4,300 professionals in the asphalt.

InterCement is also a partner of Childhood Brasil, an arm of the World Childhood Foundation, an organization founded in 1999 by Queen Silvia of Sweden. Its mission is to defend children's rights and promote better living conditions for children in vulnerable situations around the world. In Brazil, the organization works with a focus on protecting children against abuse and sexual exploitation.

CIMPOR

In line with its strategic goals and growth plan, the Parent Company Camargo Corrêa S/A, bought about 33% of Cimpor's capital and became the largest single shareholder of the Portuguese cement producer. The operation enabled meeting its international strategy, without deviating from the proposal of focusing its activities on the emerging markets.

With a presence in 12 countries in four continents, Cimpor is one of the ten largest global producers of cement and has 67% of its assets in markets such as Egypt, China, India, South Africa and Brazil - is the largest international company with greatest presence in emerging markets among all major companies worldwide. Also strong in the Portuguese and Spanish markets, CIMPOR, which remains independent, still operates in Morocco, Cape Verde, Tunisia, Turkey and Mozambique and has a total capacity of 36 million tons/year.

The expressive share in emerging markets allowed CIMPOR to maintain its profitability - the largest in the world among the major players - the period in

AMONG ALL MAJOR
COMPANIES WORLDWIDE,
CIMPOR IS THE COMPANY
WITH INCREASED PRESENCE
IN THE **EMERGING
MARKETS**

IN BRAZIL,
CIMPOR HOLDS
9% OF THE MARKET
AND IS THE FOURTH
LARGEST PRODUCER
IN THE COUNTRY

which several international companies faced hardship to grow as a result of the turmoil in the international economy in the aftermath of the crisis of 2008 and 2009. This strategic stake in emerging markets proved to be a natural 'hedging' and proves the right action taken in acquiring part of Cimpor's capital. Moreover, the investment offers conditions for laying the foundations for a long-term and high value creation for its stakeholders.

CIMPOR IN BRAZIL

In Brazil, Cimpor holds 9% of the market and is the fourth largest producer in the country. Being located in regions where InterCement has no plants or has a small mill, Cimpor meets the objective of complementing the current industrial park.

OUR STRATEGY AND WHAT SETS US APART FROM THE COMPETITION

InterCement's strategic plan focuses on making the company one of the 20 largest cement producers in the world by 2012. To achieve this ambitious goal, InterCement is investing in expanding its businesses in Brazil and overseas, on the alert to the possibilities of mergers, acquisitions, greenfield projects and brownfield, aiming to expand geographically, to become more competitive and generate value for all its stakeholders.

In Brazil, the goal is to maintain a national presence – nowadays, the business units are concentrated in regions of greatest demand – and to double up the production, with investments in both organic growth and in deployment or acquisition of new plants. In Argentina, the goal is to continue as the market leader. For its overseas operations, the intention is to maintain the strategy of operating in emerging countries, primarily in Africa and Latin America, and grow through acquisitions.

The acquisition of approximately 33% of Cimpor, achieved in 2010, proves this planning; even though it has strong participation in Portugal and Spain, 67% of the Portuguese cement company's assets are in emerging markets.

In line with its strategic objectives, the Company plans to grow in a consistent and sustainable manner, implementing the best practices in processes, green initiatives, policies on health and safety, risk management and technology, inter alia, as well as remain in the select list of operations with the lowest emissions of greenhouse gases (GHGs).

COMPETITIVE ADVANTAGES

InterCement Participações S/A, InterCement Brasil S/A and its subsidiaries are committed to creating value for its shareholders and other stakeholders. To do so, they rely on several competitive advantages that allow carrying out its strategy with excellence, as follows :

- ✓ It relies on teams that are prepared for the expansion
- ✓ Consolidated position as the third largest cement company in Brazil and a leader in Argentina, with recognized brands in the market.
- ✓ It has the third largest industrial park in South America and one of the most modern and efficient.
- ✓ It is strategically positioned in the concrete market.
- ✓ It has three gravel quarries in strategic regions of São Paulo and Buenos Aires province.
- ✓ It has planned investments of over R\$ 6 billion in the coming years, without contemplating mergers and acquisitions, which ensures substantial growth in production volume.
- ✓ It achieved solid, systematic financial income above the market average and consistent with its expansion project.
- ✓ Its controlling shareholder is a sound family group and internationally renowned.
- ✓ It features as the largest individual shareholder of Cimpor.
- ✓ It has a railway in Argentina, which increases its competitiveness.
- ✓ Present throughout the cement chain.
- ✓ It has large availability of raw materials and other inputs.

THE COMPANY RANKS AMONG THE MAJOR PRODUCERS OF THE CEMENT MARKET, WITH SPECIAL HIGHLIGHT FOR ITS **LOW RATES OF CO₂ EMISSIONS.**

- ✓ It has a replicable model of management and operational excellence with focus on occupational health and safety.
- ✓ It successfully implemented programs for continuous improvement and innovation.
- ✓ As a reflection of its competent and responsible management, it provides good rates of return to its investors.
- ✓ It has easy access to its own and third party resources through promotion agencies, bank financing and capital markets.
- ✓ It is a self-producer of electrical power in Brazil, resources with direct impact on costs (Baesa's rated power – 698 MW, Maesa's – 1140 MW and Estreito's – 1087 MW)
- ✓ It enjoys flexibility in the use of fuel in Argentina.
- ✓ It holds a record for the lowest rates worldwide emission of greenhouse gases (GHGs) in its production lines.
- ✓ Expertise in the import of clinker, slag and other inputs.
- ✓ It holds reserves of limestone, with guaranteed extraction for several decades to come.

INTANGIBLE ASSETS

Throughout its history, the Company has accumulated numerous assets that cannot be measured, by starting as part of a modern, strong and dynamic group, recognized in Brazil and abroad. In over four decades of experience in the cement market, it has acquired an important – and valuable – know-how of production, which places it in the ranking of major producers, with highlight on the low levels of CO₂ emissions.



RESEARCH LABORATORIES WARRANT THE FINAL QUALITY OF THE CEMENT

Consistent with its strategy to innovate and constantly improve products, services, processes, methods and technology to offer quality products at more competitive prices, InterCement is investing in research, development and innovation. This practice is just starting to bring the first results and over time will accumulate a technical knowledge of high value, difficult to be measured.

The Company also constantly invests in technical and professional development of its associates, besides stimulating innovation and encouraging the interchange of best practices with subsidiaries overseas. This culture enabled building up teams with excellent technical level and a governing body with international experience.

The brands of its products, namely, Cauê, Cimento Brasil and Loma Negra are respected and recognized for their quality by customers, vendors and other publics, and rely on structured social programs that leverage the strength of its brand in cities where InterCement runs its operations.

WHERE WE ARE INVESTING

InterCement wants to grow considerably in the years to come. And grow sustainably. To maximize the Company's future value and achieve economic, social and environmental gains, the investments are geared not only for the construction of new plants but also for the development projects that aim to increase capacity and to enhance products, services, processes and systems, in order to reduce operating costs and environmental impacts, and particularly to lower the levels of CO₂ emissions. In parallel, InterCement seeks to improve its corporate governance and its management of risk and people, intent on consolidating the pillars for growth in the years to come.

In 2010, the Company made a total investment of R\$ 302.3 million and by 2016 total investments of more than 6 billion are expected to meet the growth plan, without contemplating mergers and acquisitions. Below are the main investments of InterCement:

INVESTMENTS IN BRAZIL

- In December, the expansion project of the plant at Bodoquena (MS) was completed, which increased the rated capacity of the furnace from 1650 t/d to 1900 t/d thereby enabling increased capacity of the cement and coke mills. Also, the installation of a new palletizing warehouse was finalized, reinforcing the company's presence in the Midwest region.

IN 2010 ALONE,
INTERCEMENT INVESTED
R\$ 302.3 MILLION
AND BY 2016, TOTAL
INVESTMENTS ARE
PLANNED FOR OVER
R\$ 6 BILLION

- In 2010, the project of a new mill in Cubatão (SP) began, which should raise the production capacity and enable the best logistical efficiency and quality for InterCement's service to customers in the Southeast.

- The Company has also reinforced the operational strategy in the concrete and aggregates markets and remained responsive to business opportunities. Specifically, after evaluating the portfolio of plants, some sites have been acquired for the production of concrete in metropolitan areas, apart from investments to renew vehicles and other equipment. In aggregates, operations were resumed at two gravel mines located in the region of São Paulo (SP).

INVESTMENTS IN ARGENTINA

- In Argentina, ongoing projects that will generate an increase of 1.6 million tons of cement grinding capacity are in progress. These projects are part of an investment plan of the subsidiary Loma Negra,



AUTOMATED PROCESSES CARRY THE
INPUTS FOR PREPARATION OF CEMENT

which includes environmental improvements, diversification of energy sources, operational efficiency and increase capacity, in order to ensure the supply of demand in a sustainable way and maintain its leadership in manufacturing and marketing cement in the country.

- In Catamarca, Northwest Argentina, investments focused on expanding the milling capacity. A new mill was installed, which started operations in October 2010 and will expand production by 800,000 tons to cater to the region's demand.

- In the province of Buenos Aires, began the second phase of the project to increase the capacity of the L'Amali plant. With its completion scheduled for 2011, the project should provide an increase of about 800 000 tons in storage and bagging capacity in the country's main market.

- With regard to environment, investments for the installation of new filters were completed in Argentina for the plants at Barker and Olavarría, which would allow achieving environmental indicators similar to the world's best rates. Additionally, other environmental investments were made, such as the installation of alternative fuel power plant in L'Amali (the first stage is complete and the second phase is expected to be complete by 2011) as well as installation of continuous gas emission meters at all the furnace funnels. With these investments, InterCement reaffirms its commitment to respecting the environment and its path to becoming a cement company of reference to environmental issues.

- In 2010, Loma Negra acquired from the North American Philips Services Corporation, 24.5% of the Recybom's shares and took control of 100% of the company's capital stock. One of the most modern



THE COMPANY HAS EXTENSIVE KNOWLEDGE OF ALL THE PRODUCTION PROCESSES



INTERCEMENT IS PRESENT IN THE BRAZILIAN MARKETS WITH GREATER POTENTIAL FOR CONSUMPTION

companies of industrial waste treatment in Argentina, Recycomb uses the fuel blending methodology, which allows destroying by heat – and safely – the different types of industrial waste, besides extracting thermal energy from these materials used in cement furnaces in replacing fossil fuels.

Currently, Recycomb processes 50,000 tons of industrial waste per year and produces the Liquid Recyfuel and the Solid Recyfuel, which fuels generate more than 2% of the thermal energy consumed by Loma Negra. Its goal is to achieve 15% thermal substitution before 2014. The acquisition is a clear demonstration of relevance to InterCement of topics such as industrial waste and non-polluting fuel use, issues in line with its commitment to sustainability.

INVESTMENTS IN PARAGUAY

• In Paraguay, through its jointly subsidiary with Yguazú Cementos S/A, InterCement continued the

construction of a plant with capacity to produce 400 thousand tons of cement per year. The total investment will be around US\$ 100 million. The unit will become operational in 2012.

INVESTMENTS IN ANGOLA

• After the pre-marketing operations, with the sales in 2009 of 25,000 tons of cement in Angola, the subsidiary together with Camargo Corrêa Escom Cement B.V., a Dutch company, entered into a shareholding agreement with an Angolan group to constitute and implement a cement plant in Angola, known as Palanca Cimentos. The works are in early stages.

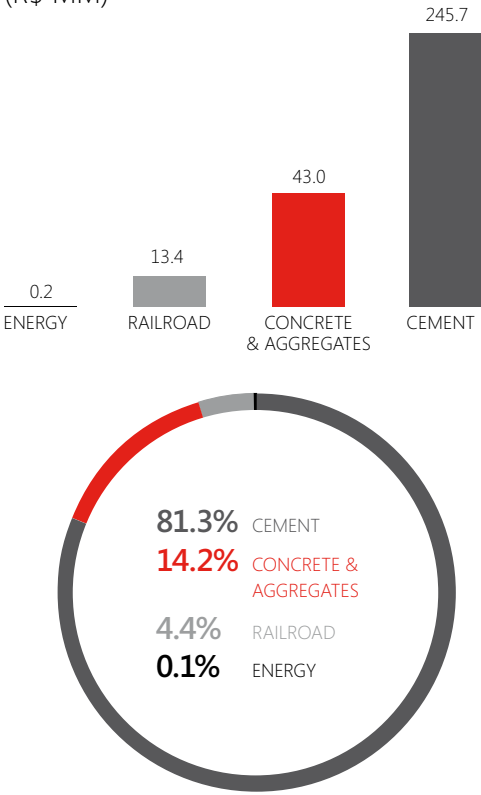
INNOVATION

In 2009, the Company implemented an extensive program to disseminate the culture of innovation and encourage employees to seek new alternatives in their daily work. In 2010, the market was the focus

of the program, with initiatives aimed at generating new opportunities for service delivery and customer service that effectively meet their needs and expectations.

The first stage of the project, of model development and funding proposals generated 350 ideas in the areas of logistics, product, payment methods, packaging and differentiated services of concrete. A committee evaluated the feasibility of the best proposals and in 2011 many ideas will be implemented with its own and dedicated structure.

INVESTMENTS (R\$ MM)



IN 2010, THE COMPANY CREATED A PROGRAM DESIGNED TO **GENERATE NEW OPPORTUNITIES** FOR PROVIDING SERVICES AND CATERING TO CUSTOMERS

OUR FINANCIAL PERFORMANCE

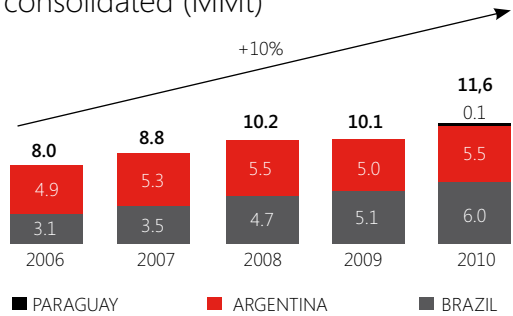
The comments made here about the economic and financial performance used the consolidated financial statements of Camargo Corrêa Cimentos S/A as primary source. (For this report treated as InterCement), audited by Deloitte Touche Tohmatsu, without the effects of operating results of Usiminas, participation was transferred in 2009 to the holding company Camargo Corrêa S/A For more information, please see the financial statements presented in the attached CD. The consolidated data are in line with international accounting standards (IFRS).

Important: InterCement is a cement company that operates in line with the four principles of sustainability - economic, social, environmental and corporate governance aspects – and in the quest for results, with the aim of multiplying their sustainable value. In 2010, the Company recorded a slower growth than previous years, reflecting the combination of several factors, such as Real appreciation against the Dollar and increase in expenses, mainly related to the maintenance and qualification of skilled labor - factors that will prepare the company for strong market growth in the years to come.

IN BRAZIL, SALES ACCRUED 6 MILLION TONS. IN ARGENTINA, 5.5 MILLION OF TONS WERE SOLD



VOLUME OF SALES consolidated (MMt)



SALES

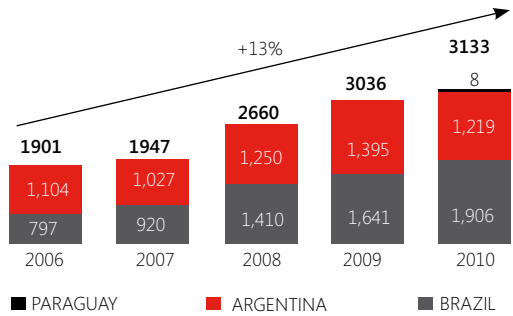
The recovery of the economy, both in Brazil and in Argentina, allowed for increased sales of cement throughout the year. The expansion was higher in Brazil, where the sales volume recorded a high of 900,000 tons. In Argentina, sales increased by 500 thousand tons, results that confirm the projections of increased consumption and endorse investments to increase production.

In 2010, total consolidated sales, which include operations in Brazil and Argentina increased by 12.7% as compared to 2009. In Brazil, sales accrued 6 million tons. In Argentina, 5.5 million tons were sold, in addition to the 100,000 tons sold in Paraguay.

GROSS REVENUE (by country)



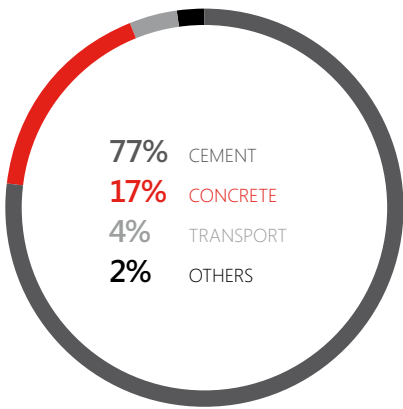
GROSS REVENUE (R\$ MM)



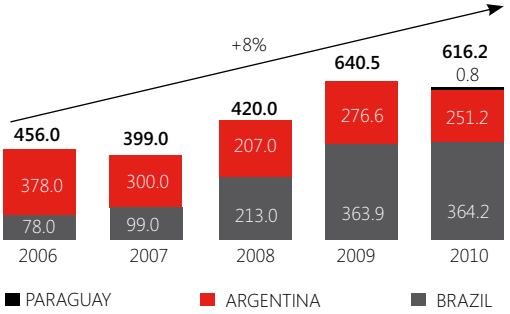
GROSS REVENUE

In 2010, InterCement's consolidated gross revenue accrued R\$ 3.13 billion, a 3% increase over R\$ 3.03 billion achieved in 2009. This performance reflects growth in cement sales during the year and the average best prices practiced. In Argentina, there was a reduction in the consolidated figure due to the appreciation of the Brazilian Real against the Argentinean Peso. Gross revenue in the Argentinean Peso grew by 11%.

GROSS REVENUE (by product)



EBITDA (R\$ MM)



EBITDA

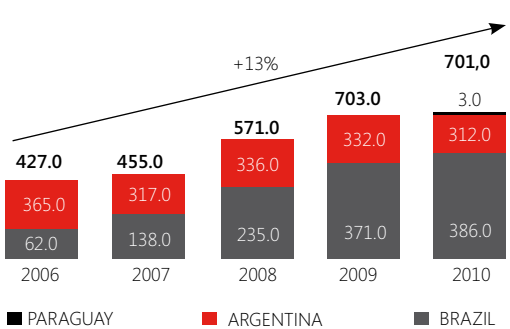
In 2010, consolidated EBITDA declined by 3.8% over 2009. The most relevant factors that explain this decline are: the appreciation of the Real against the Argentinean Peso, resulting in minus R\$ 57.4 million, and expenditures on strategic maintenance of plants, personnel and strategic projects. These expenditures are aimed at preparing the company for strong market growth in the coming years, thus anticipating some investments that would be made in subsequent years.

The reconciliation of amounts determined in EBITDA in the last two years allows a better understanding of the InterCement's income:

EBITDA RECONCILIATION

| INCOME INDICATORS | 2009 | 2010 |
|--|-----------|---------|
| Net Profit (R\$ million) | 540,688 | 226,404 |
| Equity Method | (149,325) | - |
| Income Tax and Social Contribution | 53,356 | 127,476 |
| Net Financial Income | 29,863 | 87,439 |
| Depreciation, Amortization and Premium | 145,638 | 136,359 |
| Other Expenses | 20,284 | 38,536 |
| EBITDA | 640,504 | 616,214 |

GROSS INCOME (R\$ MM)



GROSS PROFIT

Consolidated gross profit decreased by 0.2% over 2009. This variation is due to the appreciation of the Real against the Argentinean Peso, which reduced the Argentinean subsidiary's consolidated gross profit.

INTERCEMENT'S
CONSOLIDATED GROSS
REVENUE ACCRUED R\$
3.13 BILLION IN 2010,
WITH 3% INCREASE
OVER 2009



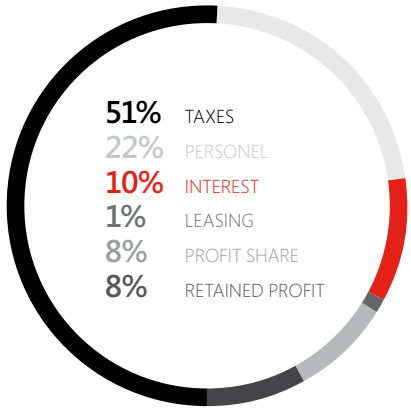
CONSOLIDATED FINANCIAL INCOME

The net financial income of 2010 found minus R\$ 87.4 million against minus R\$ 29.9 million obtained in 2009. The Brazilian Real appreciation was the main factor that led to this result. In 2009, the resumed appreciation of the Brazilian Real led to the recognition of a favorable exchange rate against a low variation recorded in 2010. With assets and liabilities in foreign currency, mainly U.S. Dollars and Argentinean Pesos, its financial performance can be affected by the exchange rate of such currencies. InterCement, together with Camargo Corrêa S/A, takes necessary actions for the mitigation of these currency risks whenever necessary.

DVA

The chart below shows the wealth created by the Company and its subsidiaries, as well as their distribution throughout 2010:

DVA (simplified)



Obs: Note that 51% of added value was paid in the form of taxes.

CONSOLIDATED NET PROFIT

Net income for 2010 was 58.1% less than in 2009, going from R\$ 540.7 million to R\$ 226.4 million, due primarily to: 1) The non-consolidated equity of Itaúsa and Usiminas in 2010, since these investments were transferred to the Parent Camargo Corrêa S/A in December 2009 (effect of R\$ 149.3 MM); 2) The devaluation of the Argentinean Peso against the Real (effect of R\$ 88 million from one period to another); and 3) the increase in deferred Income Tax and Social Contribution because of the convergence to international accounting practices (IFRS) with effect of R\$ 43.7 million from one period to another.

MANAGEMENT



HOW WE STRUCTURE OUR BUSINESS

OUR CORPORATE GOVERNANCE

InterCement adopts the best corporate governance practices and often improves their management model, guided by the directives of sustainability and the principles of ethics, transparency, corporate accountability and fairness in relations with all its stakeholders.

Based on its relationship policy, the Company maintains various channels of communication with these stakeholders and is attentive to opportunities for improvement in all processes. To manage its business, it relies upon:

BOARD OF DIRECTORS

The Board has the task of setting the overall strategy of the business, elect officers, define and evaluate investment projects, in addition to approving the multi-annual plan and annual budget. The Council today has five members: a president, three vice presidents and one advisor, all with a term of two years.

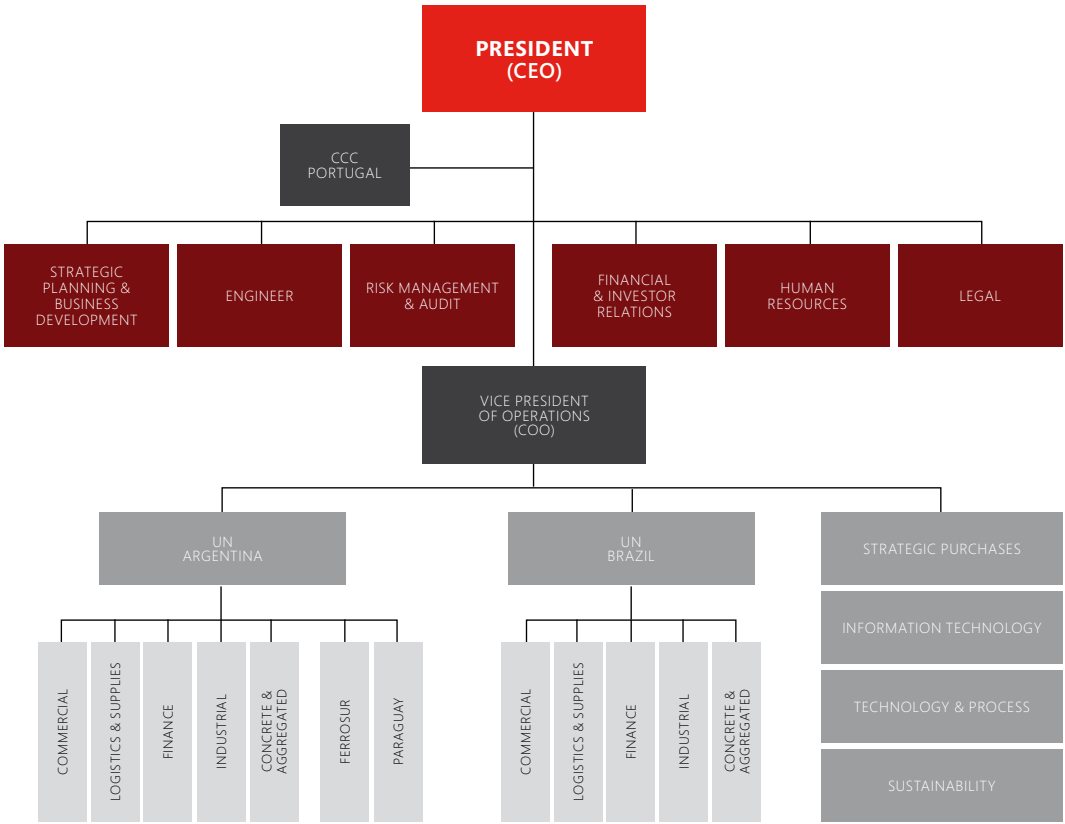
THE MANAGEMENT MODEL IS GUIDED BY THE DIRECTIVES OF SUSTAINABILITY AND THE PRINCIPLES OF ETHICS, TRANSPARENCY, CORPORATE ACCOUNTABILITY AND FAIRNESS IN ALL ITS PUBLIC RELATIONS

SINGLE MODEL FOR INTEGRATED MANAGEMENT

InterCement has 16 operating units located in various parts of the Country and abroad, each with its regional peculiarities. Given this diversity of markets, the Company uses a unique model of integrated and replicable management, multidisciplinary and participatory, based on the concept of matrix management, which allows decentralizing decisions and enables local boards to take concerted action toward the Company’s objectives and in accordance with the characteristics of each region.

The Business Units, under support of the corporate areas, are coordinated by a General Director and have a complete organizational structure to perform its operational activities. The decision process is shared with the Governance and Management Committees, consisting of Directors, Superintendents and Managers.

Through multidisciplinary teams, who meet in cycles of analyses of results and alignment, the model seeks continuous improvement in business management. Dynamic and replicable, the system improves organizational learning, values and skills as leaders, provides a systemic view of the Company and disseminates practices and concepts of social responsibility. Developed in line with best practices and experience of over 40 years experience in the

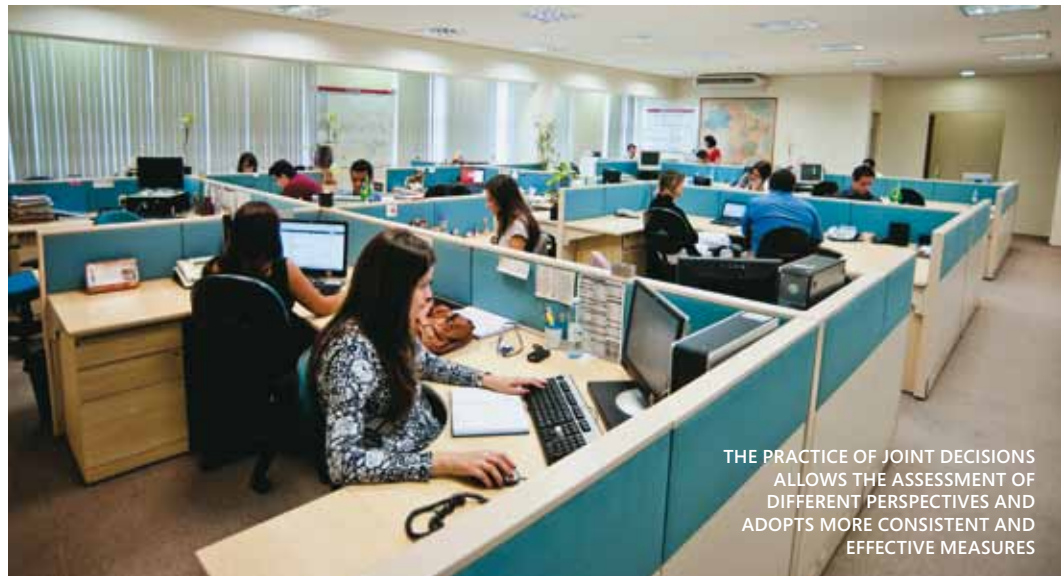


cement industry, this structure has the generation of income and operational excellence as its pillars, with a high degree of standardization of processes and management indicators of the value chain.

Assessment of the Integrated and Replicable Management System (SGIR), made according to criteria consistent with the best international references, was concluded in December 2010. The surveys reveal that the rate of adherence to good management practices increased from 40.8% in 2009 to 50% in 2010. The goal is to reach 56.5% in 2011 and achieve 80% compliance in 2014 – on pair with “world class” companies in the management of its operations.

The success of the unique model of integrated and replicable management, implemented at all units in Brazil and Argentina, is a reflection of the high degree of leadership commitment, maturity and technical know-how of production as well as the mastery of modern, efficient practices and management methodologies. The increase of 245 thousand tons of clinker from year 2009 to 2010 (equivalent to 3.8%) is a clear example of this continuous improvement, considering the same asset base (furnaces). This evolution reflects the improvement efforts, focused on increasing productivity and reducing downtime in clinker furnaces.

Additionally, InterCement performed an organi-



zational restructuring in 2010, aiming to make its decision-making speedier and more efficient, especially in matters connected with areas of functional responsibility, and creating value for its shareholders and other stakeholders. For creation of the new structure, which consolidates the participatory model, all the existing committees were reviewed. The following committees ceased to exist: Human Resources, Supply, Capacity and IT, and their duties were taken over by the respective corporate areas (HR, Strategic Procurement, Strategic Planning, Business Developments and IT). And the following Committees were maintained with adjustments:

- **Executive Committee**

It comprises the President, Vice President of Operations, Corporate Officers and General Directors of the UN (Business Units). It behoove the Committee to exercise leadership in the deployment of the Company's strategy, monitor its implementation and decide on directions and adjustments to the adopted strategy. It is also empowered to evaluate results, monitor

the evolution of the management model (including human capital processes, company policies and performance evaluation), analyze business opportunities and investments, monitor the progress of projects and define process improvements, approve risk maps of the Company and Business Units, appraise and approve the alignment between the internal and external communications and the crisis management plan (also manage potential crises) and, among other duties, manage and oversee the operation of other Committees, acting on their recommendations.

- **Sustainability Committee**

Which now also addresses the environmental issue.

- **Audit and Risk Management Committee**

- **Committee for Occupational Safety and Health**

It replaces the former Committee for Health, Safety and Environment.

- **Management Committee**

Multidisciplinary and by region, the Management Committees are comprised of Directors, Superintendents and Managers. Each committee is structured to perform its duties in managing the business and to bring together professionals of functional areas. The practice of joint resolutions allows us to evaluate important issues from different perspectives and foci, contributed to the adoption of more consistent and effective measures, values participatory spirit, encourages leadership and prepares the Company to achieve its ambitious expansion project.

- **Ethics Committee**

The Ethics Committee is comprised of executives from the corporate areas and business units. It was set up to discuss general issues related to ethics, with emphasis on the Company's Code of Conduct, and envisages the proposal of policies and standards associated with the behavior and attitudes of business professionals.

CODE OF ETHICS AND CONDUCT

The Company has adopted the Code of Business Conduct introduced by Camargo Corrêa, which offers clear and set parameters of how the relationship must be defined among InterCement professionals and between the Company and its various outsiders. Periodically enhanced and discussed among associates and various stakeholders, the Code of

THE COMPANY
ADOPTS A CODE OF
BUSINESS CONDUCT
WITH CLEAR AND
DEFINED
PARAMETERS

THE PRACTICE OF
JOINT DECISIONS
ALLOWS THE
ASSESSMENT
OF DIFFERENT
PERSPECTIVES AND
ADOPTS MORE
CONSISTENT
AND EFFECTIVE
MEASURES

Conduct seeks to disseminate the Company's ethical values and is delivered to each collaborator upon his admission. The Code is also available for public consultation on the company's website.

ETHICAL LINE

The Ethical Line is a direct channel of confidential communication accessible to the Company's associates and public relations, aimed at receiving complaints, comments, suggestions and reporting. It is managed with the assistance of an external consulting firm, PricewaterhouseCoopers, which guarantees absolute confidentiality of the information provided.

The channel is well prepared to provide information about proper implementation of the Code of Conduct and to receive reports of deviations from the Code. When activated, the consultants pass the information to the Board of Risk Management and Audit, which evaluates it and takes appropriate action. Annually, the communication process of the Company requests the stakeholders directly associated with operations such as customers, suppliers and banks, among other things, full compliance with the Code, with emphasis on the question of gifts and Christmas presents.



INTERCEMENT IS CERTIFYING ALL THE CEMENT PRODUCTION PLANTS IN BRAZIL AND IN ARGENTINA

RELATIONSHIP WITH VENDORS

InterCement's relationship with its vendors and other partners is guided by mutual respect, transparency and ethics. The Company has a policy for registration of vendors that respects and includes prior certification of products and materials, where necessary. In all dealings with these partners, the Company focuses on financial and technical quality and reliability, the appropriate cost-benefit ratio and the integrity in conducting negotiations concerning the environment, legislation, as well as the trading, social and contractual rights.

ENGAGEMENT WITH STAKEHOLDERS

With the goal of improving its engagement with the stakeholders, InterCement created the Manual of Engagement with Stakeholders and suited the Prioritization Mapping Tool developed by the United Nations and used in identifying stakeholders and engagement issues to the Company's conditions.

The Company also conducted training and developed action plans for professionals at the plants of Concreto Brasil, Loma Negra and Yguazú. The balance sheet of the stakeholders engagement plan for the cement plants in 2010 shows a very positive balance: 89% of actions have been carried out successfully, surpassing the target of 70% in the Sustainability Multiplier forecast.

THE BALANCE OF THE ENGAGEMENT PLAN OF STAKEHOLDERS REVEALED THAT 89% OF THE ACTIONS WERE CARRIED OUT WITH SUCCESS, EXCEEDING THE 70% TARGET

HOW WE MANAGE OUR RISKS

With the aim of contributing to the Company's sustainability and enhancing the governance mechanisms, InterCement implemented several mechanisms and processes to manage, monitor and minimize the risks of its business. Fully aligned to the Strategic Map, the risk management process uses the control methodology of COSO (Committee of Sponsoring of Organizations), designed to assess and enhance the corporate risk control. The process includes rules for managing these risks, Map of Critical Processes and Critical Risk Map.

Updated in 2010, the Critical Risk Map identifies categories of major risks to be mitigated, monitored or managed: strategic risks (which encompasses governance, business and sovereign model), regulatory, financial (market risk, credit and liquidity) and operational (production process, logistics, personnel, information technology, environment and other processes). Also in 2010, action plans were outlined to mitigate the critical risks and set the actions to be taken in future years:

- **IN 2011:** The following will be implemented: 1) Processes for Physical and Informational Assets Security, 2) Corporate structure and for risk management per Plant, 3) Crisis management structure, and 4) Action plans to mitigate the critical risks defined in 2010, among others.
- **IN 2012:** Deployment of action plans to mitigate other risks associated with the critical Process of Concrete, Aggregates and Operations, and replication processes of risk management in the Business Units of Paraguay and Angola.
- **IN 2013:** Have a risk management process fully implemented.

- **IN 2014:** Consolidate the process of risk management with risk mitigation and business-critical operations.

The risk management process also includes the development of indicators for monitoring the critical processes - which sets the maximum tolerance for the risk, among other aspects - and uses methodologies such as Continuous Audit, Self-assessment of Controls, Internal Auditing as a monitoring tool (compliance) and ethical line (anti-fraud risk management process). For strategic reasons, the Company decided that the risk management should be left to the "owners" of each process (Officers, Managers, Coordinators and Leaders or outsourced professionals), coordinated by a Corporate Board, called the Risk Management and Audit Committee comprised of one Director and one Manager from each Business Unit in Brazil and in Argentina, consultants and external auditors (KPMG).

It is up to the Board, among other assignments, to define, update and disseminate methodologies to determine levels of tolerance, monitor the process and manage the monitoring instruments (internal auditing, continuous auditing, self-assessment of controls and ethical line), train the "process owners" so they can manage the risks in their respective areas, besides submitting to the Executive Committee all relevant risks and strategies developed for mitigation.

Moreover, a Risk Management Committee and an Audit Committee were set up, which, among other duties, will discuss and direct solutions for issues related to risks, crises, safety, accounting and auditing.

OUR TALENT

InterCement has a policy of managing people in tune with the best modern practices in the market, which values the skills and gives guidelines for results, encourages participation and professional growth, and ensures equal treatment for all its professionals. Aware of the importance of having a motivated and competent team to enable their expansion project, the Company seeks to recognize the commitment of its professionals and offer good working conditions, adequate remuneration and real career opportunities.

The remuneration policy uses the Hay system, which is based on ensuring market competitiveness. To this end, frequent polls are conducted to identify common values and methodologies practiced, in order to adjust its compensation structure. All employees in Brazil have variable wages – an initiative aligned with the Brazilian market – based on meeting performance targets, which considers the guidelines of the Company, Business Unit and individual goals. In Argentina, the initiative applies to the management and middle management, besides alignment with market practices in the Country

InterCement also performs a Labor Climate Survey every two years to ensure the alignment of the tools of human capital management, monitoring levels of motivation and commitment of their associates and implement measures to raise the level of satisfaction of these professionals. In all surveys, InterCement has obtained results above the market average in both countries. The latest research, applied in December 2010, revealed a favorable index of 67 points in Brazil and 59 points in Argentina, recognized as the most critical market, an increase

of one percentage point in relation to the research applied in 2008. Action plans will be designed and implemented over the next two years.

ORGANIZATIONAL RESTRUCTURING

In 2010, to enhance its personnel management system, a review of the organizational structure was carried out, in order to ensure continuous improvement of performance and meet the growth challenges. The restructuring has enabled, among other things, increase of focus on the income of operations (profit and loss) with the creation of the Operations Vice Presidency, enhancement and integration of the major planning and growth activities, creation of Strategic Procurement and Corporate Management and Investor Relations, broadening of responsibilities of the Audit Area, which now incorporates the Risk Management process, coordinates the Innovation roles at corporate level, to promote greater integration of processes and activities of Ferrosur with Loma Negra and maintain the current structure model of the Business Units in Argentina and Brazil, with Ferrosur and Yguazú (Paraguay) reporting to Argentina and Palanca (Angola) to Brazil.

PROFESSIONAL DEVELOPMENT

In order to attract and retain talents, InterCement created a schedule of professional development programs, aligned to their strategic objectives. In 2010, one of the main actions in this direction focused on the implementation of the Leadership Development Program (LDP), in partnership with Fundação Dom Cabral, structured around three axes:

- **Management Excellence:** Aims to strengthen the synergy between the various groups of leaders, to permit the maturing of relations, greater efficiency in joint decision making and improvement in the quality of results.

- **The Business Today and in the Future:** Its goal is to promote the well-founded analysis and reflection about the current and future challenges of business and, therefore, focus on the development of the necessary conditions to overcome these challenges.

- **Leadership and Cooperation with Focus on Results:** Its goal is to train leaders for the exercise of Personnel Management and create conditions for the participants to realize the strategic value of this theme.

Within the policy designed to develop their talents, other initiatives are worth mentioning, such as:

- **Job Posting:** Designed to enable career progression and development opportunity that focuses on internal selection and recruitment of professionals. In 2010, this program enabled 75 associates to obtain promotion.

- **Young Professionals:** Allows the inclusion of youths in the labor market, within the areas they chose for their careers. Students with up to two years of higher education participate in the program. Within the year, 20 youngsters were benefited.

- **Evaluation of Targets:** Program for performance evaluation, structured on the basis of individual and collective targets. All evaluation results are submitted to a committee of calibration and validation, and will set the benchmark for variable compensation of each professional and possible inclusion in the succession map.

- **Maps of succession:** The maps are constructed by Committees from the results of performance evaluation, which seeks to identify gaps, individual career interests, skills and disposition for professional relocation.

- **Development Scholarship:** Set annually, it is based on the average investment levels of the market, determined by sources validated by the Organizational Development Management. For this program, eligible professionals are those who are in the succession plan, associates promoted in the previous year to positions of greater responsibility that have performed below average and provenly require higher education, language skills or reinforcement of PDI (Individual Development Plan) action to improve - apart from the special training plans for certain groups of associates, proposed by the Human Resources Unit and approved by the Organizational Development Management.

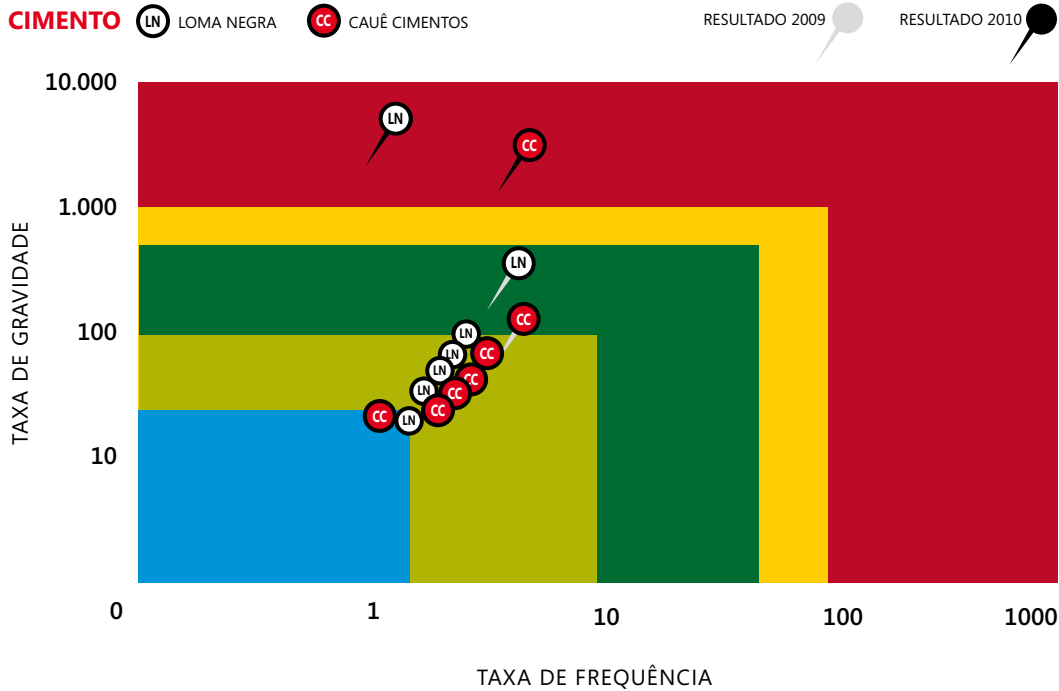
HEALTH, SAFETY AND ENVIRONMENT

InterCement has a Single Policy of Health, Safety and Environment (HSE), coordinated by a special Committee (Committee for Occupational Safety and Health) and led by the Board of Management and Sustainability Systems. This policy establishes and standardizes practices, processes and procedures to be followed by all employees - staff and outsourced manpower.

To ensure adoption of best practices, the Committee has unified the performance indicators, practices and procedures, and developed an EHS subsystem manual, incorporated into the Compa-

ny's Management System. In 2010, safety indicators have been checked by an expert consultancy, which gives greater credibility to the system. For the year, results of the frequency and seriousness rate under the EHS policy reached the following marks:

RATES OF FREQUENCY & SERIOUSNESS – actual rates and goals 2008-2012



OUR VISION OF SUSTAINABILITY

InterCement adopts the best international practices on the understanding that sustainability is the foundation that can ensure business continuity. The sustainability issue is at the top of its Strategy Map, the Company's major driver ("maximize business value in a sustainable way") and is present in guidelines such as promoting effective relationship with stakeholders, acting with social, environmental and business responsibility as well as working with high safety levels.

The Company has a Sustainability Committee and a corporate management solely dedicated to the issue. It is a signatory of the major sustainability initiatives in its sector and has undertaken in-house commitments with the Group (Letter of Innovation, Sustainability Guidelines and Climate Agenda), besides preparing the Sustainability Policy, the HSE (Health, Safety and Environment) Policy and Code of Conduct.

The Company is committed to disseminating the principles of sustainability among its professionals. As soon as they join the team, associates are made aware of the Sustainability Policy and receive information about how their area operates and what their responsibilities are. In 2010, InterCement also signed cooperation agreements with CETESB and Technology Research Institute (IPT), implemented selective collection at the headquarters located in São Paulo (SP), actively participating in the 'Good-Doing Day', with large mobilization in all places where the initiative was developed, in addition to drafting a Policy on Corporate Social Responsibility.

SUSTAINABILITY IS THE MAIN DRIVER OF INTERCEMENT THAT SEEKS TO MAXIMIZE BUSINESS VALUE IN A SUSTAINABLE WAY

COMPUTERIZED SYSTEM

For tracking targets, the main sustainability indicators were fed into a computerized system (known as BI), InterCement's business intelligence system, which allows access to updated information viewed by year, quarter, month or day. Comprehensive, the system allows obtaining consolidated information for the entire company of a country (Brazil or Argentina), for a particular production plant or even for a specific indicator, and monitoring its evolution.

Presented in graph form, named "signal light", the program displays the 16 socio environmental indicators selected by the Sustainability Committee with targets set out in red, when they point to results below expectations or green when the targets have already been achieved or surpassed.

The system also features the "sustainometer" indicator (which was so named after its similarity to a vehicle's speedometer), a resource that provides an immediate reading of the overall situation of the company, a business unit or plant. The pointer shows the percentage of sustainability targets already achieved as a whole. The "signal light" works as a management

AT YEAR-END, 14 OF THE 22 COMMITMENTS UNDERTAKEN BY INTERCEMENT WERE DEPLOYED, AND BY THE END OF 2011, THE FORECAST IS TO ACCUMULATE 19 IMPLEMENTED TOPICS

tool of the indicators, while the “sustainometer” is a fast communication tool, designed to allow all professionals to monitor the Company’s performance.

During year 2010, InterCement started a project called Pillar, which aims to modernize the information system used by the company and its subsidiaries. To that end, a mapping of the processes in Brazil and Argentina was compiled, identifying opportunities for improvement, process integration and unification. The new system will provide the basis for a replicable model of management, integrated and optimized, with a focus on results for operations in cement, concrete and aggregates.

COMMITMENTS TO SUSTAINABLE DEVELOPMENT

InterCement guides its socio environmental actions by practices of excellency, referenced and endorsed by international organisms. The Company is a signatory, among other initiatives, of such entities as:

- **Global Compact:** Initiative spearheaded by the United Nations (UN) to encourage companies to adopt policies of sustainability and corporate social responsibility, with emphasis on human rights, labor, environment and against corruption.
- **Business by Climate (EPC):** Brazilian platform where member companies commit to carry out inventories of greenhouse gases in conformity with the

methodology of the Brazilian GHG Protocol Program and create pollutant gas policies and management plans that guarantee competitiveness, innovation and stimulate a low carbon economy in Brazil.

- **Cement Sustainability Initiative (CSI):** This movement is the cement arm of the World Business Council for Sustainable Development (WBCSD), an action that seeks to achieve sustainable development through the reconciliation of three pillars: economic growth, ecological balance and social progress. The Company continues to work on commitments that must be completed by 2012. At year-end, 14 of 22 commitments were in place and until the end of 2011, the forecast is to accumulate 19 implemented topics.

In Argentina, Loma Negra participates in the Consejo Empresario Argentino para El Desarrollo Sostenible (CEADS), the Argentinean arm of the World Business Council for Sustainable Development (WBCSD) and the Convenio de Lucha contra El Trabajo Infantil, signed with the Ministério del Trabajo y Seguridad Social de La Nación. Fundación Loma Negra, in turn, is affiliated to RedEAmérica, formed by private entities that work on poverty reduction and social inclusion.

CERTIFICATIONS

In their quest for excellence, InterCement prepared a plan for certification of all its production units, both in Brazil and Argentina.

By the end of 2010, the Company had the following certifications:

- **ISO 9001:** all the 16 cement plants in operation are already certified as well as the concrete units in Argentina, railway concession and waste treatment units.
- **ISO 14.001:** seven industrial cement plants and one waste treatment unit are already certified. The

SUSTAINABILITY COMMITMENTS

| DIMENSIONS | THEME | GOAL | STATUS/RESULTS |
|-------------|---|---|---|
| Environment | CO ₂ Emissions (in kg CO ₂ /ton of cement | Maintain the CO ₂ emissions of InterCement among the companies with less emissions (1st quartile) of CSI considering the “Global” and “Geographic Region” indexers | Accomplished: InterCement’s 2010 emissions were 535 kg of CO ₂ /ton of cement which places the company among those of least CSI emissions. (see graph evolution of the specific issue in pg 25) |
| | NOx, SOx and MP (monitoring continued) | Achieve 100% continuous measurement of NOx, SOx and particulate material in cement furnaces by 2011 | Up to date with the plan: currently 04 furnaces already have continuous measurement. The remaining 07 furnaces will undergo continuous measurement in 2011, thus reaching 100% of the furnaces. |
| | Recovery of degraded areas (% of sites) | Have recovery plans in the CSI format for 100% of mines by 2012 | Up to date with the plan: we followed a schedule of works to ensure that by 2012 all the mines have a recovery plan in the CSI format. |
| Social | Safety | Achieve the TF and TG targets by 2012 as proposed below (*): | Safety remains a major challenge for the Company. In 2010 we had two fatal accidents with others operating within our facilities and zero fatal accidents in the way and/or transport. In addition to the permanent management actions and control, a company-wide Plan of Action was deployed aimed at achieving the proposed goals for 2012. |
| | | InterCement: TF = 2.22 and TG = 47 | InterCement: TF = 3.25 and BT = 752 |
| | | Cement Operations: TF = 1.50 and TG = 10 | Cement Operations: TF = 1.87 and TG = 1289 |
| | Operations in Concrete and Aggregates: | TF = 3.50 and TG = 120 | Operations in Concrete and Aggregates: TF = 4.12 and TG = 58 |
| | | Railway operations: TF = 4.73 and TG = 120 | Railway operations: TF = 12.15 and TG = 322 |
| | Stakeholders | Have Engagement Plans in 2010 with stakeholders developed and implemented for 100% of cement plants and Ferrosur | Accomplished: 100% of cement plants and operation of Ferrosur rely on the Engagement Plan with stakeholders. Moreover, in 2010 Engagement plans were drawn up for concrete operations. |
| Management | Certifications | Have projects of Instituto Camargo Corrêa and the Loma Negra Foundation in all places where cement plants are. | Partially Accomplished: 100% of the locations where we have cement plants in Brazil have the ICC projects. In Argentina, this percentage is 75% for the Loma Negra Foundation’s projects. |
| | | Certify the cement plants as follows: | |
| | | 9001 – 100% by 2010 | Accomplished: 100% of the cement plants are ISO 9001 certified. |
| | | 14001 – 100% by 2014** | In progress: in 2010, we reached 44% of the cement plants with ISO 14001 certification. |
| | | 18001 – 100% by 2015*** | In progress: in 2010, we started the OHSAS 18001 certification in 25% of the cement plants. |

(*) Considering its own and outsourced manpower in all operations
(**) The original goal of 2012 was revised in light of the decision to focus efforts on unification and integration of systems and databases.
(***) The original goal of 2014 was revised in light of the decision to focus efforts on unification and integration of systems and databases.

goal is to certify all other plants in Brazil and Argentina by 2015.

- **OSHAS 18.001:** a waste treatment plant is certified and another four are in the certification process. The goal is to certify all the cement factories by 2015.

ENVIRONMENT

InterCement focuses its attention on measures to minimize the impacts of its activity on the environment through the most advanced production technologies, process controls, risk management and specific actions.

In 2010, there have been major advances in the aspect of “climate change”: the 2008 and 2009 inventories were completed, reaching 100% coverage of emissions, and verified by independent specialist companies. Further consolidated was the Road Map on Climate Change, with goals defined and responsible parties appointed.

With the responsibility and commitment to operating worldwide in a safe and responsible manner, InterCement respects the following principles and values in their environmental management policy:

Values

Care and respect for life – from these basic values, we ensure the health and safety of people while operating in harmony with the environment.

Principles

- Prevent and minimize environmental impacts and risks to health and safety in our operations;
- Ensure the safety, health, welfare and quality of life;
- Ensure the safety and reliability of our products and services;
- Comply with environmental legislation, occupation-

al health and safety and other existing requirements, overcoming them whenever we deem appropriate;

- Educate, train and commit our professionals and service providers on the environmental, health, safety and social responsibility, rejecting all forms of discrimination, child labor and forced labor;
- Measure, assess and communicate in a clear and transparent way, our environmental performances, health and safety.

IDEAS AND PRACTICE AWARD ON SUSTAINABLE PRACTICES

In 2010, the Company participated for the second time in the Ideas and Practice Award – Sustainable Innovation, created by the holding company Camargo Corrêa S/A and intended solely for the Group’s associates in Brazil and abroad. Again, the company was highlighted: registrations totaled 526, had seven projects rated among the finalists and won the prize in three categories under “Ideas”.

InterCement encourages participation of its employees for the Award, with the intent of disseminate the principles of sustainability, showing the importance of adopting sustainable practices, encourage creativity, motivate and mobilize its associates and recognize its practices and business results . Altogether, 11% of the ideas presented in the previous edition of the Award have been deployed in the company.

HOW WE EVALUATE THE BUSINESS PROSPECTS

Cement consumption in the country grew at an accelerated pace in 2010 and is expected to continue to boom in the coming years, abandoning at once the stability recorded in 2009. This growth resurging is mainly associated with improved levels of employment and income of Brazilian workers and the availability of credit to individuals, factors that promise to continue bringing positive impact in 2011, despite the possibility that the government adopted measures to curb inflation. .

The positive outlook for the cement market also reflects the demand from government initiatives such as the housing plan My House, My Life and works of infrastructure, especially arising from the PAC, the advances in the oil sector in Santos, and events like the World Cup and the Olympics.

INTERCEMENT BELIEVES THAT THE DEMAND FOR CONCRETE WILL GROW TO HIGHER RATES THAN CEMENT MARKET IN THE YEARS TO COME BOTH IN BRAZIL AND IN ARGENTINA

PROJECTIONS INDICATE THAT BY 2011, CEMENT SALES ARE EXPECTED TO RECORD HIGH IN THE DOUBLE DIGIT MARK, REPEATING THE PERFORMANCE IN 2010

From the necessity to accelerate the construction processes for infrastructure works, InterCement believes that the demand for concrete will increase faster than those of the cement market in the coming years, both in Brazil and Argentina, a country which has also been favored by good results of their economy, particularly in the agribusiness sector. Estimates are that the Argentinean market will provide substantial growth, which will increase cement consumption with encouraging percentage figures.

Projections indicate that by 2011, cement sales are expected to hit a high score of double digits, repeating the performance of 2010. This scenario confirms InterCement’s strategy to invest in business expansion to double its production capacity in the coming years, be present throughout the national territory and become, as well, one of the largest cement producers in the world.

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Carlos Pires Oliveira Dias

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Advisor

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Ricardo F. de Mendonça Lima

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Cleber Acurcio Machado

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Hector Grilli

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Luiz Augusto Klecz

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